



LEG
gewohnt gut.

Liveable housing. Simply good.

SUSTAINABILITY REPORT 2019

Separate non-financial Group report of LEG Immobilien AG 2019

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About this report

This Sustainability Report constitutes a separate non-financial Group report as required by Sections 315b and 315c in conjunction with Sections 289c and 289e of the German Commercial Code (HGB) for the financial year 2019. Certain sections within the separate non-financial Group report are marked with a grey background.

This report was published on 9 March 2020 at the following web address: www.leg-wohnen.de/en/corporation/investor-relations/news-publications/sustainability-reports/.

Unless indicated otherwise, the contents of the report relate to the entire LEG Group, i.e. all fully consolidated companies as per the 2019 consolidated financial statements (a comprehensive list of the consolidated companies can be found in the [2019 Annual Report in the Notes under "List of shareholdings"](#)). **GRI 102-45**

The reporting period equates to the 2019 financial year and runs from 1 January 2019 to 31 December 2019. **GRI 102-50**

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

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

In addition to GRI Standards, the report was prepared taking into account the third edition of the Best Practices Recommendations on Sustainability Reporting of the European Public Real Estate Association (EPRA) published in 2017. The EPRA Sustainability Performance Measures are listed in a separate table at the end of the report.

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




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

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

Editor's note:

To make things easier to read, we use the masculine form in the following report, but address all genders equally.

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Foreword by the Management Board



GRI 102-14

Ladies and gentlemen, dear readers,

Providing citizens with housing is currently one of the most important societal objectives. LEG Immobilien AG makes an important contribution here for large sections of the population. We regard ourselves as a good employer, a reliable business partner and an economically sound, successful company. In this context, we pay attention to ESG (environment, social, governance) criteria. This is based on our economic success and high customer satisfaction, which we all work towards on a daily basis.

In 2019, we addressed social issues in depth. This starts with the development of our neighbourhoods. Together with cooperation partners and at tenant parties, we help create good neighbourhoods. Our LEG NRW Tenant Foundation supports integrative events and tenants in difficult situations. At the end of 2019, we significantly expanded our social commitment with the establishment of our new foundation "Your Home Helps", which we have endowed with 16 million euros.

We are also aware of our responsibility with regard to climate protection. In 2019 we modernised around 4,800 residential units, thereby saving approximately 5,400 metric tons of CO₂. At the start of 2020, we also co-founded the climate policy alliance "Initiative Wohnen.2050 e.V.", which seeks solutions for making housing carbon-neutral by 2050. We have established an in-house "Climate Protection Centre of Competence". At the same time, we take account of our customers' economic capacity. We see climate protection as a task for society as a whole, whose financial burdens should be shared between landlords, tenants and society.

By offering around 1,000 newly constructed apartments by 2028/2029, we also aim to make a social contribution to a larger supply of affordable housing. As a responsible company, we also meet high governance standards and attach particular importance to completely non-discriminatory cooperation between our employees.

We aim to achieve medium-to long-term value enhancement. This means that we grow on an ongoing and sustainable basis. In doing so, we feel equally committed to our customers, business partners and shareholders. We would like to thank all employees wholeheartedly for their daily commitment.

We hope you find this report informative reading.


LARS VON LACKUM
CEO


DR. VOLKER WIEGEL
COO

Company profile

GRI 102-1; GRI 102-5 With around 136,000 rental apartments and more than 365,000 tenants, LEG, based in Düsseldorf, is one of Germany's leading listed housing companies. **GRI 102-3; GRI 102-4** It is included in the MDAX and generated revenue from renting and leasing **GRI 102-2** of around 809 million euros in the 2019 financial year.

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

Creating added value for tenants

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

Through EnergieServicePlus GmbH (ESP), LEG has been providing a portion of its rental apartments with environmentally friendly heating at fair prices since early 2016. This offer was expanded in the reporting year with the cooperation partner lekker, which is offering "LEG electricity powered by lekker Energie" at two locations in a pilot project – with 100 % green electricity and many benefits for customers.

Together with the company B&O, LEG founded the joint venture TechnikServicePlus GmbH (TSP) for small repair management. LEG also enters into cooperation agreements with various service providers to mediate services relating to areas such as nursing, everyday assistance, comfort, safety, vitality and family.

Another focus at LEG is on having good neighbourhoods. The tenant parties organised by LEG bring together people from many countries, different age groups and situations in life. In 2019, the company invited its tenants to more than 120 parties and events.

At the end of 2019, LEG established a new foundation of its own, "Your Home Helps" (www.dein-zuhause-hilft.de), as a key element of its social responsibility. The foundation has a long-term focus and has been endowed with capital of around 16 million euros. Here, LEG is focusing on sustainable social work, ensured in part by cooperation agreements with professional charitable partners. Furthermore, the independent LEG NRW Tenant Foundation (www.leg-nrw-mieter-stiftung.de) supports tenants who have got into difficulties through no fault and promotes infrastructure projects.

LEG continuously invests in maintenance and modernisations in order to bring its portfolio into line with modern living standards, to increase tenant satisfaction and to improve the quality of its portfolio. In 2018, LEG invested around 253 million euros (around 30 euros per square metre). In 2019, investments totalled approximately 295 million euros (around 34 euros per square metre). A large portion of this was attributable to energy efficiency measures.

With the new construction campaign launched in 2018, LEG is making a social contribution to the creation of housing, particularly in major urban centres. Starting from 2023, the company intends to construct at least 250 new apartments and purchase another 250 new apartments each year.

As an employer, LEG makes efforts to ensure the well-being of its employees. It is particularly important to the company to provide good development prospects for its employees, equal opportunities and a good work-life balance. In 2019, the company had around 1,400 employees. The company offered twelve young people a training position.

Further information on the business model of LEG Immobilien AG can be found in the [management report of the 2019 Annual Report in the section "Basic information about the Group"](#).

Managing sustainability efficiently and reliably

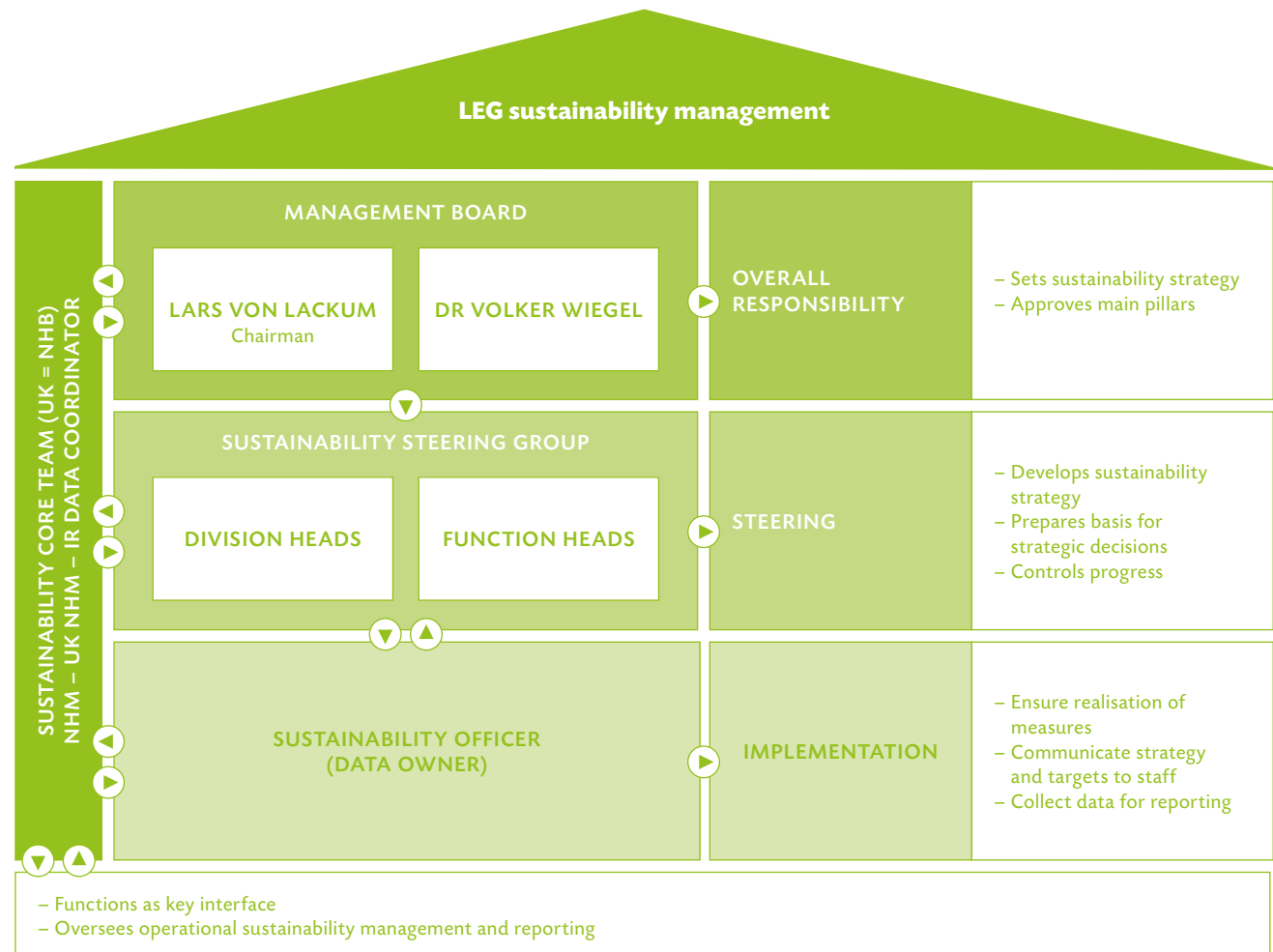
Sustainability management and governance structures developed further

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

Thus, the first task in 2017 was to take stock of the existing measures and programmes and to define the processes for recording non-financial performance indicators. At the same time, LEG created initial organisational structures for its sustainability management, identified sustainability issues with the highest level of materiality and drew up a Sustainability Mission Statement based on the existing guiding principles for responsible business (e.g. Code of Conduct). For the 2018 reporting year, LEG established a sustainability strategy and a roadmap for the coming years until 2023 and achieved a higher level of professionalism in sustainability management. In the context of reviewing its corporate strategy in the reporting year, LEG significantly raised its sights in terms of social engagement and climate protection once again. This is also to be taken into account accordingly in sustainability strategy, documentation and reporting. In light of this, in the medium term, we intend to achieve a rating for our sustainability reporting well above the industry average. Since the middle of 2019, a working group comprising members from the Strategy & Organisation, Investor Relations and Corporate Communications departments has been working to adapt the sustainability strategy and documentation accordingly. In addition, a new committee consisting of the Management Board, the management of LEG Wohnen NRW, EnergyService-Plus, Construction Project, Rental and Portfolio Management and Investor Relations/Controlling was established at the end of 2019 to work towards achieving climate targets in Germany and to come up with measures for the residential industry in general and LEG specifically.

LEG sees sustainability as a corporate obligation, which it meets for its tenants, investors, business partners and employees in a variety of ways. The Management Board bears overall responsibility for the area of sustainability. The top decision-maker in the Management Board for matters relating to sustainability is the CEO, Lars von Lackum. The

member of the Supervisory Board responsible for this topic is the Deputy Chairman of the Supervisory Board, Stefan Jütte. A Sustainability Steering Committee was created for strategic decisions and to pool the activities **GRI 102-18**; it comprises more than ten heads of the key divisions and the function heads.



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



Stefan Jütte, Deputy Chairman
of the Supervisory Board

The Sustainability Steering Committee's key responsibilities include checking the Sustainability Mission Statement formulated for the first time in 2017 and revised and fleshed out in 2019, and determining the sustainability goals. During the year, the Steering Committee coordinates several times. To obtain information on the targets on monitoring achievement, numerous performance indicators are collected in various specialist departments, for which there is a specially appointed Sustainability Officer. They also ensure that the sustainability goals are achieved through corresponding measures. The structures for which an outline was established in 2017 were continued and expanded on in the last two reporting years of 2018 and 2019. For this reason, in 2018 LEG created the new function of sustainability manager, operating in corporate communications and serving as the primary interface between the individual divisions. The CSR-certified employee is responsible for sustainability reporting and is supported by the IR department in respect to the capital market requirements relating to CSR issues. The Head of Corporate Communications is responsible for coordination of the functions at the second management level. In addition to these permanently established structures, our sustainability management is completed by project groups for specific issues (see above).

Materiality assessment and stakeholder dialogue

Key sustainability issues determined

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

This materiality analysis is also the basis for the 2018 and 2019 Sustainability Reports. It is made up of a stakeholder analysis and an assessment of the financial, environmental and social impact of the company's activities. In order to review the materiality analysis, for the current reporting year, LEG also carried out an anonymous survey of its Customer Advisory Council, which was founded in 2019, and a YouGov survey on eco-friendly housing, which was completed by around 1,000 participants. Regarding the subjects and stakeholders asked about, the results of the extensive 2017 materiality analysis were confirmed (> **2019 survey results**).

Surveys to analyse stakeholder interests

LEG used a structured process to analyse and select the stakeholders in 2017 **GRI 102-40; GRI 102-42; GRI 102-43**. The company focused on those stakeholders which are related to its core line of business and

which have a high degree of expertise in their respective areas. The stakeholder groups included comprise:

- Tenants' associations
- Policy-makers
- Property industry
- Suppliers/service providers
- Financial market
- Industry associations
- Employees
- Scientists

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

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



The LEG Sustainability Steering Committee: composed of more than ten heads of the key divisions and function heads.

Assessment of the impact by the Steering Committee

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

Materiality matrix created

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

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

Deriving the sustainability areas of action

For the non-financial reporting, in line with HGB, an analysis is made as to which material aspects are relevant for understanding the course of business, the business results, the company's situation and the impact on its activities (> Table). The 14 issues which were determined to be material were assigned to five areas of action. They serve as the basis of LEG's sustainability management and are therefore also the focus of the report, with a main chapter dedicated to each issue. Each area of action corresponds to certain aspects of HGB and also the GRI and EPRA disclosures (> Table).

LEG Materiality Matrix

Business management

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

Environment

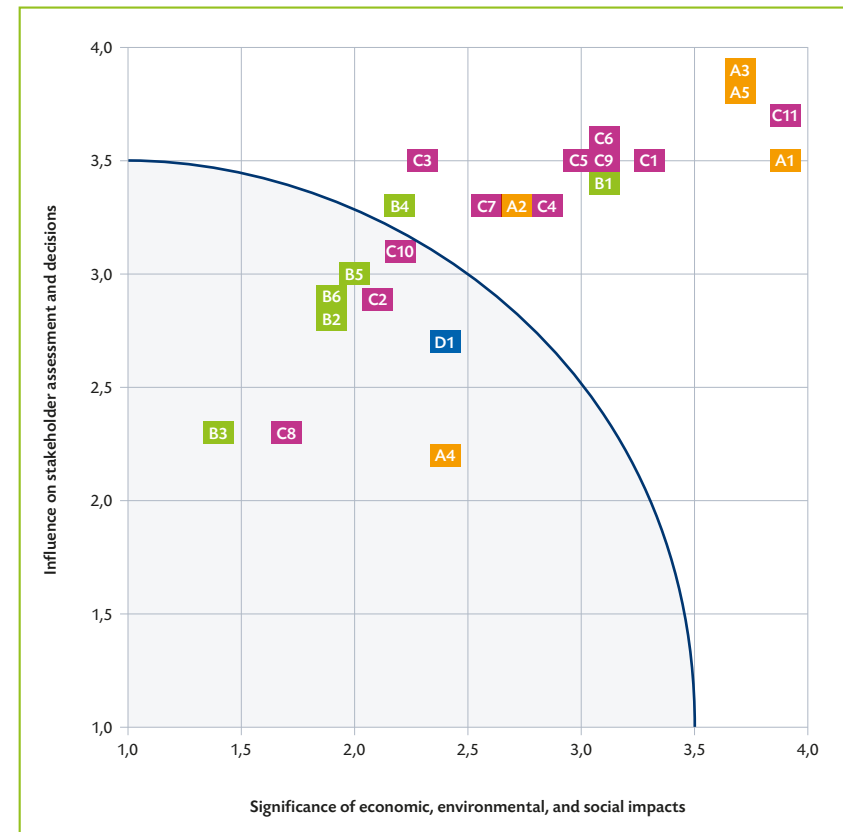
- B1 Energy
- B2 Water
- B3 Biodiversity
- B4 Emissions
- B5 Effluents, waste
- B6 Climate change adaption

Social affairs

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

Supply chain

- D1 Suppliers



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

The human rights aspect stipulated in CSR-RUG is taken up in the "Business Management" area of action. LEG has developed a management approach for this.

No risks in action areas

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

2019 survey results

In the reporting year, LEG engaged an external service provider to conduct a survey on eco-friendly housing, as energy efficiency plays an increasingly important role in the housing industry. More than 2,000 households, among them 1,170 tenant households, were asked about their opinions on housing in general and eco-friendly housing specifically in online interviews. According to those surveyed, the five most important characteristics for an apartment are the amount of rent (95 % important/generally important), the amount of the utility charges (93 %), the condition of the property (91 %), repairs and removal of defects (90 %) and the apartment's location (89 %). The category "Property's energy efficiency" ranked 7th and is important (31 %) or generally important (46 %) for 77 % of survey participants. Almost two thirds of those surveyed (63 %) see "eco-friendly housing" as (generally) important in the current public debate – compared to 27 % who ranked it as (generally) unimportant. 39 % feel they are not sufficiently informed about the issue (generally no: 25 %, no: 14 %).

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

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

59 % of respondents see better energy efficiency in the building sector as playing an important part in reducing CO₂ emissions. At the same time, 55 % of those surveyed are happy to live in an energy-efficient building or would like to do so.

Also 55 % believe that the residential construction sector should already be comprehensively reorganised for energy efficiency, and 53 % consider energy efficiency in housing to be a generally important political issue. 50 % of those surveyed assumed that living in an energy-efficient building would increase their living costs. 44 % are interested in specific methods of eco-friendly living in their own homes. Just 16 % assume that energy-efficient living would mean a restriction of their personal freedom; 21 % assume a restriction of their comfort.

With its energy modernisation programme, LEG is supporting the German government's climate targets, raising the energy efficiency of residential buildings and thereby also reducing energy costs. However, these cannot currently offset the costs of modernisation. LEG is looking for solutions to this, for instance by taking part in the dena project "Energiesprong Germany" (> see [Environment action area](#)). The aim is rent-neutral renovation to a net-zero standard, meaning that the building generates as much energy for heating, hot water and electricity over the course of the year as it requires.

In addition to the survey on eco-friendly living, LEG asked its Group-wide Customer Advisory Council that was set up in 2019 (> see [Tenants action area](#)) to speak about sustainability issues at its first meeting in November 2019. Six out of a total of ten members of the Customer Advisory Council took part in the written and anonymous survey in November 2019. The results of the survey confirm the key issues that LEG reports on in its action areas. In particular, customer satisfaction, LEG's contribution to social challenges, training and continuing professional development in the company, energy efficiency and fair business practices are highly relevant to those surveyed.

Sustainability mission statement and strategy

Values and principles are the foundation

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

LEG attaches particular importance to long-term partnerships, compliance with agreements and mutual obligations, and honest dealings with its business partners. Business partners are required to comply with the Supplier Code of Conduct, which is based on the LEG Code of Conduct. If suppliers breach legal regulations or LEG's specifications as set out above, they are precluded from further contracts. [GRI 102-12; GRI 102-16](#)

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

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

item 5.3.2i – also complied with these recommendations in the past few years. LEG's compliance management system was officially certified by the ICG in 2019 (> see [Business management action area](#)).

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

Further information on LEG's corporate governance can be found in the [2019 annual report from page 30](#).

Mission statement provides guidance

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

Sustainability strategy with a fixed road map since 2018

Following the appraisal of the Group's status quo and the determination of its areas of action in 2017, the company expanded and further developed its strategic sustainability activities in 2018 and 2019. A number of overarching goals in this area were defined in the 2017 and 2018 reporting years. These include the development of a sustainability strategy together with a road map up to 2023. The purpose of the road map is to define LEG's future sustainability vision and to underpin it with short-, medium- and long-term goals and a concrete plan of action for the years ahead. In 2019, LEG further professionalised its sustainability management and initiated it as a regular process. By the end of 2020, LEG plans to expand its recording of performance indicators and EPRA reporting, thereby plugging any gaps in collection. LEG already expanded and revised its EPRA performance indicators in the 2019 reporting year.

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

The LEG Group's Sustainability Mission Statement

Our understanding of responsibility

As the largest provider of affordable housing in North Rhine-Westphalia and as one of the largest housing companies in Germany, the LEG Group provides some 365,000 people in its core North Rhine-Westphalia market with homes in some 136,000 apartments. LEG and its predecessor companies have been reliable landlords for more than 90 years. As the designer of attractive housing and residential solutions, the company is a strong partner to the housing industry and local authorities. We are also an important source of business for the skilled trades, the service sector and industry.

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

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

Our sustainability strategy

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

1. Business management

Our business activities have a long-term focus. We pursue sustainable business development with the aim of creating added value and growth for our company and the society in which we live. Sustainable business success benefits our stakeholders in particular – in the form of investments, salaries, taxes and duties, donations and sponsorship.

2. Tenants

We provide our tenants with a home. This is a very special product. For this reason, we work on our customer focus on a daily basis. We want to focus consistently on our tenants' needs and offer a good and liveable home for everyone – from children to senior citizens. Offering a wide range of our apartments in various locations with a variety of layouts and furnishings at reasonable prices is just the start. On top of this, our neighbourhoods should offer safe, liveable, sustainable and diverse environments where the tenants can live well together.

Not least, we offer additional services with real added value for our customers, thus providing a real home. The fact that we are present virtually throughout North-Rhine Westphalia in very different housing markets with differing requirements means that we remain agile when it comes to customer focus and service quality and are always in demand.

We always think from the customer's perspective, and we are able to do this because we know our tenants, talk to them a lot and are happy to assist them.

3. Employees

Customer-focused, dedicated and highly qualified employees are vital for our business success. Our HR strategy is geared towards further increasing our company's appeal for applicants and retaining good employees at the company. As part of our sustainable HR management, we identify and plan our future staff requirements on a long-term basis in alignment with the requirements of the corporate strategy. We also focus on a long-term strategy when it comes to HR development in order to maintain and improve our employees' skills and qualifications. In our day-to-day work, we are guided by our "Principles of Management and Working Together", which stand not least for respectful and considerate interaction with one another. The employees run the company's core business, shape changes and serve as a bridge to the customers. In return, the company offers them an attractive and motivational work environment.

4. Environment

LEG pursues the vision of a liveable world in which people use natural resources sustainably in the long term and successfully limit global warming. The buildings sector has considerable responsibility in this respect. In Germany, building heat is responsible for around 24 percent of energy-related greenhouse gas emissions. In this area of action, we therefore focus on climate protection measures. As a housing company, we focus on reducing the energy used in providing heating and hot water to our apartments through energy-efficient buildings. We also support the use of low-emission and renewable energies. We involve our tenants by informing them about energy saving and resource conservation via targeted measures.

5. Society

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

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

Our understanding of dialogue

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



LARS VON LACKUM
Chief Executive Officer



DR VOLKER WIEGEL
Chief Financial Officer

The sustainability strategy

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

To do this in the 2018 reporting year, a strategic sustainability program was developed in a cross-departmental internal discussion and coordination process. This was continued in 2019.

Sustainability driven by responsibility

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

We are conscious of the related responsibility and have presented our stance on the matter in the [> Sustainability Mission Statement](#), which we have revised and fleshed out in the 2019 reporting year. But in the matter LEG wants to systematically continue down the path of integrating sustainability topics in everyday life and has combined all aspects in a comprehensive strategic approach.

Concentration on what is really important

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

In 2017, LEG had already performed an extensive materiality assessment to identify the key sustainability management issues and to determine the reporting content (www.leg-wohnen.de/en/corporation/investor-relations/news-publications/sustainability-reports (SR 2017)). The issues which were determined to be material were assigned to five areas of action. In addition, the Sustainability Management area of action was set up. LEG has retained these action areas in the 2018 and 2019 reporting years and systematically pursued the corresponding goals.

Social value added and minimising environmental impact planned

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

Annual progress now quantifiable

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

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

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



LEG headquarters, Düsseldorf

Our Sustainability Roadmap 2023

Strategic target I in the Sustainability Management area of action

LEG manages sustainability in a targeted and strategic fashion

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

Strategic target II in the Sustainability Management area of action

LEG improves its sustainability management system on an ongoing basis

Operationalised targets	Date	KPI/status
Further increase in the professionalism of sustainability management with fixed responsibilities and project structures	2018/ 2019	Establishment in the Management Board, appointment of core sustainability team updated due to changes in Management Board and reorganisation of Operations
Harmonise business and sustainability reporting	Annually	–
Close data gaps	Annually	Each sustainability report is based on more extensive data than the preceding report (in the 2019 Sustainability Report, the following performance indicator was supplemented/extended: GRI 403-9, Work-related injuries)
Steadily expand scope of the audit by the external auditor	Annually	–

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

Strategic target in the Business Management area of action

LEG creates economic value in a responsible and fair way

Operationalised targets	Date	KPI/status
Reduction of compliance risks, and identification of compliance cases and sanctioning ¹⁾	Annually	Anzahl Compliance-Fälle 2017: 0 2018: 0 2019: 2 ²⁾
Secure fair dealing with employees, customers and business partners (aligned to the guiding principles of the „reputable businessman“.)	Annually	–
Increased awareness of all employees for the issue of compliance, especially corruption and data protection	Annually	Number of participants in a compliance seminar in 2018: 142 employees 2019: 169 employees

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

²⁾ These are cases of fraud; criminal charges were brought in both cases

Strategic target in the Tenants area of action

LEG is a fair landlord with satisfied and loyal tenants

Operationalised targets	Date	KPI/status
Tenant satisfaction at the same or increasing level	Annually	Tenant fluctuation 2017: 10.2 % 2018: 10.7 % 2019: 10.5 % Average duration of residence 2017: 11.9 years 2018: 11.8 years 2019: 11.9 years
Steady, qualitative improvement of services	Annually	2018: 21 workshops on the service promise in all branches and in Centralised Customer Service; for 2019 placement and further development in other formats planned

Strategic target in the Employees area of action

LEG is an attractive employer with motivated and satisfied employees

Operationalised targets	Date	KPI/status
Increase in employee satisfaction	2020	Trust Index in the employee survey survey by the Great-Place-To-Work® institute (in 2020) ¹⁾
Erhöhung der Arbeitgeberattraktivität	2021	Employee fluctuation 2017: 8.9 % 2018: 9.1 % 2019: 11.6 % Average number of applications for each advertised position (first measurement for 2020)

¹⁾ Survey postponed from 2019 to 2020 in order to incorporate experience from reorganisation since implemented in survey

Strategic target in the Environment area of action

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

Operationalised targets	Date	KPI/status
Reduction of the number of buildings in energy efficiency classes G and H by > 20 %	2021	Percentage of residential buildings in energy efficiency classes G and H: 2017: 21.5 % 2018: 24.3 % ¹⁾ 2019: 24.9 % ¹⁾
Energetic improvement of the portfolio at a rate of >15 % from 2017 to 2021 (approx. 3 % p.a.)	2021	2017: around 5,000 properties (approximately 4 % of the total portfolio) 2018: around 6,000 properties (approximately 5 % of the total portfolio) 2019: around 4,800 properties (approximately 4 % of the total portfolio)
Increase of consumption transparency for tenants	–	–

¹⁾ Increase from 2017 to 2018 and 2019 as a result of acquiring properties with poorer energy efficiency values and the comprehensive issuance of new energy efficiency certificates in the 2018 and 2019 financial years

Strategic target I in the Society area of action:

LEG makes its contribution to maintain stable districts

Operationalised targets	Date	KPI/status
Promotion of local communities and neighbourhoods with active district management	Annually	Branches that implemented neighbourhood measures 2017: 8 branches (100 %) 2018: 8 branches (100 %) 2019: 8 branches (100 %)
Be a reliable partner for municipalities and institutions	Annually	–

**Strategic target II in the Society area of action:**

LEG makes a contribution to challenges in society

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

2019				2018			
Cities	Free-financed	Rent-restricted	Apartment result	Free-financed	Rent-restricted	Apartment result	
Aachen	218	508	726	74	652	726	
Bielefeld	2,698	571	3,269	2,647	585	3,232	
Bochum	1,241	452	1,693	1,249	377	1,626	
Bonn	931	1,350	2,281	898	1,385	2,283	
Dortmund	9,208	4,409	13,617	9,033	4,563	13,596	
Duisburg	5,442	869	6,311	5,991	916	6,907	
Dusseldorf	4,102	1,249	5,351	4,101	1,206	5,307	
Essen	2,165	1,195	3,360	2,129	1,243	3,372	
Gelsenkirchen	6,937	309	7,246	6,980	345	7,325	
Cologne	2,424	1,550	3,974	2,409	1,489	3,898	
Muenster	5,052	1,148	6,200	5,037	1,088	6,125	
Wuppertal	1,358	303	1,661	1,458	616	2,074	

Business Management area of action

Our business activities have a long-term focus. We pursue sustainable business development with the aim of creating added value and growth for our company and the society in which we live. Sustainable business success benefits our stakeholders in particular – in the form of investments, salaries, taxes and duties, donations and sponsorship.

Material topics

Economic performance

Achieving financial results, profitability, economic stability; generating and disbursing value (profit, expenditure, taxes).

Fair business

Acting not only in accordance with statutory requirements, but in line with the guiding principles of the “reputable businessman”.

Compliance

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

Indirect economic impacts

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

DOING BUSINESS FAIRLY AND RESPONSIBLY

The materiality analysis we conducted in 2017 identified the aforementioned four aspects as key topics. Comprehensive information about the economic development of LEG Immobilien AG in the period under review and the company’s business strategy and value added can be found in the annual report ([annual report 2019](#)). Our sustainably successful development is summed up in particular by the around 295 million euros we have invested in the maintenance and modernisation of our buildings, the expansion of our portfolio through the net acquisition of around 3,400 residential units in NRW and neighbouring regions, and the extension of the value chain through value-added services for our customers, the construction of new apartments and the acquisition of corresponding development projects. In addition to the annual report, further examples of indirect economic impacts can be found in various chapters of this sustainability report (> **Employees area of action** and **Society area of action**).

GRI 203-1

REPUTABLE BUSINESSMAN

LEG ALIGNS ITSELF CLOSELY TO THIS GUIDING PRINCIPLE, WHICH IS GEARED TOWARDS RESPECT, HONESTY AND DECENCY AS THE BASIS FOR RESPONSIBLE CONDUCT.

As LEG does not yet have an established concept for managing indirect economic impacts, the following section concentrates on the management approach and its implementation with regard to the topics of fair business management and compliance. The scope comprises the entire LEG Group and all its employees.

GRI 103-1

Compliance safeguards value added

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

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

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

Compliance management system manages goals and measures

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

The avoidance of cases of non-compliance is a strategic goal pursued by LEG, as is the identification and punishment of cases of non-compliance. LEG's main method of achieving this in the 2019 financial year was the further expansion of compliance training for employees. The compliance intranet page that was created in 2018 to raise employee awareness and promote communication was also enhanced, and business processes were improved with a view to preventing non-compliance.

As a second strategic goal, LEG intends to reinforce its orientation towards the guiding principles of the "reputable businessman". This involves dealing honestly and respectfully with customers, employees and business partners and treating them as equals. In particular, LEG ensures that the rental process and tenant communication are both fair and transparent. **GRI 103-2c**

LEG Immobilien AG operates a compliance management system (CMS) that bundles the measures for ensuring compliance with statutory requirements and internal company guidelines, particularly in the areas of anti-corruption, competition, taxes, housing, data protection and capital markets. LEG's CMS includes internal regulations such as the Code of Conduct, the Group Works Agreement on conduct in the business environment, LEG's management principles and information sheets on compliance for LEG employees, in addition to LEG's whistle-blower system, regular employee training and the compliance intranet page. **GRI 103-2**

An external Data Protection Officer advises on and monitors compliance with data protection regulations, particularly the provisions of the General Data Protection Regulation, and is available as a point of contact for LEG's management, employees, tenants and suppliers as well as the supervisory authority as required (Data protection is also discussed in the **Tenants area of action**).

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

Responsibility for the CMS lies with the Management Board, which determines the compliance goals. The Legal & Compliance, Auditing/Committees/Human Resources division is responsible for the organisational and professional aspects of compliance. The compliance team is headed by the Compliance Officer and also comprises an independent ombudsman, the Head of Human Resources and the Head of Auditing. The Compliance Officer is the point of contact for any compliance-related matters, such as prevention, training and reporting.

Whistle-blower system for reporting violations

LEG has established a whistle-blower system that employees and external third parties can use to address concerns to their direct superior, the Compliance Officer or an independent external ombudsman. When compliance violations are reported, they are investigated by the Legal & Compliance, Auditing/Committees/Human Resources division or by an external audit firm. If a compliance violation is confirmed, action is taken irrespective of the individual's position within the company. This may take the form of industrial law consequences or criminal charges, for example. **GRI 103-2c**

The lawyer who acts as the ombudsman is obliged to observe secrecy and has the right to withhold information from the public prosecutor or company management to the extent that this is legally enforceable. The ombudsman evaluates the violation reports and makes an independent decision as to whether to pass on a suspicion to company management or the Compliance Officer. Furthermore, LEG has appointed an internal Anti-Corruption Officer as an additional point of contact in the event of violations. The Supervisory Board's Audit Committee also regularly addresses the issue of compliance and reports to the Supervisory Board on this matter on a regular basis.

GRI 103-2c





Düsseldorf, Fürstenberger Straße

Investigating violations and taking countermeasures

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

The existence of cases of non-compliance is continuously reviewed. In 2019, no significant fines were imposed as a result of non-compliance with environmental, social or other statutory requirements. **GRI 307-1; GRI 419-1** No legal proceedings were initiated in the reporting period on the basis of violations of competition law (> **Key performance indicators: Business management area of action**). **GRI 206-1** There were no confirmed cases of corruption in the reporting period. **GRI 103-3**

In 2019, LEG's CMS was certified in accordance with the certification system of the Corporate Governance in the German Property Sector Initiative (> **Focus: Compliance management system**). **GRI 103-3**

Transparency in all business processes

In addition to compliance training for employees and executives, LEG's compliance management is founded on the application of various sets of rules. One of the most important documents is the Code of Conduct, which also forms part of the employees' contracts of employment. In accordance with the applicable internal regulation, business partners are required to comply with the Supplier Code of Conduct, which is based on the Code of Conduct. Master agreements also contain anti-corruption clauses. **GRI 103-2**

LEG applies the principle of dual control. Prior to their application, the Legal & Compliance, Auditing/Committees/Human Resources division also reviews all of LEG's business processes in terms of the extent to which they provide an incentive for LEG's compliance goals to be achieved in line with the commitment to prevention. **GRI 103-2**

LEG communicates fairly and frankly with all of its prospective tenants, e.g. by means of multilingual information sheets. It does not demand commission for brokering, advising on or concluding residential rental agreements, either directly or through third parties, and does not work with individuals who demand such commission

from prospective tenants. If interpreters are needed in talks, LEG reviews their background. LEG informs prospective tenants that they have the option of reporting behaviour to the Compliance Officer in the event that LEG employees or third parties demand cash sums. **GRI 103-2**

COMPLIANCE TRAINING

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

2x annually

Compliance training: Knowledge equals prevention

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

All new employees are given compliance training, which takes place on a six-monthly basis. LEG holds special training sessions for managerial employees and trainees. Care is taken to ensure full attendance of the training sessions. Follow-up sessions or phone-based sessions are arranged for employees who are unable to attend. Members of staff who are unable to attend any of these sessions are sent the training documents for them to study themselves and must give written confirmation that they have understood the contents in full.

As of 30 September 2019, almost 100% of employees had participated in compliance training. The around 400 employees of the skilled trades subsidiary TechnikServicePlus GmbH and the 20 employees of Biomasse Heizkraftwerk Siegerland GmbH & Co. KG are not included. Compliance training for these employees is planned from 2020 onwards.

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

Training further expanded

The training offering was expanded further in the year under review. In addition to regular employee training, there have been separate annual compliance training sessions for employees working in the especially sensitive Acquisitions division since 2017. Annual training sessions for employees of the Central Purchasing and Technology divisions were also introduced in 2018 and were held again in 2019. Special compliance training for caretakers and landlords also took place in the year under review.

Training to raise awareness of and enhance the compliance management system is especially important to the company in its efforts to minimise the risk of compliance violations. These training sessions are conducted by the Compliance Officer with the assistance of external experts depending on the topic being addressed.

Compliance has become a particular challenge for companies in recent years. Systematic misconduct or misconduct on the part of individuals is prevented and risks for employees and the company as a whole (in terms of criminal prosecution, regulatory and civil law) are minimised on a pre-emptive basis. Simply responding to crisis situations is no longer state-of-the-art.

Compliance intranet page for employees

On an intranet page set up in 2018, the Legal & Compliance, Auditing/Committees/Human Resources division explains to employees in an easily comprehensible manner how to make the right decisions for themselves and for the company in difficult situations. In setting up

the page, the division processed various topics and linked them with corresponding training sessions and workshops. The information provided on the Compliance intranet page ranges from explanations about LEG's compliance system and tax compliance (describing legally compliant behaviour in respect of the existing legal and criminal regulations) to the names of the relevant contacts within the company, training documentation and internal regulations. The page also presents current developments in the area of compliance and case law.

General statement on respecting human rights

LEG is committed to respecting human rights on the basis of the United Nations Guiding Principles on Business and Human Rights. (www.auswaertiges-amt.de/nap-wirtschaft-menschenrechte-data.pdf)

As a responsible company, LEG supports fundamental universal human rights and their protection and preservation as a matter of principle. In this way, we are pursuing the vision of a sustainable and fair global economy in which business success is based not on exploitation and violence, but on mutual respect and integrity.

PRINCIPLES OF OUR CORPORATE CULTURE

- Charter of Human Rights (United Nations Universal Declaration of Human Rights)
- Eight fundamental conventions of the International Labour Organization (ILO)
- United Nations Guiding Principles on Business and Human Rights

Internationally recognised agreements such as the Charter of Human Rights (United Nations Universal Declaration of Human Rights), the eight fundamental conventions of the International Labour Organization (ILO) and the United Nations Guiding Principles on Business and Human Rights are the cornerstones of our corporate culture and everything we do. The values and standards set out in these agreements are reflected in internal Group documents.

LEG's properties are located solely in Germany. In its operating business, LEG maintains business relationships solely with business partners domiciled in Germany and the EU. In dealing with these business partners, LEG begins by assuming that they comply with the law of the Federal Republic of Germany and the EU and that they respect human rights to the extent required by law.

LEG underpins all of its business activities with clear ethical principles and values as summarised in its Code of Conduct. LEG's Code of Conduct sets out uniform, Group-wide guidelines for ensuring fairness and legal compliance both publicly and within the Group. Its central tenet is fair, transparent and responsible conduct when dealing with co-workers, customers and business partners. The principles of the Code of Conduct have always been important to LEG's successful business activity and are applied by LEG's employees in their day-to-day lives. In accordance with the applicable internal regulations, business partners are required to comply with the Supplier Code of Conduct, which is based on LEG's Code of Conduct. Master agreements also contain additional compliance regulations, such as clauses requiring compliance with industry and safety regulations, compliance with the German Minimum Wage Act or the appropriate accommodation of employees during construction work. In this way, LEG ensures that its business partners are bound to the same standards of ethically and legally compliant conduct as LEG itself.

In focus

Nowadays, the economic success of a company is increasingly determined by the integrity of its management actions and business models and the extent to which it meets its social responsibility. As well as preventing significant legal risks and protecting the company against potentially substantial fines and damage to its public image, this involves engendering acceptance of the company among investors, customers and employees. This is particularly important in the German real estate industry, where business involves certain industry-specific risks that can result in costly liability issues and sustained reputational damage.



24 May 2019, German Real Estate Summit, Berlin: Thomas Hegel, former CEO of LEG Immobilien AG, accepts the certificate for the compliance management system (CMS) at the annual meeting of the Corporate Governance in the German Property Sector Initiative.

We are committed to the principles of the Corporate Governance in the German Property Sector Initiative.

LEG is a member of the Corporate Governance in the German Property Sector Initiative (ICG) (www.icg-institut.de/en). ICG is concerned with the definition and implementation of recognised and verifiable standards and their codification in principles of proper and fair corporate governance for real estate companies. The aim of ICG is to improve the competitiveness of the German property sector through increased transparency, professionalism and integrity. In this context, ICG has drawn up a code of values and rules for the implementation and maintenance of better corporate governance and control and has developed a certification system tailored specifically to companies in the property sector. The Institute of Public Auditors in Germany (IDW) recommends the ICG compliance system as a sector-specific template for the establishment of a CMS for the property sector.

LEG is committed to the principles of ICG. The certification audit was successfully completed in late 2018. LEG then received the ICG seal of quality for its compliance management system in the year under review.

LEG intends to increasingly address the topic of value management in future in order to strengthen the compliance culture by continuing to enshrine ethical principles within the company.

Tenants area of action

We provide our tenants with a home. This is a very special product. For this reason, we work on our customer focus on a daily basis. We want to focus consistently on our tenants' needs and offer a good and liveable home for everyone – from children to senior citizens. Offering a wide range of our apartments in various locations with a variety of layouts and furnishings at reasonable prices is just the start. On top of this, our neighbourhoods should offer safe, liveable, sustainable and diverse environments where the tenants can live well together. Not least, we offer additional services with real added value for our customers, thus providing a real home. The fact that we are present virtually throughout North-Rhine Westphalia in very different housing markets with differing requirements means that we remain agile when it comes to customer focus and service quality and are always in demand. We always think from the customer's perspective, and we are able to do this because we know our tenants, talk to them a lot and are happy to assist them.

Material topics

Tenant satisfaction

Tenant services, advisory services and general tenant satisfaction.

Tenants' health and safety

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

SAFE AND LIVEABLE NEIGHBOURHOODS FOR SATISFIED TENANTS

MORE THAN

120

EVENTS

IN 2019, LEG ORGANISED AN EVENT FOR ITS TENANTS ALMOST EVERY THIRD DAY ON AVERAGE

Customer focus as the basis for LEG's success

As the leading landlord in the region of North Rhine-Westphalia, LEG meets the fundamental needs of a broad array of social strata with a diverse portfolio of apartments in various locations, sizes and furnishings. The company creates attractive housing solutions and living space based on tenants' wishes. In particular, this includes suitable options for medium- and low-income households. The tenants are especially important to LEG, as satisfied customers form the cornerstone of a sustainable business model. In its materiality assessment, LEG identified tenant satisfaction and the tenants' health and safety – including protection of their privacy – as key sustainability issues, based on a consideration of LEG's own tenants. **GRI 103-1**

The company understands tenant satisfaction first and foremost to be about good customer service, respectful communication between equals, in-depth knowledge of customers' specific needs and expectations, the implementation of customer-oriented solutions, and

customer satisfaction in general. The topic of tenants' health and safety relates in particular to the conditions within LEG's residential buildings as well as protection of the tenants' privacy and data protection. **GRI 103-1**

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

To a large extent, delivering good service here is directly in the company's hands. Good service and an appealing location and condition of the housing have a direct impact on tenant satisfaction. At the same time, the condition of the housing is also important for customers' health and safety. The situation in the residential neighbourhood in question also has consequences for both areas. In this regard, LEG works with various partners such as social institutions, local authorities and other housing companies to exploit its opportunities to make a contribution to creating a safe and liveable environment with its neighbourhood management. **GRI 103-1**

Systematic management of tenant services and safety

A key priority at LEG is to have happy tenants living in stable neighbourhoods in which they can live well, safely and at a fair rental price. High customer satisfaction reduces costs thanks to low tenant fluctuation, secures revenue and boosts the company's image. LEG pursues the strategic goal of sustainable tenant satisfaction. We aim to achieve this with our good value for money, continuous improvements in the quality of LEG's services, and a consistent focus on tenants' needs. **GRI 103-2; GRI 103-2c**

Customer focus with clear responsibilities

LEG sees tenant satisfaction as the result of two aspects: Firstly, intelligent and straightforward systems for all commercial and technical processes within the company that provide the customers with a functional product as well as transparent administrative processes and intuitive services. And secondly, respectful interaction with each customer by all employees. For this reason, various measures underpinning the processes were again examined and further optimised in 2019, for example in the area of customer correspondence and communication. All letters to tenants were revised, and digital communication was expanded. Additional functions are offered on the tenant portal. For example, tenants can fill in a SEPA direct debit mandate or edit their master data themselves. **GRI 103-2; GRI 103-2c**

All LEG positions are responsible for high customer satisfaction, in particular those that have direct contact with the customers, such as the staff working within Centralised Customer Service (CCS) and the eight branch offices. In addition, the Management Board and executive management are increasingly involved in direct customer contact. **GRI 103-2**

In 2019, LEG implemented additional measures to increase customer satisfaction. To do this, the company tracked the mapping of an internal customer satisfaction scoring model in operating reporting.

GRI 103-2; GRI 103-2c

LEG focuses on systematic neighbourhood management. In this context, we are aiming to reduce vacancies in the short term. High resident satisfaction and full occupancy both testify and lead to stable, attractive neighbourhoods. At the same time, LEG has a long-term focus on strategic management concepts coupled with investments in modern living standards as well as safety, orderliness and cleanliness. Four such neighbourhood developments were begun in 2019. The goal here is to increase property management efficiency by fostering potential while selecting individual or multiple components of neighbourhood development flexibly and specifically for each neighbourhood. After all, each neighbourhood has its own individual action areas and therefore involves specific project requirements. Investments are thus made in a systematic and targeted way. With its neighbourhood management, LEG establishes its reputation as a reliable portfolio holder and developer and a partner to municipalities.

GRI 103-2; GRI 103-2c

In the reporting year, LEG began an extensive initiative to modernise the lifts for its tenants. The company is investing a total of around 90 million euros in this initiative. By 2026, around 930 lifts in the housing portfolio are to be fully renovated. Around 22,500 tenants will benefit from this. The first modernisation measures are scheduled in locations including Dortmund, Duisburg, Ratingen, Muenster and Iserlohn. Another 56 or so cities in North Rhine-Westphalia are to follow. The aim of the initiative is to bring the lift facilities in line with the latest technical standards, thereby providing more comfort and mobility for the tenants.

In addition to the extensive energy modernisation (> see **Environment area of action**) and other measures, the lift modernisation is another initiative to make the housing portfolio fit for the future of an ageing society. Where technically possible, LEG will also convert the building entrances to make them accessible for people with disabilities. At the same time, the company is modernising its entire lift management. Lift malfunctions are to be avoided at an early stage using innovative options – such as a sensor system that reports impending malfunctions early on and initiates measures before a breakdown occurs.

In line with LEG's motto "Liveable, Simply Good," new tenants have been able to sign their digital rental agreements conveniently and securely from home or on the move since October 2019 and can choose between several languages for the menu navigation. This improvement in the process saves time, paper and bureaucracy for customers and for LEG employees, especially in Centralised Customer Service (CCS). The employees here can focus on key tasks, thus increasing the CCS's availability to tenants.

Another digital improvement that also benefits the tenants is the accounting robot in receivables management, for which LEG won the ZIA Innovation Award in mid-2019. LEG has been using this accounting robot since August 2018. It opens the account statement in the tenant account, identifies the associated receivable by interpreting the reference, and offsets this against the incoming payment – and it does so 24/7 with an error rate close to zero. LEG employees are relieved of these rather monotonous tasks, giving them more time to dedicate to more complex tenant concerns.



27 June 2019, Property Industry Day, Berlin: LEG wins the ZIA Innovation Award for the introduction of an accounting robot in receivables management.

LEG makes sure that its tenants are well informed with numerous flyers and brochures. The same applies to the more than 40 tips for a stress-free move on the company's website (www.leg-wohnen.de/service/downloads/), which provide all key advice in chronological order.

Preventative protection of safety and health

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

To prevent hazards in the interests of the tenants, the safety maintenance processes are organised accordingly. The Management Board assigns responsibility by giving instructions to the respective regional branch where the branch office head is responsible. To secure quality and quantity, the Real Estate Management division's Road Safety/Operator Responsibility team implements six-monthly spot checks in

line with the "two sets of eyes" principle. In the 2019 financial year, LEG's systematic safety maintenance process enabled it to ensure that 98.5 % (97.1 % in 2018) of its own buildings were checked thoroughly for potential hazards and that defects on public spaces could be identified and remedied early on. Safety checks for the rest of the buildings will be concluded at the beginning of 2020. **GRI 103-2; GRI 416-1**

For matters concerning protection of their privacy, the tenants can turn to LEG's Data Protection Officer. Data protection complaints lodged by tenants and supervisory authorities as well as incidents of data loss or theft are logged centrally for management purposes. Two justified complaints from external parties were registered during the reporting year. These are cases of fraud; criminal charges were brought in both cases. Due to the extension of terms and definitions as a result of the EU General Data Protection Regulation, in the reporting year there were 72 cases of data leaks, data theft and data loss in connection with LEG customer data. There were predominantly cases relating to the mass business and where the impact is low (incorrect addresses). **GRI 103-2; GRI 418-1**

Direct contact with LEG

LEG offers its customers many different options and channels for contacting the company. For example, tenants can contact LEG with problems or enquiries by telephone, e-mail or letter, in person (by appointment) or digitally on the tenant portal or the tenant app. Concerns and complaints are systematically recorded using a ticket system and assigned to those responsible in customer service. Generally any necessary repairs are carried out by the LEG investment, TechnikServicePlus GmbH (TSP). **GRI 103-2c**

Nonetheless, our customers told us that we particularly need to improve the CCS's availability by phone in line with our customer focus. We therefore introduced a callback service in 2019 so that tenants do not have to stay on hold. Instead, they can specify a time when they would like one of our property specialists to call them back. Our tenants can book the callback service by phone or digitally.

The customers also told us that it is important to them to have an occasional or regular personal contact point on-site, or consultation hours for certain topics such as utility bills. Older people and people who are not native German speakers, among others, often find it easier to raise their concerns directly in a personal discussion. LEG also responded to this in 2019, establishing tenant offices in several cities including Gelsenkirchen, Remscheid and Siegen based on the individual requirements. In these offices, employees offer personal consultations for their customers. **GRI 103-2c**

Not least, direct dialogue between the Management Board and tenants was established in 2019 with the new "customer talk" format, in which the CEO of LEG meets tenants directly on-site. The first three events of this kind took place in the reporting year: in Cologne when a new construction project was explained, in Hilden at a topping-out ceremony, and in Bochum at a housing estate suitable for senior citizens. The goal is to work continuously towards a good, stable relationship with the tenants by using suggestions and criticisms to optimise the company's services further.



Model in Gelsenkirchen-Hassel: In tenant offices, LEG employees offer consultations for our tenants right on-site.

In autumn 2019, LEG also established its own Customer Advisory Council, which meets once a quarter in different locations. Here, committed tenant representatives from all branches are actively involved in decision-making processes for neighbourhood development and in the development and improvement of services. Critical issues are discussed, and solutions are developed together. The first meeting of the Customer Advisory Council was held in November 2019.

In addition, the Management Board held discussions with tenant representatives and associations from Cologne, Dortmund and Hilden, for example, in 2019.

Monitoring service quality and tenant satisfaction

LEG uses various tools to gauge the effectiveness of its measures. These include a company-internal scoring model for the development of tenant satisfaction, tenant satisfaction surveys, feedback received regarding neighbourhood improvement measures and the evaluation of safety inspections. **GRI 103-3**

LEG also plans to obtain tenant feedback digitally in the future by way of a “contact point survey”. This is to be introduced gradually after tenant concerns have been dealt with, which is known as “ticket closure”. Immediately after a ticket closure report, customers will be asked by e-mail to rate whether they were satisfied with their experience of the process. Tenants who actively choose to answer this question are taken to an online survey system, where they are asked more questions and complete the short questionnaire. The evaluations are intended to give LEG insights into where it stands with regard to service quality and where there may still be a need for action. The survey results are compiled anonymously, evaluated and reported to the relevant specialist departments, among others. **GRI 103-3**

Innovative services and programmes within neighbourhoods

Through the joint venture EnergieServicePlus (ESP) with the electricity supplier innogy, LEG tenants could already purchase their electricity at prices that were often better than with the local utility. LEG honed this offer again in the reporting year and got the cooperation partner lekker from Berlin on board as well. Since the middle of 2019, LEG has been offering “LEG electricity powered by lekker Energie” to tenants at the Dortmund and Duisburg branches. Tenants who take up this offer receive a new customer bonus of 50 euros for 100 % green electricity (> see **Environment area of action**), a 24-month price guarantee and a guaranteed cheaper price compared to the main local utility. More than 50 % of new tenants chose to accept this offer in the first four months already. Due to this major success, the pilot project was expanded with the purchase of gas from the partner lekker in November 2019. Transparency is important to us here: Ordering electricity and/or gas always requires a separate contract and thus a clearly separate decision by the customer on whether to purchase the product – which is independent from the signing of the rental agreement.

With LEG TechnikServicePlus (TSP), a joint venture with the housing industry skilled trades company B&O, LEG secures skilled trade capacities, which are in great demand, for its core market of North Rhine-Westphalia and offers minor repair services with its own staff. **GRI 103-2.** In 2019, we increased TSP’s workforce from 360 employees to around 400 and brought about several procedural improvements. This contributes to customer satisfaction as a result of faster repairs.

The company WohnServicePlus partners with Unitymedia to provide LEG tenants an attractive basic cable TV array at special conditions. To this end, the majority of the apartments are fitted with a modern multimedia cable connection with which the tenants can receive not only a wide array of digital TV channels and radio stations, but also a free 1 Mbit/s Internet flat-rate connection including a modem.

As part of the basic service, all tenants who are served by WSP can additionally have an HD option comprising 45 HD channels and a foreign language package of their choice activated at no extra cost. The tenants can subscribe to other services such as a faster Internet connection directly through Unitymedia. The existing in-house networks are continuously being modernised in order to offer as broad an availability of high-speed Internet as possible in all of LEG’s portfolio properties. Apartments that cannot currently be connected to the Unitymedia broadband cable network get basic TV services via a satellite or satellite IF system. Unfortunately, it is not technically possible to book these additional services here. WohnServicePlus currently serves around 115,000 LEG apartments (2019 financial year), of which approximately 112,000 have a broadband cable signal and a modern multimedia connection (in 2018, a total of around 106,000 apartments were served). **GRI 103-2**

MODERN MULTIMEDIA CABLE CONNECTION

Some 115,000 LEG apartments are now connected via WohnServicePlus, a cooperation with Unitymedia.

115,000 apartments

In addition, LEG offers “vitality services” as customer loyalty tools at no cost to the company. These are housing-related services that we offer together with cooperation partners. For example, the cooperation with Home Instead (www.homeinstead.de) is aimed at mediating nursing services in the tenants’ own homes. Together with Weißer Ring e.V. (www.weisser-ring.de/english), LEG carries out information campaigns on burglary prevention. We would like to keep expanding these kinds of cooperation in a targeted way and are looking for individual partners for this. The focus is supporting the tenants in having an uncomplicated, secure and agile life within their own four walls. **GRI 103-2**

Valuing new and existing tenants

When it makes large acquisitions, LEG organises tenant events in order to welcome the new tenants to LEG and introduce the company. LEG experts are there to answer any questions concerning living with LEG. LEG also invited tenants to information events – for example, on matters such as modernisation and waste management – in selected neighbourhoods. Here, the company sets great store by customer feedback obtained on a voluntary basis, sometimes in writing, at the end of the events.

Our biggest construction project in Cologne-Höhenhaus requires particularly close monitoring and sensitive communication. In the appraisers' view, it would not have been worthwhile to modernise the housing estate dating back to the 1950s. The existing apartment buildings with around 200 apartments in total are therefore to be gradually replaced by modern, accessible and 30% subsidised buildings with more than 400 apartments in total from 2021/22 onwards. For our existing tenants, many of whom want to stay in the neighbourhood, this may mean having to move home twice. It was important to us to inform the tenants immediately about our plans and support them right from the start with a "relocation support team" in the specially provided tenant office, which has since been dealing with the residents' requirements and concerns on almost a daily basis. We informed the tenants about the urban redevelopment of the neighbourhood at two tenant meetings, with LEG's CEO Lars von Lackum in June 2019 and with project manager Werner Wirtz and the winner of the architecture competition in December. This no doubt contributed to the fact that the residents are looking forward to the new neighbourhood despite the inconvenience involved.

Many tenants have been loyal to LEG for decades. As a small thank-you, the housing company invites long-standing tenants on anniversary trips after 25 and 50 years. In addition to coffee and cake in a social atmosphere, these trips may involve visits to open-air museums, wagon rides, boat tours or visits to castles. For example, the Bergkamen branch invited its most loyal tenants on an excursion and a boat trip on the River Sorpe in the Sauerland region. Tenants from Hagen, who had joined LEG following an acquisition in June 2018, also took part for the first time. The personal contact with the LEG employees accompanying the event met with a particularly positive response from the tenants. There are also various events for all tenants all year round, such as summer parties, cooking events and Advent cafés.

Partnership-based and socially oriented neighbourhood management

LEG sets great store by tailored neighbourhood management oriented to the challenges in the individual residential areas. This includes taking a sensitive approach to occupancy management and accommodating displaced persons. As part of its neighbourhood and integration management, LEG offers its tenants an extensive year-round holiday and leisure programme. Its neighbourhood management also includes services for senior citizens, assistance from the independent LEG NRW Tenant Foundation (www.leg-nrw-mieter-stiftung.de) in the event of individual tenancy hardship, social projects such as language development, and much more.



Cologne Höhenhaus newbuild project:
400 apartments are to be built here.



Jumpers-Opening, Dusseldorf-Hassels: LEG celebrated the opening of the youth and children's centre Jumpers e. V. in Dusseldorf together with its tenants and everybody else involved.

With the establishment of the new foundation "Your Home Helps" (www.dein-zuhause-hilft.de) with capital of 16 million euros, LEG aims to do much more from 2020 onward to create stable and liveable neighbourhoods and a good environment for the people who live directly in LEG apartments or in the neighbourhood. Here, too, it is particularly important to LEG to think from the customer's perspective and offer assistance where it is really needed. Problems are to be handled by means of sustainable, long-term social work, particularly through cooperation agreements with professional charitable partners. Key topic areas include help for children from challenging backgrounds, advice on financial matters and especially on debt, support for senior citizens in their everyday home life, childcare services for families, and advice and support with illnesses such as addiction.

Joint campaigns and celebrations boost cohesion

With numerous measures, LEG contributes to the tenants' well-being on the housing estates. Exchange between neighbours is intensified with celebrations together. Tenants' parties are therefore an integral part of LEG's neighbourhood management. LEG's programmes, which are put together by trained LEG event managers in a variety of event formats such as petting zoos, dance classes, bouncy castles, human table football, kids' face painting, Christmas and Easter parties and Martinmas lantern processions, bring tens of thousands of people from all over the world together every year. On average, an LEG event takes place almost every three days, and more than 120 events were held in 2019.

At its tenant parties, LEG deliberately does not use plastic plates or cutlery. Throwaway plastic products are replaced by more environmentally friendly, plastic-free alternatives such as paper plates and cups and wooden knives, forks and spoons. The wooden cutlery is non-bleached, biodegradable and compostable. As a result of this changeover, we can dispense with some 15,000 items of plastic cutlery and plates each year.

In focus

Everybody wants to remain active and mobile in their own home. To make this wish possible for many older and disabled customers too, LEG is further expanding its services for older tenants, senior citizens and tenants with disabilities. LEG believes that housing and well-being should go hand in hand for all age groups. For this reason, the company always wants to offer its customers the best possible services for their homes and ensure their vitality and mobility at home and in the surrounding area.

More and more services for older tenants, senior citizens and tenants with disabilities

In addition to a good home, another important factor for tenant well-being is the possibility to explore their local surroundings independently. To make this possible for people with a walking impediment, too, LEG provides rollator garages and charging boxes for electric wheelchairs free of charge for its tenants at various locations. In this way, as well as with bicycle storage rooms, parking spaces and car-sharing offers, LEG ensures the mobility of its tenants.

For this purpose, LEG has built a rollator garage right next to the entrance in Ernst-Reuter-Strasse in Bergkamen to make life easier for those with a walking impediment. The project was financed by the independent LEG NRW Tenant Foundation (www.leg-nrw-mieterstiftung.de). The mini-garage has an area of approximately 6.5 square metres and offers space for up to eight rollators. So that the tenants can reach the house door easily, LEG additionally added a ramp and handrail. The company paid in full the costs for the construction and conversion. The rollator garage is just one of LEG's many big and small ideas to make life easier for its tenants. In Bergkamen, there is also a garage with a charging station for electric wheelchairs in the same neighbourhood.



Best-Ager-Services: LEG supports its tenants with rollator and wheelchair garages.

Living space for all generations

The "Living Space for Generations" project, in which LEG supports tenants moving from a large apartment to a smaller, more suitable apartment – or vice versa – in the same neighbourhood, is also to be continued. This caters to people whose life situation has changed and who are therefore interested in swapping apartments. For example, families with children can move into a larger apartment if the person they are swapping with – a senior citizen, for example – wants a smaller apartment. In this way, we wish to ease the situation particularly in housing markets with high demand.

LEG also supports the state initiative "Finally a home!" under the aegis of the North-Rhine Westphalia Ministry of Labour and Social Affairs. The aim of this initiative is to help homeless people return to regular tenancies again ([> society area of action](#)).

Employees area of action

Customer-focused, dedicated and highly qualified employees are vital for our business success. Our HR strategy is geared towards further increasing our company's appeal for applicants and retaining good employees at the company. As part of our sustainable HR management, we identify and plan our future staff requirements on a long-term basis in alignment with the requirements of the corporate strategy. We also focus on a long-term strategy when it comes to HR development in order to maintain and improve our employees' skills and qualifications. In our day-to-day work, we are guided by our "Principles of Management and Working Together", which stand not least for respectful and considerate interaction with one another. The employees run the company's core business, shape changes and serve as a bridge to the customers. In return, the company offers them an attractive and motivational work environment.

Material topics

Employment

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

Diversity and equal opportunity

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

Vocational and professional training

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

RESPONSIBILITY FOR THE EMPLOYEES

LEG offers a wide variety of employment relationships and training opportunities

In the materiality assessment, the topics of employment, vocational training and professional development, diversity and equal opportunity were identified as material. These are often mutually dependent or influence one another, which is why the measures described below may relate to several material topics. This relates to all LEG employees – irrespective of the type of employment relationship or hierarchical level. The topics identified are especially important to LEG as trusting and fair interaction with the employees has a direct effect on their satisfaction and performance – leading to good productivity and innovation and boosting the company's appeal as an employer. LEG therefore endeavours to effectively nurture its employees and establish the best possible parameters for them. **GRI 103-1**

HR STRATEGY

2025

OUR GOAL IS TO KEEP POSITIONING LEG AS AN ATTRACTIVE EMPLOYER – WITH MOTIVATED AND SATISFIED EMPLOYEES

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

LEG offers a broad spectrum of employment relationships involving full- and part-time models, co-determination rights as exercised by employee representatives, market-oriented remuneration models and salary structures in the form of its own framework employment condition and collective remuneration agreements, a high level of employee satisfaction and a corporate culture with fixed principles guiding management and working together.

In the area of vocational training and professional development, the focus is on personalised training so that each and every employee can live up to the responsibilities of their position now and in the future.

GRI 103-1

HR Strategy 2025 provides the framework for sustainable HR management

LEG promotes the systematic integration of its HR policy and HR work in its corporate strategy. LEG's HR Strategy 2025 provides the framework for HR management when it comes to dealing with the challenges and opportunities arising from social megatrends such as demographic development, technological change and digitalisation and the diversity of our modern society, as well as from the company's performance commitment.

By way of appropriate measures, we aim to gain the most talented candidates for LEG, optimise training, development and succession processes, strengthen employee loyalty and reduce fluctuation. Our overarching goal is to enhance the company's image and appeal as an employer continuously. At the same time, LEG expects all this to have a positive impact on its ability to achieve its financial targets. **GRI 103-2**

Boosting employee satisfaction is a strategic goal pursued by LEG. Based on this, its appeal as an employer is to be quantifiably increased by the end of 2020. The company aims to achieve by this time a better rating in the Trust Index employee survey conducted by the independent Great Place to Work® Institute (www.greatplacetowork.com), as compared with its 2017 result. **GRI 103-2**

Due to restructuring within the company, the employee survey originally planned for the reporting year was postponed to allow employees' experiences with the changed circumstances to be incorporated in the 2020 survey. **GRI 103-2c**

Results of employee surveys are always communicated to all employees and discussed with the works council in a workshop. The division-specific result reports are evaluated and considered together with all the employees.

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

1. Agility

LEG wishes to promote strength, willingness and ability to innovate within the company. One particularly important aspect is the increasing digitalisation of work and communication processes in the modern working world in general and at LEG in particular. Executives at all management levels must be made more aware of this. Among the employees, the necessary digital skills must be developed and enhanced in good time.

Measures in 2019: In the reporting year, LEG completed the introduction of digitalised personnel files throughout the company. The project involved adjustment of the files and the implementation of corresponding workflows. In addition, the company prepared for the introduction of an SAP e-recruitment tool for further digitalisation of application processes. The concept for the regular employee dialogue was rearranged, and the executives were prepared for the change. The key element is still the personal interview based on considerably trimmed-down guidelines and more mutual feedback sessions. The interviews were held in the fourth quarter of 2019. At the start of 2020, employees could rate the quality of the interviews in a digital survey. The process is to be continued in this way in the years ahead.

2. Management development

Executives are taught the principles of agile management, or "Management 4.0". We understand this as meaning that executives should be role models, inspire others to perform, act in an entrepreneurial fashion, develop competencies, communicate fairly, support and challenge employees on the basis of their strengths, and reflect on their own values, needs and motives. In the agile working world, long-distance management and management work as a change manager – for example, in the context of digitalisation – are also becoming ever more important.

Measures in 2019: Executives in the operating divisions were qualified and supported in their role as change managers.

3. Demography, retention, management

LEG places particular emphasis on equal opportunities, a healthy work-life balance, measures to secure employee loyalty and allowing for a "mosaic career", i.e. gathering a range of experience in different roles and functional areas, alongside the traditional linear career path. In this way, LEG aims to secure executives and skilled workers and to lower its fluctuation costs.

LEG intends to further reduce its current employee fluctuation rate of 11.6 % (9.1 % in 2018). Learning and performance without age limits, including health management and the promotion of lifelong learning, is intended to contribute to this objective. Overall, LEG aims to further increase its appeal as an employee and strengthen its position on the employee market. **GRI 401-1**

Measures in 2019: In HR discussions with executives, the topic of demographics management was addressed in a structured manner – including planning of measures and continued support for executives from the HR department. LEG also introduced a dual study programme in order to acquire talented candidates through cooperation with universities (**> Dual study programme to counter skills shortage**).

4. Value management

We want to design the organisational culture in line with the current demands as well as developing further team development and the employee dialogue, which takes place once a year (**> In dialogue with the employees**). It is particularly important to us to have a trusting and constructive operating partnership between the co-determination and employer representatives. Overall, the aim is to embody and comply with the LEG Principles of Management and Working Together. **GRI 404-2**



Dialogue with the Management Board: CEO Lars von Lackum (right) talking to Christian Henning, an LEG employee.

Measures in 2019: Together with the works council, the HR department adopted a modular works agreement on the digital personnel file. Extensive restructuring in the operating divisions was also supported by the HR department with regard to collective and individual rights. The early and extensive involvement of co-determination in planning the restructuring measures went beyond legal requirements, and the forward-looking set-up of the operating divisions was discussed and resolved in a constructive atmosphere.

Responsibilities defined

LEG's HR department manages and holds responsibility for the HR strategy and all central processes and tasks relating to human resources. In doing so, it applies innovative, forward-looking HR systems and concepts. It includes the specialist areas of HR management,

HR development and change management, as well as the role of the vocational training officer. In October 2019, the HR and Legal departments were merged due to the many interfaces.

The HR department maintains intensive dialogue with co-determination, which is actively informed about upcoming changes and involved in decision-making processes as a partner within the company. HR also handles collective bargaining.

In addition, it helps specialist staff and executives base their actions on the corporate values and make use of their scope for action. In close contact with the specialist departments, the HR department continuously adjusts its service portfolio and improves the quality of its services.

The Management Board is heavily involved in the topic discussions and approves the corresponding concepts and programmes. Additionally, the extensive key HR figures are regularly reported to the Management Board. **GRI 103-3**

Communication formats honed

As a medium-sized company, LEG often relies on direct communication when it comes to dialogue between the management and employees.

For example, the "Dialogue with the Management Board" format that was established in 2016 has also been continued by the new management. In 2019, the share of events consisting of presentations was reduced in favour of interactive workshop elements. The focus is on direct dialogue between employees and the top management. Employees can and should take this as an opportunity to critically examine the quality of collaboration and – together with the Management Board members – develop proposals for improving collaboration and for optimising practical processes and other topics. LEG held five events of this kind in 2019: in Centralised Customer Service, at the Dortmund location and at the Cologne, Duisburg and Gelsenkirchen branches. In 2018, there were nine events at eight branches and in Centralised Customer Service. **GRI 103-2c**

On four occasions, employees were invited to take part in a moderated phone conference with the Management Board – with topics ranging from the introduction of the new Group Management Board in the middle of the year, to explanations regarding restructuring measures, to a discussion of the honed corporate strategy.

To strengthen its corporate identity, LEG holds employee parties – particularly at times when there are many changes – to which all employees of LEG and all of its affiliated companies are invited. In addition to the traditional annual Fat Thursday meeting in Düsseldorf, a joint summer party and, for the first time, a big joint Christmas party were also held in 2019.

Safety and health of employees

Occupational health and safety

LEG implements systematic, extensive occupational health and safety measures, taking the following management approach: To actively counter workplace accidents and employee absences due to illness, health and safety are systematically integrated in LEG's organisation. To this end, LEG drew up a description of the organisation of occupational safety back in 2014 to help the responsible executives and employees at LEG further develop the organisation in such a way that health and safety are a natural part of daily activities. This description – and all other information on occupational health and safety – is available to all employees on the LEG intranet.

The topic is given high priority at LEG in the interests of employee welfare and in light of the fact that under optimal working conditions, employees can also achieve optimal performance. Operating procedures should be efficient and involve minimal disruption. The legal requirement to ensure "suitable organisation" as defined in section 3 of the German Occupational Health and Safety Act is thus satisfied.

GRI 103-1

The tasks and duties of individual positions of responsibility apply irrespective of the person holding those positions. Important information on internal relationships and workflows is secured even in the event of a change in personnel. Where necessary, the persons responsible can produce evidence that they did everything in their power to meet their obligations in the area of occupational safety. In addition, the obligations of managers are stated explicitly in a written delegation from the Management Board to the second level of management.

The integration and inclusion of occupational safety within the organization does not mean establishing an isolated occupational safety system. Instead, LEG's existing structures are adjusted to take aspects of occupational safety into account. A safety engineer belonging to the Real Estate Management division's "Operator Responsibility/Road Safety" department is responsible for organizing occupational safety through LEG as the company's occupational safety coordinator. In this function, he reports directly to the LEG Management Board.

B.A.D. Gesundheitsvorsorge und Sicherheitstechnik GmbH (BAD) is commissioned with the aim of preventing risks to employees (www.bad-gmbh.de). It provides the occupational safety specialists and the company doctor, who is required to be appointed for companies with more than ten employees in accordance with German statutory accident insurance scheme (DGUV) regulation 2 "Company doctors and occupational safety specialists". The specialists from BAD ensure regular supervision; among other things, they perform annual occupational safety inspections at LEG's main locations and branches, advise on specific occupational safety situations, and attend the meetings of the occupational safety committee. BAD also prepares risk assessments on the LEG locations, occupational groups and psychological stress. In addition, LEG's building managers are trained safety officers. They examine the smaller LEG locations, such as tenant offices, in cooperation with the LEG occupational safety coordinator. The rectification of identified faults is checked by the local LEG managers in accordance with the principle of dual control, with the safety officers supporting the managers at all locations.

As required by section 11 of the German Occupational Safety Act (ASiG), LEG has established an occupational safety committee. In order to ensure a uniform approach to occupational safety throughout the LEG Group, the committee acts as the occupational safety committee for the entire Group. It meets four times a year and defines the occupational safety strategy.

The emergency organization at LEG goes beyond the statutory requirements. For example, there are instructions for employee evacuation. Fire protection also enjoys high priority. Since 2019, LEG's occupational safety coordinator has also been trained as a fire prevention officer.

In future, annual safety training will be provided to all employees electronically using an online tool supplied by BAD. In addition, trainees and groups of new employees are instructed by LEG's occupational safety coordinator as part of the onboarding process. Operating instructions are drawn up and published on the intranet when a need is identified.

Back in 2013, LEG introduced the electronic first-aid log on the intranet for written documentation of first-aid measures and accidents. Prior to this, it had been edited manually. Digitalisation of the log makes it easier for employees to work with. Since 2019, verbal and physical attacks have also been recorded in the first-aid log. Even if there are no direct or visible effects, delayed effects may arise later. Verbal attacks and psychologically distressing experiences in particular can cause lasting damage. They are to be regarded as a "psychological workplace accident".

The incidents recorded are compiled into an annual list by the LEG occupational safety coordinator and injuries are categorized in order to allow intervention steps to be derived where applicable. They are also compared with the accident reports processed by HR.

The German Red Cross (DRK) provided two in-house training courses in the reporting year. The company now has a total of 73 trained first-aiders. These training courses will be continually repeated. In addition, BAD held six in-house training courses for fire safety assistants in 2019, in which a total of 77 fire safety assistants were trained.

Occupational health management

The health of employees at the workplace is important to the company. For this reason, the associated services are reviewed and continuously optimised.

One important aspect is psychological stress in day-to-day work. In June 2019, the second voluntary electronic employee survey on “Health in the workplace” was conducted to identify problem areas and take improvement measures. All data was collected anonymously and analysed only externally by Freiburger Forschungsstelle für Arbeitswissenschaften GmbH (FFAW) (www.ffaw.de). The employee survey is based on the “Copenhagen Psychosocial Questionnaire” (COPSOQ) (www.copsoq.de/en). At the end of the survey, each employee automatically receives a comparison of his or her stress profile with the average levels for all individuals surveyed to date using the COPSOQ – more than 250,000 participants worldwide. At 58%, employee participation in the survey in 2019 was much higher than the rate of 34% achieved in the first survey in 2016. The steering committee for the employee survey informed the Management Board of the results of the survey and made initial recommendations for the next steps. It then made the results available to the employees and executives. Derived measures are now being implemented. For 2020, these include the provision of drinking water for all employees at all LEG locations, influenza vaccinations and executive seminars on the topic of “Healthy leadership”.

In 2019, LEG once again invited its employees to undergo eye examinations at several locations as an occupational medical precaution for screen work. The examinations were carried out by employees of BAD (> [page 31](#)). Separately from the appointments at the LEG locations, all employees can arrange an appointment for an eye examination in accordance with the legal provisions of the German Ordinance on Occupational Health Care (ArbMedVV) at BAD’s healthcare centres.

2019 EMPLOYEE SURVEY

LEG conducted a voluntary electronic employee survey on “Health at the workplace” for the second time

≈58 % of employees took part

In addition to the eye examination, a hearing test was offered as a trial at the Ratingen location. This preventive examination serves to detect damage to the ear at an early stage. It is particularly intended for employees in Centralised Customer Service, who may experience strain due to the use of headsets in their work.

In addition, the Joint Committee offered skin screening appointments for early detection of skin cancer again after the pilot project in the previous year had been well received.

Driving safety training was also offered for drivers in 2019 to help prevent accidents.

As in previous years, LEG once again offered its employees influenza vaccinations, also performed by BAD, at the Düsseldorf and Dortmund locations in autumn 2019. This campaign was accompanied by other preventive measures such as resources and instructions for hand disinfection and the distribution of a small anti-virus kit, as well as wide-ranging “take part” communication.

Avoid colds and strengthen your body’s defences – this is the motto of the “Fruitful Office” campaign, which is implemented by LEG’s Joint Committee to encourage healthy eating with plenty of vitamins and has already become a tradition. In the winter months, all employees working in the administrative buildings can help themselves to produce from baskets of fruit.

And the company promotes greater physical activity by entering company runs such as the B2Run in Düsseldorf, Dortmund, Gelsenkirchen and Cologne (www.b2run.de).

In addition, LEG implemented the “Sports Badge” campaign for the first time in 2019. The Joint Committee for Health Management encouraged employees to take part in the German Sports Badge. After presenting the badge to the HR department, employees receive a small bonus. **GRI 103-2**

By contrast, the Joint Committee for Health Management decided to discontinue the cooperation with the “machtfit” health platform at the end of December 2019 after two years due to a lack of demand from employees.

In LEG’s view, another important aspect of promoting good health is allowing for a good work-life balance. Through a cooperation partner, PME Familienservice, LEG offers tailored services in the areas of child-care and nursing for family members who are dependent on care, finding employees support for household and garden work and motivating employees to participate in courses, coaching or informational events. (www.familienservice.de)

Modern management and flexible working hours

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

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



Presentation of the "Work and Family" audit certificate: LEG has been certified since 2018; the official certificate was handed over in Berlin in June 2019.

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

For parts of the Group, LEG already concluded a works agreement in relation to making working hours more flexible back in 2018. This focuses on extending the office hours to 6 a. m. to 10 p. m., doing away with core working hours, and providing the option to use the "Flex Office" for mobile work from any location. The Flex Office has been very well received, with around 350 employees currently using this form of work. **GRI 103-2**

Effectiveness of measures is reviewed externally

From health management, through cooperation with PME Familien-service right up to flexitime and more flexible working hours, LEG offers numerous ways for its employees to achieve a good work-life balance. It is important to the company to have the measures it deploys and their effectiveness reviewed by third parties, too. For this reason, LEG was audited to attain the prestigious "Work and Family" seal (www.berufundfamilie.de/english-info). In June 2019, the certificate was presented to LEG by Dr Franziska Giffey, German Federal Minister for Family Affairs, and Oliver Schmitz, Managing Director of berufundfamilie Service GmbH, in Berlin.

Binding target agreements are made to ensure that family awareness remains rooted in the organisational culture. The measures and targets are developed based on a total of eight action areas. In the first implementation phase, LEG focused on the action areas of working time/place/organisation, communication, leadership, staff development, family service and additional services. Measures that have

already been offered by the company for a long time were supplemented with more flexible work locations and long-distance management. The practical implementation and progress in the change process are reviewed each year by berufundfamilie Service GmbH on the basis of extensive documentation. After three years, LEG can agree further HR policy goals as part of a re-audit. Only in the case of a successful re-audit is LEG entitled to keep the certificate.

Valuing diversity among the employees contributes to the company's success. To underscore this guiding principle of diversity management, LEG signed the "Diversity Charter" in 2019 (www.charta-der-vielfalt.de/en/). The company thereby committed itself to an organisational culture of diversity and a prejudice-free work environment. Appreciation and inclusion of diversity are goals of the "Diversity Charter", an employer initiative to promote diversity at companies and institutions.



charta der vielfalt

SIGNED

When it comes to diversity and equal opportunities, LEG strives to have a balanced workforce characterised by gender equality and to reconcile having both a family and a career through the aid of workshops, seminars, family services and health management. LEG employs people of all age groups, nationalities, cultures and genders, and creates a work environment in which appreciation, tolerance, respect and freedom from prejudice are core values. The company promotes diversity and does not tolerate discrimination against employees or tenants. Diversity and integration are promoted in its properties. **GRI 103-1**

In focus

What is the best way of securing the specialist staff of the future? By training them yourself. LEG has been doing this for years by offering vocational training as a real estate agent. At the start of August 2019, another twelve trainees started their working lives at the company. They are offered excellent conditions. This is also confirmed by the coveted “Germany’s Best Training Companies” seal, which was awarded to LEG by Focus and Focus Money for the second time in a row in 2019, and by the “Germany’s Best Trainers 2019” award from the business magazine Capital.



Welcome to LEG: The new LEG trainees (2019) and the vocational training officer Christiane Schroeder at the Onboarding Day.

Between mid-2019 and early February 2020, around 820 applications were received from young people applying for a training position in 2020. The proportion of trainees taken on as permanent employees in 2019 was around 73 %. One benefit that attracts many trainees is that, as the third-largest real estate company in Germany, LEG offers extensive training in many different areas. Trainees at the Dortmund, Muenster and Bielefeld training locations can live in a furnished LEG apartment free of charge for the duration of their assignment in Dusseldorf. To help with a good start to their working lives, there are introductory events and a mentoring model under which trainees in higher training years support new trainees in their first few months. Prospective trainees are addressed on a website designed by trainees (www.leg-wohnen.de/ausbildung/).

In addition to a wide variety of projects, development and career opportunities and an attractive training salary, LEG also offers “support for the best”. This means that at the start of their second training year the two best trainees in each year group receive financial support to study real estate while working.

LEG also works to raise the profile of this career path and promote a positive image, with Chamber of Commerce and Industry trainee ambassadors presenting the career of a real estate agent in schools and at the Stuzubi careers fair (www.stuzubi.de).

Dual study programme to counter skills shortage

At the start of the 2019/2020 winter semester, LEG introduced a dual study programme with integrated practical experience. Two different courses are offered. Firstly, a Bachelor of Arts specialising in tax consulting, auditing, accounting and controlling is being completed by two students. Secondly, one student has started a Bachelor of Science in industrial engineering with a focus on construction. The students will learn theory at the university and associated practical skills at LEG. At the same time, LEG gains interesting new employees by actively supporting students at an early stage and establishing a close connection between them and the company. www.leg-wohnen.de/en/corporation/career/

Environment area of action

LEG pursues the vision of a liveable world in which people use natural resources sustainably in the long term and successfully limit global warming. The buildings sector has considerable responsibility in this respect. In Germany, building heat is responsible for around 24 percent of energy-related greenhouse gas emissions. In this area of action, we therefore focus on climate protection measures. As a housing company, we focus on reducing the energy used in providing heating and hot water to our apartments through energy-efficient buildings. We also support the use of low-emission and renewable energies. We involve our tenants by informing them about energy saving and resource conservation via targeted measures.

Material topics

Energy

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

Emissions

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

PROTECTING THE ENVIRONMENT AND CLIMATE

Focus on energy efficiency and emissions reduction in our residential portfolio

The buildings sector is responsible for a significant portion of Germany's overall energy consumption and is therefore one of the relevant causes of CO₂ emissions. The housing industry in general and LEG in particular are supporting the energy transition and climate protection. As a major housing company, LEG believes it has considerable responsibility for the environmental impact of its actions. It makes strategic use of its leverage for impacting energy efficiency and emissions reduction, and involves its tenants in improvement measures. In the materiality assessment, the topics of energy and emissions were classified as having high materiality in the environment area of action. This classification applies to the LEG Group's entire property portfolio, including its administrative buildings. LEG supports the achievement of the climate goals set by policymakers and meets the statutory requirements of the German Energy Conservation Ordinance (EnEV)

1.1

BILLION EURO

INVESTMENT PROGRAMME FROM 2020 TO 2022

IN 2019, LEG INVESTED AROUND 34 EUROS PER SQUARE METRE IN THE MAINTENANCE AND MODERNISATION OF ITS PORTFOLIO PROPERTIES.

when implementing measures. The company carries out energy modernisation measures that focus on building insulation, window replacement, heating system optimisation, the use of renewable energies, and transparent and targeted information for local tenants.

GRI 103-1 General information on the planning, performance and impact of LEG's modernisation measures with a focus on improving energy efficiency is provided by a film on the topic on LEG's website and on YouTube. ([📺 Modernisierung bei der LEG: Klimaschutz und Instandhaltung](#))

As a matter of principle, LEG takes care to modernise with a sense of proportion. Energy-saving and emission reduction measures result in a better and more environmental friendly home environment for tenants. At the same time, the modernisations must be financially manageable for the tenants, in other words ideally not increase their service charges and keep the housing affordable. Achieving a balance between climate protection and economic viability for tenants results in extensive opportunities. The residential portfolio's sustainability and value are enhanced, the rental properties are made more attractive and customer satisfaction increases, as does the lease length. Furthermore, the impact on the environment is reduced. **GRI 103-1**

In addition, LEG uses innovative digital concepts for the efficient control of its heating systems and for age-appropriate and energy-efficient living. **GRI 103-1**

In its construction projects, LEG uses modern, sustainable forms of energy and environmentally-friendly building systems.

In addition to its own activities, LEG supports industry initiatives and is a partner of the nationwide "Alliance for Carbon-Neutral Housing" (> **Alliances for energy efficiency in residential buildings**).

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

Investment programme for energy modernisation

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

The company is pursuing the strategic goal of reducing the energy consumption and CO₂ emissions of its portfolio of properties by the end of 2021. The key instrument in this respect is implementing energy improvements to the entire portfolio. Our aim is to improve the energy efficiency of more than 15 % of the properties between 2017 and 2021 (an average of 3 % per year). We have also set ourselves a target of reducing the number of residential buildings in energy efficiency classes G and H by more than 20 % over the same period. Last but not least, we intend to increase consumption transparency for tenants. **GRI 103-2 c**

The energy improvement of the portfolio properties is being carried out as part of modernisation measures that make up the majority of LEG's strategic investment programme with a total volume of around 295 million euros. The ongoing project planning and preparation for this is handled by the relevant technical units, supported by idea gathering on the part of the regional branches and the centralised Portfolio Management division. The financing of the project ideas is calculated and they are evaluated qualitatively in terms of categories such as traffic safety, regulatory requirements and obligations pursuant to private law. **GRI 103-2**

CO₂ REDUCTIONS

Thanks to energy modernisation activities, CO₂ emissions were further reduced in 2019.

Savings potential of more than 5,400 metric tons of CO₂ a year

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

Responsibility for target attainment assigned

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

Making good progress toward target attainment

LEG is well on the way to achieving its own strategic aims in terms of energy efficiency. From the start of the programme in the 2017 financial year until the end of 2019, we began energy modernisation measures on buildings comprising a total of more than 15,800 residential units. After 5,000 residential units in the 2017 financial year (approx. 4 % of the total portfolio) and around 6,000 residential units in the 2018 financial year (approx. 5 % of the total portfolio), we began energy modernisation measures on around 4,800 additional residential units (approx. 4 % of the total portfolio) in the 2019 financial year. We have therefore exceeded the average annual goal of 3 %. Overall, more than 80 % of the target with regard to improving the energy efficiency of the properties by 2021 has therefore already been achieved.

The measures initiated in the 2019 financial year alone can save more than 5,400 metric tons of CO₂ every year (based on energy saving calculations by external experts). **GRI 103-2**

LEG is also aiming to reduce the number of residential buildings in energy efficiency classes G and H by 20 % between now and 2021. The proportion of the total portfolio attributable to buildings in these classes remained almost unchanged at 24.9 % in the reporting year (previous year: 24.3 %). The increase in the percentage of residential buildings in these efficiency classes since 2017 (21.5 %) is due to the acquisition of larger portfolios containing buildings in the high energy efficiency classes, as well as the comprehensive issuance of new energy efficiency certificates in the 2018 financial year. LEG still expects this percentage to decrease substantially in the coming years due to the energy modernisation programme. However, the attainment of this target will take longer (a time analysis is currently in progress). **GRI 103-2**

Investments in apartments and locations

In the period from its IPO in 2013 to 2018 alone, LEG invested around 879 million euros in its apartments and locations and modernised thousands of apartments. Around 295 million euros were additionally invested in 2019. LEG is continuing with this strategy of sustainable value growth by means of a targeted mixture of different investment measures in the interests of its tenants and shareholders as well as the municipalities in North Rhine-Westphalia: LEG is planning to invest roughly 1.1 billion euros in maintenance and modernisation between 2020 and 2022. In doing so, LEG is also creating jobs in the region, predominantly for craftsmen, and thereby strengthening North Rhine-Westphalia as a business location. **GRI 103-2**

LEG invested around 116 million euros in value-enhancing measures in the 2017 financial year, followed by around 179 million euros in 2018. The energy-related and emission-reducing measures focused on insulating façades and storey ceilings as well as replacing windows. Additionally, unoccupied apartments were modernised, balconies were added and bathrooms were renovated. **GRI 103-2**

In the 2019 financial year, LEG again maintained its level of investment in value-enhancing measures, which focus on energy modernisation in particular, at the same level and invested around 207 million euros. The company intends to keep its investment activities on the same scale for the coming 2020 financial year. **GRI 103-2**



Kreuztal, Danziger Straße

In 2019, LEG spent an average of around 34 euros per square metre of living space on maintaining or modernising its portfolio properties and increasing the residential value for the tenants. LEG is thereby emphasising its strategy of the sustainable, value-enhancing development of its apartments. The improvement of energy efficiency, i.e. climate protection and the potential reduction of service charges, is often at the very top of this agenda. **GRI 103-2**

Kreuztal: Neighbourhood modernisation completed

One example of the sustainable energy modernisation of a neighbourhood over several years is the LEG housing estate in Kreuztal near Siegen, where LEG owns a total of 29 properties comprising around 700 residential units with 1,600 inhabitants. It is the biggest contiguous housing estate in the Siegerland region and was built between 1968 and 1971. Since July 2015, LEG has been working on the thermal insulation of the façades and cellars, investing around 8.1 million euros. The modernisation measures carried out on the roughly 630 apartments will achieve energy savings of approximately 20–25 % and increase the value of the portfolio. This, in turn, will enhance the portfolio in terms of quality and appearance. (> see page 39, Kreuztal co-generation plant)

In summer 2019, LEG also decided to participate in the RL-MOD programme of the North Rhine-Westphalia state government (subsidised energy modernisation with subsequent transition to rent control). (> see Society area of action)

Transparency regarding consumption and environmental metrics

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

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

LEG again updated its energy-related key performance indicators in the 2019 financial year. As part of this, new energy efficiency certificates were issued for around 2,000 properties (approximately 10 % of the total portfolio). **GRI 103-2**

Energy audit in accordance with section 8 et seq. EDL-G for properties used by the company

The energy audit in accordance with sections 8 to 8d of the German Federal Act on Energy Services and other Energy Efficiency Measures (EDL-G) is an important instrument for identifying measures for increasing energy efficiency and reducing energy costs. Calculating how much energy is consumed in which areas of the company helps to identify areas with savings potential.

In the 2019 financial year, LEG successfully completed its second energy audit. With the support of a certified energy auditor, the audit was conducted with the aim of documenting the actual energy situation at the company, systematically analysing energy consumption and identifying savings potential. Integrating the results of the audit conducted in 2015, the latest audit recorded the conditions at 37 % of all locations, including 79 % of all usable area and 77 % of current total energy consumption. This was followed by a comprehensive energy analysis to define and record the entire energy consumption for 2018, the year covered by the audit. The vast majority of the energy consumed at the company was attributable to the administrative offices and branches, where it was primarily used for heating and lighting. Since the last systematic review (energy audit 2015), energy renovation measures have been performed at the properties used by the company as part of its strategic investment programme. Total energy consumption has fallen by around 14 % compared with the last energy audit. The energy audit also identified various options for improving energy efficiency, which were evaluated in terms of their

technical feasibility and the cost and effort involved. All in all, the following measures for the company were identified as being both technically feasible and worthwhile in terms of energy and economic efficiency:

- Employee training and awareness
- Installation of LED lighting and efficient control
- Hydraulic balancing to optimise heating systems

The specific property-related measures will be derived from the general recommendations for action in the first quarter of 2020 and subsequently implemented.

Waste management by contractors

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

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

Waste management in the portfolio

The waste generated by private households is disposed of by municipal enterprises or private waste disposal companies. LEG has little influence over the volume of waste generated by its tenants. To ensure correct waste disposal, however, a service provider acts as the waste manager for approximately 30% of LEG's residential portfolio. Among other things, its tasks include checking whether the recycling bins are filled correctly and removing mis-sorted waste where this is possible and permitted. The quantities of waste generated by the properties managed by this service provider are determined on the basis of the volume of the refuse containers provided. However, the actual fill levels of the refuse containers cannot be determined, nor can the volume of waste disposed of in public containers, e.g. public waste paper banks. **(> Key performance indicators: environment area of action, Waste by type and disposal method)**

Alliances for energy efficiency in residential buildings

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

GRI 103-2

Following the completion of the alliance's first pilot project, "Energy efficiency", LEG has been supporting the follow-up project "Balt-Best", which is investigating the influence of operating management on the efficiency of legacy heating systems in the building stock, since 2018. The project aims to investigate the entire chain, from heat generation and distribution through to user behaviour. To achieve this, the heat generators and distributors are fitted with extensive measuring technology that records a wide range of parameters with a high temporal resolution. The buildings examined are intended to be representative of the building stock in Germany, meaning that the results can be extrapolated and applied to other buildings. 38 suitable properties from the LEG portfolio were selected for the project.

GRI 103-2



dena congress 2019: LEG is participating in the “Energiesprong Germany” project.

Participation in the dena project “Energiesprong Germany”

Energiesprong is an innovative renovation concept that involves a high degree of comfort, short renovation times and affordable renovation costs. The aim is rent-neutral renovation to a net-zero standard, meaning that the building generates as much energy for heating, hot water and electricity over the course of the year as it requires – and without tenants having to put up with lengthy construction work. The Energiesprong principle is based on high-quality, standardised solutions using prefabricated elements. In order to bring this renovation approach to the mainstream in Germany, dena (www.dena.de/en/home/) has initiated a project entitled “Energiesprong Germany”. The project is being financed by the German Federal Ministry for Economic Affairs and Energy (BMWi) and is supported by the Federal Association of German Housing and Real Estate Companies (GdW). The Energiesprong principle is being adapted for the German market in

close cooperation with construction and housing companies. Since late 2019, LEG Immobilien AG has been a member of the “Energiesprong Germany” project and will report on developments in the 2020 financial year (www.energiesprong.de).

Energy technology management and services for the LEG properties

The LEG subsidiary EnergieServicePlus has an important role to play regarding the economic and technical management and supply of energy for LEG’s properties. It is the primary point of contact within the company for all matters relating to energy. It ensures safe power supply to the properties, guarantees that the heating systems work efficiently and handles many of the energy-related services within the LEG Group. Since 2019, ESP has adopted a systematic focus on sustainability with regard to power supply in particular and is already providing green electricity to around 95 % of LEG’s properties.

Green electricity with new cooperation partner lekker

EnergieServicePlus expanded its services once again in 2019. Following on from its first joint venture with innogy, LEG acquired the Berlin-based company lekker Energie as a cooperation partner. The result: the “LEG electricity” product. Tenants who opt for “LEG electricity powered by lekker Energie” receive a new customer bonus of 50 euros, 100 % green electricity, a 24-month price guarantee and a guaranteed cheaper price compared with the respective local utility. The pilot project began at the start of July 2019 at the Dortmund and Duisburg branches and progressed extremely promisingly throughout the rest of the year. It has now been extended to include an attractive gas tariff and is scheduled to be rolled out to additional locations in 2020. In the process, the sales partner network will be expanded to include additional high-profile energy suppliers in order to ensure that our tenants are offered the exclusive electricity and gas tariffs as extensively as possible.

Co-generation plants for efficient, decentralized energy supply

LEG uses the particularly efficient process of co-generation in supplying energy to residential neighbourhoods such as the Fritz Erler housing estate in Kreuztal. As both heat and electricity are generated simultaneously, heat supply from a co-generation plant is considered to be particularly efficient and allows larger residential neighbourhoods to be efficiently supplied with heat as well as locally generated electricity. In addition to Kreuztal, this technology has been in use at other LEG locations for a number of years, including in Bochum and Gelsenkirchen. ([see page 37, Kreuztal modernisation](#))

Siegerland biomass co-generation plant

In 2005/2006, Ökotech GmbH and the then LEG Standort- und Projektentwicklung Köln GmbH (LEG S Köln) constructed a carbon emission-neutral biomass co-generation plant (www.kraftwerk-siegerland.de) using decentralised heat and power generation technology that enables efficient energy supply. The plant was commissioned in June 2006. Today, it generates electricity and usable heat simultaneously. The fuel used is wood. As well as ready-prepared wood chips, the power plant can accept coarsely pre-broken wood and prepare it for use itself. In this way, Siegerland biomass co-generation plant helps municipal companies from the region to recycle and reuse wood. The electricity generated is fed into the existing grid of the regional operator Westnetz GmbH in accordance with the German Renewable Energy Sources Act (EEG) and marketed directly. The start of construction of the district heating network in 2008 was accompanied by the laying of the foundations for heat supply. Today, all of the buildings at Siegerland Airport and part of the neighbouring business park are supplied with district heating. With an equity interest of 94.9 percent, LEG S Köln is the main shareholder of Biomasse Heizkraftwerk Siegerland GmbH und Co. KG.

The energy produced every year in the form of electricity and heat from the renewable energy source of wood corresponds to a CO₂ equivalent of around 56,000 metric tons. This means that the power plant could offset around 34 percent of the carbon emissions of LEG’s entire residential portfolio.

In focus

In 2018 and 2019, LEG invested around 3.4 million euros in the energy modernisation of around 100 apartments in Dortmund-Scharnhorst-Ost. To save energy, the external façades were insulated using a new composite thermal insulation system in accordance with the German Energy Conservation Ordinance (EnEV). LEG installed new windows with thermal insulation glazing. Thermal insulation panels were also fitted to the ceilings of the cellars.

Dortmund Scharnhorst-Ost: Environmentally friendly and sustainable

15 years ago, LEG began work on the energy modernisation of parts of the housing estate, which was constructed in the 1970s. The latest modernisation built on this work. In addition to the insulation measures described above, LEG replaced the front doors and external cellar doors with new burglar-resistant doors. The ground-floor windows were also upgraded with improved burglary protection, making it harder to break in to locked and bolted windows using simple tools. The external steps leading to the cellars and the railings were also renovated. LEG expects the modernisation to lead to significant savings in terms of heating energy, something that is becoming increasingly important in light of rising energy prices. In this way, LEG is helping to reduce the annual heating requirements for the residential buildings and hence reducing their carbon emissions.

A happy success: The Dortmund Painters' Trade Guild recognized the freshly modernised houses at Baaderweg 7 and 9 and Kautskystrasse 18 at its 45th façade competition, which had the motto "Colourful façades and a friendly environment for a more attractive Dortmund". LEG donated the prize money from the competition to the Schalom OT youth club in Scharnhorst, which has supported LEG in its work with local children and young people for many years as part of its neighbourhood management.

Since 2004, LEG has been working with the City of Dortmund, DOGEWO21 and the Savings and Construction Association on neighbourhood management in Scharnhorst with a view to bundling synergies in order to improve the residential neighbourhood and the district (> see **Society area of action**).



Dortmund Scharnhorst-Ost, Freshly modernised and victorious at the façade competition.

Society area of action

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

Material topics

Local communities

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

Societal challenges

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

A liveable environment

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

RESPONSIBILITY FOR SOCIETY

ESTABLISHMENT OF NEW FOUNDATION

"YOUR HOME HELPS"

ENDOWED

WITH CAPITAL OF 16 MILLION EUROS

Strengthening social cohesion within neighbourhoods

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

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

LEG can play a part in resolving societal challenges such as demographic change and immigration by making affordable and diverse housing available in conurbations too. A liveable environment is supported through the development of sustainable neighbourhoods offering a high quality of life. **GRI 103-1**

In contrast, insensitive occupancy management coupled with a lack of integration work can jeopardise local structures and promote instability. At the tenant level, these risk factors can have an impact on districts, neighbourhoods and even entire towns. Sensitivity is also called for when choosing cooperative partners, as the quality of the business relations has a direct influence on the development of housing estates and on quality of life. As such, qualified service providers are important for a neighbourhood's quality and image. This means it is necessary to agree on and comply with shared values and standards within partnerships in order to avoid risks. **GRI 103-1**



Neighbourhood management promotes local integration

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

Derived from the material topics, LEG pursues the following goals in the Society area of action that it works continuously to achieve:

- LEG uses active neighbourhood management to maintain stable neighbourhoods and promote local communities.
- LEG is a reliable partner to the local authorities and institutions, with which it maintains close dealings.

- The company also plays its part in resolving societal challenges such as housing shortages in conurbations and demographic change.

GRI 103-2c

Measures managed efficiently and based on dialogue

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

The measures are managed with the aid of a neighbourhood database in which responsibilities, budgets, partnerships, stakeholder contacts, integration projects, analyses, new customer acquisition activities and the projects of the LEG NRW Tenant Foundation, as well as the future projects of the "Your Home Helps" foundation, are logged. In the reporting period, 100 % of LEG's branch offices realised social responsibility measures within their neighbourhoods. Overall, more than 120 neighbourhood measures were implemented in the 2019 reporting year (> **Key performance indicators: Society area of action**).

GRI 103-2; GRI 413-1

Success of the measures evaluated

LEG uses its neighbourhood database and the project managers' assessments of their respective neighbourhood measures to monitor the success of its activities. It also uses the customer management team's regular analyses of tenant satisfaction (> **Tenants area of action**).

GRI 103-3

Responsibilities defined

In addition to the Management Board and management staff, each and every employee involved in operating activities is responsible for the relevant topics related to the societal challenges. Neighbourhood management is the responsibility of the heads of customer management and letting, the clerical customer managers with the support of the branch office management, the landlords and property managers, and possibly also the technical customer assistants. In the 2019

financial year, the Real Estate Management and Construction Project Management departments were also involved on account of energy modernisation and corporate communication. A staff function newly established in 2019 focuses on a holistic approach to neighbourhood development.

As well as staffing, LEG provides funds to promote neighbourhoods, for tenant events, for ongoing upkeep and for energy modernisations. Furthermore, the independent LEG NRW Tenant Foundation (www.leg-nrw-mieter-stiftung.de) provides financial assistance for tenants who have got into difficulties through no fault of their own and promotes infrastructure projects and integrative tenant parties. In the 2019 reporting year, around 130 projects or tenants in need of assistance received funding of around 189,000 euros. In 2018, the figure was around 100 projects and funding of around 168,000 euros.

GRI 103-2

FINANCIAL ASSISTANCE

The independent LEG NRW Tenant Foundation supports integration projects and integrative tenant parties.

Around 130 projects supported

Establishment of new foundation "Your Home Helps"

In late 2019, LEG also established a new foundation of its own, "Your Home Helps" (www.dein-zuhause-hilft.de), as a key element of its social responsibility. The foundation has a long-term focus and has been endowed with capital of around 16 million euros. With this move, the company is focusing on sustainable social work, ensured in part by cooperation agreements with professional charitable partners. LEG is creating a support network with partners such as welfare associations in order to promote and initiate charitable engagement. For example, it jointly implements regional projects that also benefit the general public. The new foundation ensures that LEG is close to its tenants, allowing it to identify social problems at an early stage, build

relationships of trust with its tenants and use existing relationships to quickly put tenants into contact with suitable welfare associations and a support network in case of need. Key topic areas include help for children from challenging backgrounds, advice on financial matters and especially on debt, support for senior citizens in their everyday home life, childcare services for families, and advice and support with illnesses such as addiction. The foundation also intends to encourage the wider societal discourse on the social problems of tenants and draw attention to the need for sustainable support for tenants.

Membership of Stifterverband für die deutsche Wissenschaft

Since 2019, LEG has also been a member of Stifterverband für die deutsche Wissenschaft e.V. (www.stifterverband.org), an association with around 3,000 members. Stifterverband is a renowned joint initiative of companies and foundations in Germany that is wholly devoted to consulting, networking and promoting improvements in the fields of education, science and innovation. The association adopts a holistic strategy to achieve sustainable success. Its spectrum ranges from schools and civil society to the structures of the science and innovation system. Stifterverband pursues a wide range of approaches that are suited to the respective challenges, including competitions, funding programmes, studies and consulting services. Since 1920, Stifterverband has embodied the joint responsibility of German companies for a society that is viable for the future and that provides a high quality of life.

Open to criticism and suggestions

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

The LEG Management Board began holding "customer talks" in summer 2019. One of the company's main objectives is satisfied tenants in liveable neighbourhoods. (> see **Tenants area of action**) To help achieve this, the LEG Management Board is seeking out direct dialogue with as many different tenants as possible. In the reporting year, the Management Board held customer talks in Cologne, Hilden and Bochum with a focus on the topics of new construction, modernisation, maintenance and housing for senior citizens, allowing it to hear tenants' concerns directly and get an impression of the respective location. The customer talk format met with a positive response among tenants and will be continued in 2020. The Management Board also met with tenant initiatives and tenant associations in Muenster, Dortmund, Dusseldorf and Cologne.

Establishment of Group-wide Customer Advisory Council

Another new element of the company's social approach is the establishment of a Group-wide Customer Advisory Council with the aim of further strengthening the integration of tenants and their interests (> see **Tenants area of action**). The first meeting of the Customer Advisory Council took place in November 2019. With the Customer Advisory Council, LEG has created an overarching tenant



Customer talk: CEO Lars von Lackum in discussion with tenants.

body to provide feedback on services, products, innovations and new developments in customer contact. The Customer Advisory Council will be actively and systematically included in decision-making processes with a view to further optimising communication between LEG and its tenants. The Customer Advisory Council will identify challenges and offer criticism and suggestions to help the company to continuously develop in terms of customer satisfaction and friendliness.

Dedication to liveable neighbourhoods

LEG engages in active neighbourhood management comprising a broad spectrum of measures that strengthen social cohesion.

GRI 103-2 Here are some examples of the company's commitment:

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

In view of the shortage of spacious, family-friendly apartments in many cities, LEG launched an initiative called "Living Space for Generations" in 2017. With this initiative, LEG gave senior citizens the possibility of downsizing from accommodation that is too large in favour of a smaller and more suitable (e.g. accessible) apartment within their neighbourhood, often benefiting from more affordable rents as a result. This allows tenants to remain in their accustomed environment. The initiative was also driven by the idea that each larger apartment which becomes available could be provided to a family. The "Living Space for Generations" initiative was supported by Germany's Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB) (www.bmu.de). Unfortunately, demand was not particularly high. We analysed the reasons for the initiative's limited impact in 2019 and took them into account in a new project approach. Among other things, we intend to also include older tenants whose children have already moved out and we will place even greater emphasis on sensitive, personal contact. LEG will launch a second pilot project under this premise in 2020. **GRI 103-2**

New playground campaign

In the 2019 reporting year, LEG launched its new playground campaign starting with six locations – Dortmund-Siepmannstrasse, Cologne-Weidenpesch, Gelsenkirchen Eppmannweg, Solingen Wald, Aalen Kastanienweg, and the Fritz Erler housing estate in Kreuztal. With the playgrounds, LEG is creating new meeting points in the housing estates or upgrading existing meeting points so that young and old alike will be able to spend time together. This also promotes a sense of community and cooperation among tenants in the estate. Most of the playgrounds are being actively realised as “multi-generation playgrounds”, with benches for senior citizens to watch and relax, fitness trails and mini football pitches (five by ten metres). Overall, LEG maintains some 1,700 playgrounds and play facilities in its neighbourhoods. **GRI 103-2**

Sponsorship, donations and work with cooperation partners

In the reporting year, LEG again supported various associations, institutions and events on behalf of its tenants and society as a whole.



Sebastian Schrader (POCO) and Jutta Ellenbeck (LEG) present a symbolic cheque to Marc Peine (Kinderlachen e.V.).

LEG has been the main sponsor of the “Zelt Zeit” cultural festival at the Grüner See lake in Ratingen (www.zeltzeit-ratingen.de) since the very beginning. Held annually over the Whitsun weekend, the festival allows visitors to participate in a variety of activities, attend cabaret and comedy events, and experience music, games, fun and excitement. On the traditional LEG family Sunday, there are running competitions and dragon boat races for everyone, as well as outdoor attractions such as climbing walls and bouncy castles for kids. The “Zelt Zeit” originated in 1998 as an initiative from people in Ratingen-West to show just what the district can do. Over the last two decades, the event has made a name of itself far beyond the Ratingen city boundaries. **GRI 103-2**

In mid-December 2019, LEG and POCO Einrichtungsmärkte made a donation to the Dortmund-based non-profit association Kinderlachen e.V. (www.kinderlachen.de) for the seventh time. This time, the donation of 10,760 euros went to the “A bed for every child” campaign. Kinderlachen helps children from low-income families and seriously ill children in paediatric clinics and hospices. It also supports institutions like daycare centres and kindergartens that have been hit by dramatic cuts. The donations by LEG and POCO are funded by the revenue generated from the partnership between the two companies, which includes special offers and voucher campaigns for tenants.

Since 2005, LEG has been cooperating with the City of Kreuztal and the Workers’ Welfare Association (AWO) to develop viable perspectives for its Fritz Erler housing estate. The cooperation partners jointly operate a district office in premises created specially for the purpose by LEG. LEG supports the work of the district office not only on a financial basis, but also in terms of organisation with joint activities such as tenant parties, information events and other activities related to the housing estate.

Another example of a successful neighbourhood cooperation having a positive impact on the entire district is the partnership in Dortmund-Scharnhorst-Ost. Since 2004, LEG has been working to upgrade the district together with the city, Dogewo21 and the Savings and Construction Association. With the motto “Living in Scharnhorst is colourful”, the partners are investing in the modernisation

of buildings and green spaces. At joint meetings, the partners also continuously develop new services for tenants, including excursions, information events, and play and handicraft activities. **GRI 103-2**

Promotion of associations, institutions, events

Meeting social responsibility together with cooperation partners

Contributing to the resolution of societal challenges

In addition to maintaining stable neighbourhoods, LEG has set itself the aim of contributing to the resolution of societal challenges. This includes the provision of apartments and services (**see Tenants area of action, Innovative services and programmes within neighbourhoods**) in line with demographic change and altered situations in life, as well as the provision of living space in conurbations.

LEG offers apartments at affordable prices for average earners and people holding a certificate of eligibility for public housing. The company creates liveable homes for people who simply want to live well. In the reporting year, social housing accounted for 25 % of the company’s portfolio, with average rent in this segment coming in at 4.84 euros per square metre.

LEG assumes social responsibility by approaching rent increases with a sense of proportion and taking cases of hardship into account. Customers who can no longer afford higher rent following modernisation are given support. Tenants can get in touch with the company and report their concerns via the usual channels. Enquiries are forwarded to the responsible department, and LEG employees talk to the

affected tenants in person in order to discuss the next steps and establish whether a different, more affordable apartment from the LEG portfolio is an option. In cases of social hardship, too, LEG employees offer individual solutions that are satisfactory to all concerned. However, the company cannot generally refrain from rent increases in light of individual circumstances as this could jeopardise the continued development of its portfolio, which would be uneconomical and not in tenants' interests.

New construction campaign: More apartments in conurbations

Resolving societal challenges includes creating housing in conurbations. This is why LEG also intends to grow in the new build segment in future. Starting from 2023, the company will construct at least 250 new apartments and purchase another 250 new apartments each year. The new construction campaign will see at least 1,000 new apartments being built on the company's own sites by 2028/2029. New builds on purchased sites are also a possibility if the conditions are right. In 2019, the purchase of new apartments kicked off with the "Grüne Bogen" in Dortmund-Mengede, where LEG acquired around 117 turnkey apartments. The majority of them – exactly 99 apartments – are offered at publicly subsidised rents. All of the buildings are fitted with lifts, and the 27 ground-floor apartments are accessible. The fact that social housing accounts for the majority of the apartments in the project shows that LEG is meeting its societal responsibility and offering affordable housing even in strained rental markets. The combination of freely financed and publicly subsidised housing ensures a vibrant mix in the neighbourhoods. The construction project is in close proximity to other LEG apartments in the districts of Eving, Kemminghausen, Lindenhurst and Bodelschwingh, resulting in management synergies that will benefit all customers. When making future acquisitions, LEG will also take care to ensure that the portfolios contain publicly subsidised apartments where possible.



Dortmund-Mengede, Grüner Bogen

Membership of the state initiative "Finally a home!"

LEG also supports the state initiative "Finally a home!" under the aegis of the North-Rhine Westphalia Ministry of Labour and Social Affairs, with the aim of helping homeless women and families with children in particular to return to regular tenancies. LEG and other housing companies and VdW Rheinland-Westfalen (Rhineland-Westphalia regional housing and real estate industry association) are pursuing the shared goal of combating homelessness and preventing it before it can occur. The cooperation partners, headed by Karl-Josef Laumann, Minister of Labour, Health and Social Affairs of North Rhine-Westphalia, signed a corresponding agreement at the Ministry to jointly launch the state initiative (www.mags.nrw/hilfe-bei-wohnungslosigkeit). The participating companies provide housing, while the state offers a network of "troubleshooters" to assist when problems arise. This makes it easier for the companies to rent to households with payment difficulties or to homeless families.

Thanks to the initial partnerships it has already established and expanded, LEG rented around 150 apartments to people and families who are homeless or at risk of losing their homes in the period from 2018 to the end of the 2019 reporting year. This was achieved in cooperation with the city authorities in Neuss, together with SKFM Katholischer Verband für soziale Dienste in Deutschland e.V. in Cologne, and in cooperation with the social welfare organisation of the Protestant churches in Duisburg as part of the "108 houses for Duisburg" project. With its engagement in Cologne and Neuss, LEG is seeking to actively help homeless people to find accommodation even in housing markets with considerable excess demand. LEG will continue to expand its activities in 2020. For example, discussions have already been held with the City of Düsseldorf and there has been initial contact with the social welfare organisation of the Protestant churches in Wuppertal.

Alongside its membership of the state initiative "Finally a home!", LEG agreed an additional partnership in summer 2019 under which it is participating in the RL-MOD programme of the North Rhine-Westphalia state government (subsidised energy modernisation with subsequent transition to rent control). (> **Tenants area of action**)

In focus

A new perspective for children and young people in Dusseldorf: Since November 2019, LEG has provided premises for the Christian child welfare organisation Jumpers e. V. on its so called Hazelnut estate in the Hassels district, accompanied by five-digit start-up financing. This has brought the social agency to Dusseldorf for the first time, where it is helping children, young people and families directly in their living environment.

🌐 www.jumpers.de

Social commitment for local people and the district

At the organisation's centres, young people can enjoy a hot lunch before participating in sporting, creative, music and leisure activities free of charge. Jumpers also offers homework support and tuition with mentors, as well as theatre, baking and carpentry workshops.

Table tennis player Dimtrij Ovtcharov from Borussia Dusseldorf has signed up as a sporting patron of Jumpers. His aspiration: to meet young people over a game of table tennis. Jumpers offers a wide range of other activities, from table football and board games to books, all aimed at helping children and young people to enjoy themselves as well as improving their education and employment prospects – and, not least, giving them a piece of home.

The opening of Jumpers e. V. forms part of LEG's integrative and sustainable approach to neighbourhood management in the area. This also includes the company's cooperation with various providers of social services. "Our neighbourhood" is the name of the brochure prepared by LEG and its cooperation partners for the Hazelnut estate in 2019. As a landlord, it is important for LEG that the apartments on the estate are well maintained and in a good condition.



For the first time in Dusseldorf: Jumpers e. V. offers a meeting place for children and young people in the Hassels district.

At the same time, the company also sees itself as having a social responsibility for its tenants. This is why the brochure presents LEG along with the local service providers who have a great deal of practical experience of social work in the district. In the foreword, Thomas Geisel, Mayor of Dusseldorf, calls on residents to take advantage of the wide variety of services that are available in Hassels. This invitation to participate in the social life of the estate is also a way for tenants to get to know their immediate environment

and their neighbours even better. From the daycare centre, the children's club and library, the youth club, the school, leisure and advisory services and the outreach programme to the library, the local social welfare office, work, migration and education counselling services, the Protestant church social welfare organisation, the German Red Cross, the senior citizens' centre, the police and the community centre – the social provision presented in the "Our neighbourhood" brochure benefits everyone who lives in Hassels or who moves into the area.

Recommendations from the Task Force on Climate-related Financial Disclosures (TCFD)

The TCFD was established by the Financial Stability Board to develop a consistent framework for reporting on climate-related risks and opportunities. It focuses on disclosing financial risks to which companies are exposed as a result of climate change. We believe the TCFD's recommendations represent a useful addition to our current reporting, in particular due to the forward-looking elements included.

In addition to reporting under the GRI, we would first like to reference the TCFD's recommendations. Given the increasing significance of climate change, our future goal is to ensure comprehensive reporting in accordance with the TCFD, ensuring transparency when disclosing how LEG Immobilien AG handles climate-related risks and opportunities.

This year's reporting already includes some information covered by the TCFD's recommended core areas of governance, strategy, risk management, key figures and targets. It primarily relates to energy modernisation for our properties and financial risks arising from CO₂ pricing. The following table highlights the relevant sections in the LEG sustainability report and non-financial report (shown in blue colour), in the annual report and on our website.

	Governance	Strategy	Risk management	Key figures and targets
TCFD requirements	The company's organisational structure regarding climate-related risks and opportunities	Current and potential impact of climate-related risks and opportunities on business activities, strategy and financial planning	Processes for identifying, assessing and managing climate-related risks	Key figures and targets used to assess and manage relevant climate-related risks and opportunities
Sustainability report	Chapter "Managing sustainability efficiently and reliably" Chapter "Sustainability road map 2023" Chapter "Environment area of action" (section: Responsibility for target attainment assigned)	Chapter "Managing sustainability efficiently and reliably" (materiality analysis; sustainability strategy)		Chapter "Sustainability road map 2023" Chapter "Environment" (section: Making good progress toward target attainment) GRI 103-2
Annual report	Chapter Risks, opportunities and forecast report (section: risk and opportunities report), Annual report 2019, page 62	Chapter "Current business activities", Annual report 2019, pages 39 and 46	Chapter Risks, opportunities and forecast report (section: risk and opportunities report) ¹⁾ , Annual report 2019, page 62	
Website	LEG website "Climate Protection Centre of Competence"			

¹⁾ Presents general opportunities/risks from modernisation and environmental regulation – an analysis of risks and opportunities from various climate scenarios is still in progress.

Key facts

In order to manage the topics identified as highly material, we gauge our performance with regard to sustainability on the basis of specific key performance indicators. These are shown in the table below. Unless indicated otherwise, the key performance indicators relate to

the financial year in question and the entire LEG Group (i.e. all the fully consolidated companies as per the consolidated annual financial statements). The figures presented here are rounded to one decimal place. As such, there may be minor totalling deviations.

Business Management area of action

Key performance indicator(s)	Unit	2017	2018	2019	GRI Standards
Scale of the organisation					
Total number of employees ¹⁾	Number	1,246	1,314	1,365	102-7
Total number of operations ²⁾	Number	8	8	8	
Net sales ³⁾	€ million	399.4	418.6	435	
Total capitalisation broken down in terms of debt and equity ⁴⁾	%	42.3	40.7	37.7	
	Number of residential units				
Quantity of products or services provided ⁵⁾		131,341	133,969	134,031	
Direct economic value generated and distributed					
Direct economic value generated: revenues ⁶⁾	€ million	534.7	560.2	586.1	201-1
Economic value distributed ⁷⁾	€ million	230.9	224.5	240.0	
CRE sector supplement: payments to government ⁸⁾	€ million	14.7	5.7	10.2	
Economic value retained ⁹⁾	€ million	303.8	335.7	346.1	
Confirmed incidents of corruption and actions taken					
Total number and nature of confirmed incidents of corruption ¹⁰⁾	Number	0	0	0	205-3
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption ¹¹⁾	Number	0	0	0	
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption ¹²⁾	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⁾ The total number of operations equates to the eight LEG branch offices.

³⁾ Equates to the revenue from renting and leasing.

⁴⁾ The figures equate to the so-called loan-to-value ratio, i.e. net debt in relation to the real estate assets.

⁵⁾ Equates to the number of residential units within the LEG portfolio.

⁶⁾ Equates to the net rent (excl. utilities and services costs) from renting and leasing.

⁷⁾ Equates to the expenses from renting and leasing.

⁸⁾ Equates to net income tax payments in accordance with the statement of cash flows.

⁹⁾ Equates to the difference between net rent (excl. utilities and service costs) and expenses.

¹⁰⁾ Relates to all confirmed cases of corruption, bribery and the granting or receiving of advantages.

¹¹⁾ 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.

¹²⁾ 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.

Business Management area of action

Key performance indicator(s)	Unit	2017	2018	2019	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	206-1
Important events of concluded legal actions, including all decisions and judgements ²⁾	Number	–	–	–	
Non-compliance with laws and regulations in the social and economic area					
Total monetary value of significant fines ³⁾	€	0	0	0	307-1; 419-1
Total number of non-monetary sanctions ⁴⁾	Number	0	0	0	
Cases brought through dispute resolution mechanisms ⁵⁾	Number	0	0	0	
Non-compliance with environmental laws and regulations					
Total monetary value of significant fines ⁶⁾	€	0	0	0	307-1
Total number of non-monetary sanctions ⁷⁾	Number	0	0	0	
Cases brought through dispute resolution mechanisms ⁸⁾	Number	0	0	0	

¹⁾ The number of pending and concluded legal actions and cases is disclosed.

²⁾ No legal proceedings on the basis of violations of competition law.

³⁾ Significant fines are those of EUR 100,000 or more.

⁴⁾ Repressive, i.e. punishing, 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.

⁶⁾ Fines of EUR 100,000 or more are considered significant.

⁷⁾ Repressive, i.e. punishing, measures for past misconduct not consisting of a monetary sanction are reported.

⁸⁾ Dispute resolution mechanisms are reported, i.e. judicial proceedings and out-of-court dispute resolution based on mediation or conciliation.

Tenants area of action

Key performance indicator(s)	Unit	2017	2018	2019	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⁾	%	98.1	97.1	98.5	416-1
Substantiated complaints concerning breaches of customer privacy and losses of customer data					
Complaints received from outside parties ²⁾ and substantiated by the organisation	Number	0	0	2	418-1
Complaints from regulatory bodies	Number	0	0	0	
Total number of identified leaks, thefts, or losses of customer data ³⁾	Number	1	46	72	

¹⁾ The percentage of LEG portfolio buildings for which safety checks were performed in the year under review is reported. Safety checks have been commissioned for the rest of the buildings and will be concluded at the beginning of 2020.

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.

Employees area of action

Key performance indicator(s)	Unit	2017	2018	2019	GRI Standards
Information on employees and other workers					
Total number of employees by employment contract (permanent and temporary) and gender ¹⁾					102-8
Total number of employees	Number	1,311	1,380	1,444	
Of which women	Number	476	504	521	
Of which men	Number	835	876	923	
Of which temporary	Number	74	103	116	
Of which women	Number	25	38	37	
Of which men	Number	49	65	79	
Total number of employees by employment type (full-time and part-time) and gender ²⁾					
Full-time	Number	801	817	874	
Of which women	Number	314	320	343	
Of which men	Number	487	497	531	
Part-time	Number	176	187	159	
Of which women	Number	140	153	135	
Of which men	Number	36	34	24	
Collective bargaining agreements					
Percentage of total employees covered by collective bargaining agreements ³⁾	%	91.9	90.5	89.2	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 ⁴⁾					401-1
Total	Number	108	119	144	
Rate	%	11.1	11.9	13.9	
Total number and rate of employee turnover during the reporting period by age group, gender and region ⁵⁾					
Total	Number	87	91	120	401-1
Rate	%	8.9	9.1	11.6	
Work-related illnesses					
Absence rate ⁶⁾	%	7.1	6.8	6.5	403-10

¹⁾ The figures do not include employees in the passive stage of partial retirement, employees on parental leave at the reporting date or trainees. The temporary employment figures do not include trainees or the employees of TechnikServicePlus GmbH and Biomasse Heizkraftwerk Siegerland GmbH & Co. KG.

²⁾ The figures do not include employees in the passive stage of partial retirement, employees on parental leave at the reporting date or trainees. The employees of TechnikServicePlus GmbH and Biomasse Heizkraftwerk Siegerland GmbH & Co. KG are not included.

³⁾ Percentage of LEG employees covered by the LEG collective agreement. Managerial employees, employees not covered by collective bargaining agreements, trainees, students and the employees of TechnikServicePlus GmbH and Biomasse Heizkraftwerk Siegerland GmbH & Co. KG are not included.

⁴⁾ Trainees, casual workers and students and new employee hires at TechnikServicePlus GmbH and Biomasse Heizkraftwerk Siegerland GmbH & Co. KG are not included. A further breakdown of the figures is not possible at this time.

⁵⁾ The departure of trainees, casual workers and students, and the employees of TechnikServicePlus GmbH and Biomasse Heizkraftwerk Siegerland GmbH & Co. KG are not included. A further breakdown of the figures is not possible at this time.

⁶⁾ An absence rate for LEG is determined. This excludes TechnikServicePlus GmbH and Biomasse Heizkraftwerk Siegerland GmbH & Co. KG as these are not settled via the SAP system. Casual workers, trainees and students are not included in the calculation. Days absent is divided by total possible days. The reported absence rate is not to be equated with the work-related illness rate, as it relates not only to work-related illnesses. The rate reported from the SAP system includes all illnesses which result in employee absence due to illness, whether paid or not. The scope is made up of the following absences due to illness: absent sick, sickness with a medical certificate, spa (with and without sick pay), sickness without a medical certificate, end of sick pay (unemployment benefit received).

Employees area of action

Key performance indicator(s)	Unit	2017	2018	2019	GRI Standards
Work-related injuries					
Number of employees					403-9
Deaths resulting from work-related injuries ¹⁾					
Number	Number	0	0	0	
Rate	%				
Work-related injuries with severe consequences (excluding deaths)					
Number	Number	0	0	0	
Rate					
Documented work-related injuries ²⁾					
Number	Number	16	20	28	
Rate ³⁾				4.35	
Most important types of work-related injuries ⁴⁾					
Hours worked ⁵⁾	Number			1,285,892	
Staff who are not employees but whose work and/or working place is controlled by the organisation ⁶⁾					
Deaths resulting from work-related injuries					
Number	Number				
Rate	%				
Work-related injuries with severe consequences (excluding deaths)					
Number	Number				
Rate	%				
Documented work-related injuries					
Number	Number				
Rate	%				
Most important types of work-related injuries					
Hours worked	Number				

¹⁾ For work-related injuries the electronic first-aid log is assessed together with the accident notifications to the Employer's Liability Insurance Association. Not included are TechnikServicePlus GmbH and Biomasse Heizkraftwerk Siegerland GmbH & Co. KG.

²⁾ The reason for the increase in the first-aid log entries is also the intensive employee information campaign in 2019 underling the importance of documenting even smaller injuries. Not included are the employees of TechnikServicePlus GmbH and Biomasse Heizkraftwerk Siegerland GmbH

³⁾ The rate is based on 200,000 working hours.

⁴⁾ In 2019: accidents as a result of tripping/falls (10), cuts (8), impact injuries (4), bruises (2), contusions (1), animal attacks/insect bites (1), attacks by humans (1), forced posture (1)

⁵⁾ The employees of TechnikServicePlus GmbH and Biomasse Heizkraftwerk Siegerland GmbH & Co. KG are not included.

⁶⁾ There are no surveys on this matter.

Employees area of action

Key performance indicator(s)	Unit	2017	2018	2019	GRI Standards
Average hours of training per year per employee ¹⁾					
Number of employees who participated in a seminar or other training measure during the reporting period	Number	520	539	553	404-1
Cumulative number of seminar days in the reporting period	Number	1,610	1,630	1,400	
Percentage of employees receiving regular performance and career development reviews					
Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period ²⁾	%	46.3	72.2	50.3	404-3
Diversity of governance bodies and employees					
Percentage breakdown of people in governance bodies by: ³⁾					405-1
Gender					
Women	%	16.7	16.7	16.7	
Men	%	83.3	83.3	83.3	
Age					
Under 30 years old	%	0	0	0	
30–50 years old	%	16.7	16.7	16.7	
Over 50 years old	%	83.3	83.3	83.3	
Percentage of employees per employee category by: ⁴⁾					
Gender					
LEG total					
Women	%	36.3	47.1	46.3	
Men	%	63.7	52.9	53.7	
LEG Wohnen und Wohnen Service					
Women	%	45.3	45.7	44.6	
Men	%	54.7	54.3	55.4	
LEG management					
Women	%	54.7	56.3	61.1	
Men	%	45.3	43.7	38.9	
Specialist companies					
Women	%	11.7	33.3	27.4	
Men	%	88.3	66.7	72.6	

¹⁾ The employees of TechnikService-Plus GmbH and Biomasse Heizkraftwerk Siegerland GmbH & Co. KG are not included. A breakdown by gender and type of employee is not possible at this time.

²⁾ Not included are employees of TechnikServicePlus GmbH, EnergieServicePlus and Biomasse Heizkraftwerk Siegerland GmbH & Co. KG. apprentices, casual workers, students, trainees, employees on parental leave and in the passive stage of partial retirement. The deadline for performance reviews was postponed in the 2017 reporting year for organisational reasons. As such, only 452 staff appraisals were conducted. A breakdown by gender and type of employee is not possible at this time.

³⁾ The figures relate to the six members of the Supervisory Board.

⁴⁾ Employees in the passive stage of partial retirement, employees on parental leave at the reporting date (31 December), trainees and the employees of TechnikServicePlus GmbH and Biomasse Heizkraftwerk Siegerland GmbH & Co. KG are not included.

Employees area of action

Key performance indicator(s)	Unit	2017	2018	2019	GRI Standards
Diversity of governance bodies and employees					
Age					405-1
LEG total ¹⁾					
Under 30 years old	%	11.7	12.5	10.7	
30–50 years old	%	48.9	48.3	50.8	
Over 50 years old	%	39.4	39.2	38.5	
LEG Wohnen und Wohnen Service					
Under 30 years old	%	12.4	13.2	11.9	
30–50 years old	%	48.6	47.9	49.8	
Over 50 years old	%	39.0	38.9	38.3	
LEG management					
Under 30 years old	%	12.6	12.2	6.3	
30–50 years old	%	51.4	51.1	56.0	
Over 50 years old	%	36.0	36.7	37.7	
Specialist companies					
Under 30 years old	%	3.0	6.2	8.6	
30–50 years old	%	45.5	47.7	50	
Over 50 years old	%	51.5	46.2	41.4	

¹⁾ Employees in the passive stage of partial retirement, apprentices, trainees, students, casual workers and the employees of TechnikServicePlus GmbH and Biomasse Heizkraftwerk Siegerland GmbH und Co. KG are not included.

Environment area of action

Key performance indicator(s)	Unit	2017	2018	2019	2017 Ifl	2018 Ifl	GRI Standards
Energy consumption within the organisation (administrative offices)							
Fuel consumption from non-renewable sources ¹⁾							302-1
Diesel	MWh	1,264	969	867			
Regular petrol	MWh	37	20	12			
Premium petrol	MWh	169	427	656			
Heating oil	MWh	1,202	1,936	1,104			

¹⁾ The figures relate to LEG's vehicle fleet and company cars with the exception of TechnikServicePlus GmbH and to the fuel oil consumption of Biomasse Heizkraftwerk Siegerland. Energy consumption was calculated on the basis of the respective fuel consumption levels. Business trips taken for LEG by LEG employees in their own vehicles are not included. As the precise passenger car fuel consumption data for December 2019 was not available at the data collection cut-off date, a figure was extrapolated for the month of December 2019.

Environment area of action

Key performance indicator(s)	Unit	2017	2018	2019	2017 Ifl	2018 Ifl	GRI Standards
Energy consumption within the organisation (administrative offices)							
Fuel consumption from renewable sources ¹⁾	MWh	440,276	436,872	319,500			302-1
Electricity consumption ²⁾	MWh	50	56	57			
Heating energy consumption ²⁾	MWh	975	1,004	1,019			
Electricity sold ³⁾	MWh	99,182	95,307	70,820			
Heating sold ⁴⁾	MWh	1,918	2,223	2,306			
Standards, methodologies, assumptions, and/or calculation tools used ⁵⁾							
Source of the conversion factors used ⁶⁾							
Energy consumption outside the organisation (housing portfolio)							
Total electricity consumption (communal areas) ⁷⁾	MWh	20,514.6	21,268.7	–	20,377.4	20,601.5	302-2
Bergkamen	MWh	1,716.9	1,891.8	–	1,715.0	1,731.4	
Dortmund	MWh	2,854.6	2,798.9	–	2,852.3	2,758.8	
Duisburg	MWh	2,685.8	2,722.6	–	2,672.6	2,605.9	
Dusseldorf	MWh	3,354.6	3,560.6	–	3,354.6	3,521.8	
Gelsenkirchen	MWh	2,435.5	2,937.3	–	2,428.3	2,788.5	
Hamm/Bielefeld	MWh	2,078.2	2,206.4	–	2,030.5	2,161.4	
Cologne	MWh	3,301.0	3,246.7	–	3,295.1	3,234.8	
Muenster	MWh	2,088.0	1,904.3	–	2,028.9	1,798.9	

¹⁾ 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. 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 waste wood consumption in 2019 was considerably lower than in previous years.

²⁾ Consumption of the headquarters in Dusseldorf is reported.

³⁾ 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 than in previous years.

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

⁵⁾ Unless stated otherwise, the information relates to the whole year for the companies of the LEG Immobilien Group that hold personnel or properties and are directly or indirectly involved in the administration of LEG's residential real estate (incl. management companies).

⁶⁾ 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 – "CO₂-Emission Factors for Fossil Fuels", "Determining Specific Greenhouse Emission Factors for District Heat", and "Development of the Specific Carbon Dioxide Emissions of the German Electricity Mix between 1990 and 2018". The heat performance can be calculated on the basis of conversion factors related to the respective fuel consumption (source: German Federal Environment Agency, municipal utilities).

⁷⁾ The consumption figures relate largely to the electricity costs for the communal areas (e.g. stairwells) – not including large commercial properties – in relation to the portfolio properties of the fully consolidated portfolio companies as of 31 December 2017 and 31 December 2018. The volumes consumed in 2019 can only be calculated in the course of 2020 subsequent to the editorial deadline for this sustainability report. As LEG is not provided with consumer data digitally by the utilities, the consumption values were extrapolated on the basis of the costs logged using samples. The figures do not include economic units consisting of mixed-use tenant privatisation rental properties and billing periods during the year. The tenants' electricity consumption volumes within their apartments (e.g. room lighting) are not included – these are billed directly to the tenants by the utilities. In 2018, electricity consumption was collected for approximately 97% of the portfolio (2017: 97%).

Environment area of action

Key performance indicator(s)	Unit	2017	2018	2019	2017 lfl	2018 lfl	GRI Standards
Energy consumption outside the organisation (housing portfolio)							
Total heating energy consumption (rental units) ¹⁾	MWh	699,114.7	718,310.1	–	693,969.0	675,271.2	302-2
Of which natural gas	MWh	496,376.8	509,859.3	–	497,982.2	483,066.1	
Bergkamen	MWh	60,177.7	59,946.5	–	60,218.8	56,718.7	
Dortmund	MWh	46,246.7	44,939.3	–	46,246.7	44,064.5	
Duisburg	MWh	77,758.0	81,653.0	–	79,009.7	77,447.6	
Dusseldorf	MWh	40,906.2	42,283.2	–	40,906.2	39,879.2	
Gelsenkirchen	MWh	82,070.6	85,674.7	–	83,468.5	81,341.5	
Hamm/Bielefeld	MWh	52,364.6	59,995.2	–	50,623.9	49,996.5	
Cologne	MWh	89,055.5	88,254.9	–	89,583.7	87,390.2	
Muenster	MWh	47,797.6	47,112.4	–	47,924.7	46,228.0	
Of which heating oil	MWh	48,266.4	42,067.2	–	43,556.6	41,389.9	
Bergkamen	MWh	6,500.4	5,714.7	–	6,226.4	5,297.5	
Dortmund	MWh	728.9	451.9	–	596.1	451.9	
Duisburg	MWh	18,591.3	15,549.3	–	16,354.1	15,493.9	
Dusseldorf	MWh	1,954.3	2,305.2	–	1,954.3	2,100.5	
Gelsenkirchen	MWh	261.6	235.0	–	261.6	235.0	
Hamm/Bielefeld	MWh	8,456.9	7,670.0	–	7,512.6	7,670.0	
Cologne	MWh	7,732.7	6,554.3	–	6,993.5	6,554.3	
Muenster	MWh	4,040.4	3,586.8	–	3,658.0	3,586.8	
Of which district heating	MWh	154,471.5	166,383.6	–	152,430.1	150,815.2	
Bergkamen	MWh	21,099.8	24,907.6	–	21,099.7	22,500.0	
Dortmund	MWh	16,485.7	17,723.8	–	16,485.7	16,141.5	
Duisburg	MWh	12,800.9	13,390.0	–	12,755.2	12,667.5	
Dusseldorf	MWh	1,941.0	1,892.6	–	1,941.0	1,892.6	
Gelsenkirchen	MWh	52,075.9	50,624.4	–	50,325.8	49,458.6	
Hamm/Bielefeld	MWh	16,058.9	24,432.3	–	16,058.9	15,757.6	
Cologne	MWh	12,669.4	11,517.6	–	12,423.7	11,182.2	
Muenster	MWh	21,340.2	21,895.2	–	21,340.2	21,215.1	

¹⁾ The consumption figures relate exclusively to the heating consumption billed to the tenants by LEG in relation to the portfolio properties of the fully consolidated portfolio companies as of 31 December 2017 or 31 December 2018. Consumption billed directly to the tenants by the energy utilities, on the other hand, is excluded as LEG does not have this data at its disposal. The volumes consumed in 2019 can only be calculated in the course of 2020 subsequent to the editorial deadline for this sustainability report. Volumes consumed in billing periods during the year and volumes which are attributable to commercial units are not taken into account. The figures additionally do not include the volumes consumed by economic units consisting of mixed-use tenant privatisation rental properties. Consumption relates to 77,923 rental properties in 2017 and 82,313 rental properties in 2018 (residential and commercial). The like-for-like analysis encompasses 77,293 rental properties. Total heating energy consumption (rental units) for 2017 was corrected due to a computation error.

Environment area of action

Key performance indicator(s)	Unit	2017	2018	2019	2017 IfI	2018 IfI	GRI Standards
Energy consumption outside the organisation (housing portfolio)							
Standards, methodologies, assumptions, and/or calculation tools used ¹⁾							
Source of the conversion factors used ²⁾							
Building energy intensity ³⁾	kWh/m ² a	140.6	145.9	139.0	–	–	
Type and number of sustainability certification							
Percentage of residential buildings by energy efficiency certificates ⁴⁾							
Energy efficiency level A+	%	0.02	0.02	0.09	–	–	
Energy efficiency level A	%	0.4	0.3	0.4	–	–	
Energy efficiency level B	%	1.7	1.8	1.7	–	–	
Energy efficiency level C	%	7.7	8.6	8.1	–	–	
Energy efficiency level D	%	23.0	23.5	23.8	–	–	
Energy efficiency level E	%	23.8	21.9	22.5	–	–	
Energy efficiency level F	%	21.9	19.6	18.6	–	–	
Energy efficiency level G	%	12.4	12.2	12.4	–	–	
Energy efficiency level H	%	9.1	12.0	12.5	–	–	
Water withdrawal by source (housing portfolio)⁵⁾							
Total volume of water withdrawn	m ³	4,050,107.6	4,321,156.3	–	3,990,288.3	4,101,613.0	
Building water intensity	m ³ /m ²	1.1	1.1	–	1.1	1.1	

¹⁾ Unless stated otherwise, the information relates to the companies of the LEG Immobilien Group that hold personnel or properties and are directly or indirectly involved in the administration of LEG's residential real estate (incl. management companies).

²⁾ The factors used for conversion between electricity costs and electricity consumption were determined on the basis of samples taken from the utilities' electricity bills in each financial year. In general, publicly accessible sources were used for the conversion factors; as a rule, the publications of or information from the Germany Federal Environment Agency were used, in particular – "CO₂-Emission Factors for Fossil Fuels", "Determining Specific Greenhouse Emission Factors for District Heat", "Development of the Specific Carbon Dioxide Emissions of the German Electricity Mix between 1990 and 2018".

³⁾ The median consumption figure of all the energy efficiency certificates for LEG's let property portfolio is taken into account. The consumption figure is calculated according to the rules stipulated in Germany's Energy Conservation Ordinance (EnEV). Properties for which no energy efficiency certificate is required pursuant to EnEV (e.g. properties under heritage protection) and which are therefore not available, are not included. Non-residential buildings and properties sold in 2019 are not included.

⁴⁾ 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 the energy efficiency certificates for LEG's let property portfolio are included. Properties for which no energy efficiency certificate is required pursuant to EnEV (e.g. properties under heritage protection) and which are therefore not available, are not included. As in the previous year, non-residential buildings and properties sold are not included. The changes from 2017 to 2018 are the result of acquiring properties with poorer energy efficiency values and the comprehensive issuance of new energy efficiency certificates in the 2018 financial year and overcompensated for the positive effect of the energy modernisation of portfolio properties.

⁵⁾ Only water withdrawal (fresh water consumption) by municipal water supply companies and other public or private waterworks is presented here, as other sources are not relevant. The water consumption volumes are based on fully consolidated rental properties (commercial, residential) as of 31 December 2018 and 31 December 2017 for which the item cold and/or hot water was recorded or allocated to the tenants separately from waste water on the basis of their consumption, as part of integrated billing. This related to 59,450 residential and commercial properties in 2018 (2017: 56,924). Volumes consumed in billing periods during the year and volumes which are attributable to commercial units are not taken into account. The figures additionally do not include the volumes of water consumed by economic units consisting of mixed-use tenant privatisation rental properties. The like-for-like analysis encompasses 56,182 rental properties. The volumes consumed in 2019 can only be calculated in the course of 2020 subsequent to the editorial deadline for this sustainability report.

Environment area of action

Key performance indicator(s)	Unit	2017	2018	2019	2017 lfl	2018 lfl	GRI Standards
Total direct greenhouse gas (GHG) emissions (Scope 1)							
Administrative offices							305-1
Gross direct (Scope 1) GHG emissions in metric tons of CO ₂ equivalent ¹⁾	t CO ₂ e	694	886	696	–	–	
Biogenic CO ₂ - emissions in metric tons of CO ₂ - equivalent ²⁾	t CO ₂ e	57,556	55,203	41,268	–	–	
Total direct greenhouse gas (GHG) emissions (Scope 1)							
Housing portfolio							305-1
Gross direct (Scope 1) GHG emissions in metric tons of CO ₂ equivalent ³⁾	t CO ₂ e	74,470	76,314	–	73,868	71,064	
Biogenic CO ₂ - emissions in metric tons of CO ₂ - equivalent ⁴⁾	t CO ₂ e	–	–	–	–	–	
Energy indirect (Scope 2) GHG emissions							
Administrative offices							305-2
Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO ₂ equivalent ⁵⁾	t CO ₂ e	238	245	249	–	–	
Energy indirect (Scope 2) 6 GHG emissions⁶⁾							
Housing portfolio							305-2
Gross location-based energy indirect (Scope 2) GHG emissions for communal areas (electricity only) in metric tons of CO ₂ equivalent	t CO ₂ e	9,970	10,081	–	9,903	9,765	
Gross location-based energy indirect (Scope 2) GHG emissions for rental units (heating energy only) in metric tons of CO ₂ equivalent	t CO ₂ e	75,954	78,078	–	75,477	73,959	
Waste by type and disposal method							
Administrative offices							
Total weight of hazardous waste ⁷⁾	t	–	–	–	–	–	
Total weight of non-hazardous waste ⁸⁾	t	42.0	77.3	77.3	–	–	

¹⁾ The figures relate exclusively to the aforementioned energy consumption volumes. Only CO₂ emissions were considered in the calculation of GHG emissions. In general, publicly accessible sources were used for the conversion factors; as a rule, the publications of or information from the Germany Federal Environment Agency were used, in particular –“CO₂-Emission Factors for Fossil Fuels”, “Determining Specific Greenhouse Emission Factors for District Heat”, “Development of the Specific Carbon Dioxide Emissions of the German Electricity Mix between 1990 and 2018”. The CO₂ emission figures for fleet vehicles and company cars were supplied directly by the billing company. Business trips taken for LEG by LEG employees in their own vehicles are not included. In 2019 the Siegerland biomass co-generation plant was not in operation for almost three months due to a major overhaul of the turbines. As a result, in 2019 the GHG emissions were lower than in the previous year.

²⁾ The CO₂ emissions equivalent for electricity generation and district heating is taken into account, less the direct CO₂ emissions caused by heating oil combustion for 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 biogenic CO₂-emissions in 2019 was lower than previous years.

³⁾ The figures relate exclusively to the aforementioned energy consumption volumes. In general, publicly accessible sources were used for the conversion factors; as a rule, the publications of or information from the Germany Federal Environment Agency were used, in particular, “CO₂-Emission Factors for Fossil Fuels”.

⁴⁾ Due to the selective use of renewable energies, there are no significant CO₂ equivalents for biogenic CO₂ emissions.

⁵⁾ Data on the emissions of the headquarters in Düsseldorf are reported.

⁶⁾ The figures relate exclusively to the aforementioned energy consumption volumes. In general, publicly accessible sources were used for the conversion factors; as a rule, the publications of or information from the Germany Federal Environment Agency were used, in particular, “CO₂-Emission Factors for Fossil Fuels” and “Determining Specific Greenhouse Emission Factors for District Heat”. The carbon dioxide emissions published by the German Federal Environment Agency were used as the basis for the conversion factor between electricity emissions and electricity consumption (Development of the Specific Carbon Dioxide Emissions of the German Electricity Mix between 1990 and 2018). For better comparability, the 2017 figure was adjusted to this conversion factor.

⁷⁾ No hazardous waste is generated by the administrative offices.

⁸⁾ Volumes of the waste containers provided in the LEG headquarters in Düsseldorf were assessed. These volumes do not correspond to the waste containers' actual filled volumes. The volumes are converted into weight based on average conversion factors per type of waste (conversion factors – residual waste: 0.1 t/m³; recyclable materials: 0.03 t/m³; paper, card, cardboard packaging: 0.2 t/m³; biodegradable waste: 0.25 t/m³).

Environment area of action

Key performance indicator(s)	Unit	2017	2018	2019	2017 IfI	2018 IfI	GRI Standards
Waste by type and disposal method							
Housing portfolio							
Total weight of hazardous waste ¹⁾	–	–	–	–	–	–	
Total weight of non-hazardous waste ²⁾							
Residual waste	t	14,810.9	18,074.1	17,126.8	–	–	
Recyclable materials (lightweight packaging, Green Dot materials)	t	1,557.9	1,811.7	1,740.2	–	–	
Paper, card, cardboard packaging	t	6,325.8	7,335.8	7,188.9	–	–	
Biodegradable waste	t	928.4	919.0	916.4	–	–	
Total weight of hazardous and non-hazardous waste ³⁾	–	–	–	–	–	–	

¹⁾ Hazardous waste is generated in the course of renovating and modernising buildings and apartments. The exact volume is not recorded, however, as LEG has such little economic, legal, organisational or any other influence over the waste-generating activities of its contractor that LEG does not qualify as the waste generator within the meaning of waste legislation.

²⁾ Data of a service provider that acts as the waste manager for approximately a third of LEG's total portfolio is reported. This company managed approximately 29 % (39,141 rental properties) of the LEG portfolio in 2019 (2018: approximately 30 % or 40,513 rental properties). The volumes of the waste containers provided by LEG were assessed. These volumes do not correspond to the waste containers' actual filled volumes. Additionally, these figures do not correspond to the actual volume of waste generated as a proportion of the waste is disposed of in public containers (for example, public waste paper containers). The volumes are converted into weights based on general conversion factors for the various types of waste. 10 % was added to these conversion factors across the board as the waste containers hold an above-average volume of waste due to the service provider's active waste management. Biodegradable waste is not included as there is no active waste management in this area (conversion factors – residual waste: 0.11 t/m³; recyclable materials: 0.033 t/m³; paper, card, cardboard packaging: 0.22 t/m³; biodegradable waste: 0.25 t/m³).

³⁾ n/a, as there is no data for hazardous waste.

Society area of action

Key performance indicator(s)	Unit	2017	2018	2019	GRI Standards
Operations with local community engagement, impact assessments, and development programs¹⁾					
Branches that implemented neighbourhood measures in the reporting period	%	100	100	100	413-1
Neighbourhood measures implemented	Number	approx. 154	approx. 156	approx. 123	
Percentage of cooperation measures	%	43	31	47	
Percentage of cooperations with local communities	%	10	8	10	

¹⁾ LEG involves local communities by means of neighbourhood measures, which are stated here accordingly. A neighbourhood database was introduced in 2016/17 to document the measures. The explanation relates to measures logged in the database – no claim is made that the measures are exhaustive.

GRI Content Index

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

GRI Standard	Reference/explanation	Omission
General disclosures		
GRI 102: General disclosures 2016		
102-1 Name of the organisation	Company profile, p. 5	
102-2 Activities, brands, products, and services	Company profile, p. 5	
102-3 Location of headquarters	Company profile, p. 5	
102-4 Location of operations	Company profile, p. 5	
102-5 Ownership and legal form	Company profile, p. 5	
102-6 Markets served	Company profile, p. 5	
102-7 Scale of the organisation	Key performance indicators business management area of action, p. 48	
102-07 CRE supplement	In terms of strategy, LEG sees itself in a portfolio maintenance role, though growth may come about both organically and from external sources, e.g. through acquisitions as defined in LEG's purchasing criteria. New builds and other investment alternatives are given equal consideration. The specific challenges of a new build project (e.g. cost risk, time risk, risk of bankruptcy on the part of business partners, quality risks) are taken into account before an investment decision is made. Through the use of appropriate specialist expertise, competences and organisational structures, provisions have been made to mitigate the specific risks of new build projects. In particular, new build projects on existing portfolio lots, redensification measures and project development are attractive for LEG from an economic standpoint.	
102-8 Information on employees and other workers	Key performance indicators employees area of action, p. 50	
102-9 Supply chain	Company profile, p. 5	
102-10 Significant changes to the organisation and its supply chain	There are no changes to be reported.	
102-11 Precautionary principle or approach	We are monitoring the current course of scientific discussion and orient our entrepreneurial decisions on these developments. Nonetheless, the precautionary principle is at this time not yet integrated into all corporate decision making.	
102-12 External initiatives	Sustainability mission statement and strategy, p. 10	

GRI Standard	Reference/explanation	Omission
General disclosures		
102-13 Membership of associations	<p>LEG Group is a member of the following associations and societies which are important for the property business:</p> <ul style="list-style-type: none"> • AGV Arbeitgeberverband der Deutschen Immobilienwirtschaft e.V. • AGW Arbeitsgemeinschaft großer Wohnungsunternehmen • Bundesverband der Unternehmensjuristen e.V. • DESWOS Deutsche Entwicklungshilfe für soziales Wohnungs- und Siedlungswesen e.V. • Deutscher Verband für Wohnungswesen, Städtebau und Raumordnung e.V. • DIIR Deutsches Institut für Interne Revision e.V. • EPRA European Public Real Estate Association • Förderer des Fachbereichs Wirtschaftswissenschaften der Hochschule Dusseldorf e.V. • Förderverein für die Aus- und Fortbildung im EBZ e.V. • GdW Bundesverband deutscher Wohnungs- und Immobilienunternehmen e.V. • Gesellschaft der Freunde und Förderer des InWIS e.V. • Gesellschaft zur Förderung der Forschung auf dem Gebiet des Siedlungs- und Wohnungswesens e.V. • Initiative Corporate Governance • Stifterverband für die deutsche Wissenschaft e.V. • VdW Verband der Wohnungs- und Immobilienwirtschaft Rheinland Westfalen e.V. • ZIA Zentraler Immobilien Ausschuss e.V. 	
102-14 Statement from senior decision-maker	Foreword by the Management Board, p. 4	
102-16 Values, principles, standards, and norms of behaviour	Sustainability mission statement and strategy, p. 10	
102-18 Governance structure	Sustainability management and governance structures developed further, p. 6	
102-40 List of stakeholder groups	Materiality assessment and stakeholder dialogue, p. 7	
102-41 Collective bargaining agreements	Key performance indicators employees area of action, p. 50	
102-42 Identifying and selecting stakeholders	Materiality assessment and stakeholder dialogue, p. 7	
102-43 Approach to stakeholder engagement	Materiality assessment and stakeholder dialogue, p. 7	
102-44 Key topics and concerns raised	Materiality assessment and stakeholder dialogue, p. 7	
102-45 Entities included in the consolidated financial statements	About this report, p. 3	
102-46 Defining report content and topic boundaries	Materiality assessment and stakeholder dialogue, p. 7; Materiality matrix created, p. 8	
102-47 List of material topics	Materiality matrix created, p. 8	
102-48 Restatements of information	No restatements	
102-49 Changes in reporting	No restatements	
102-50 Reporting period	About this report, p. 3	
102-51 Date of most recent report	March 2020	
102-52 Reporting cycle	About this report, p. 3	
102-53 Contact point for questions regarding the report	Contact details and imprint, p. 77	
102-54 Claims of reporting in accordance with the GRI Standards	About this report, p. 3	
102-55 GRI content index	GRI content index, p. 59ff.	
102-56 External assurance	Audit report, p. 75 f.	

GRI Standard	Reference/explanation	Omission
Material topics		
Economic performance		
GRI 103: Management approach 2016	Annual Report 2019 (https://www.leg-wohnen.de/en/corporation/investor-relations/news-publications/financial-reports/)	
103-1 Explanation of the material topic and its boundary		
103-2 The management approach and its components		
103-3 Evaluation of the management approach		
GRI 201: Economic performance 2016		
201-1 Direct economic value generated and distributed	Key performance indicators business management area of action, p. 48	
Indirect economic impacts		
GRI 103: Management approach 2016		
103-1 Explanation of the material topic and its boundary		Compliance safeguards value added, p. 16
103-2 The management approach and its components		
103-3 Evaluation of the management approach		
GRI 203: Indirect economic impacts 2016		
203-1 Infrastructure investments and services supported	Doing business fairly and responsibly, p. 16; Innovative services within neighbourhoods, p. 24ff.; Dedication to liveable neighbourhoods, p. 43ff.	
Anti-corruption		
GRI 103: Management approach 2016		
103-1 Explanation of the material topic and its boundary	Compliance safeguards value added, p. 16	
103-2 The management approach and its components	Compliance management system manages goals and measures, p. 17; Transparency in all business processes, p. 18	
103-3 Evaluation of the management approach	Compliance management system manages goals and measures, p. 18	
GRI 205: Anti-corruption 2016	Key performance indicators business management area of action, p. 48	
205-2 Communication and training on anti-corruption guidelines and processes	Compliance training: Knowledge equals prevention, p. 19	
205-3 Confirmed incidents of corruption and actions taken	Key performance indicators business management area of action, p. 48	
Anti-competitive behaviour		
GRI 103: Management approach 2016		
103-1 Explanation of the material topic and its boundary	Compliance safeguards value added, p. 16	
103-2 The management approach and its components	Compliance management system manages goals and measures, p. 17; Transparency in all business processes, p. 18	
103-3 Evaluation of the management approach	Compliance management system manages goals and measures, p. 18	
GRI 206: Anti-competitive behaviour 2016	Compliance management system manages goals and measures, p. 18; Key performance indicators business management area of action, p. 49	
206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	Compliance management system manages goals and measures, p. 18; Key performance indicators business management area of action, p. 49	

GRI Standard	Reference/explanation	Omission
Energy		
GRI 103: Management approach 2016		
103-1 Explanation of the material topic and its boundary	Focus on energy efficiency and emissions reduction in our residential portfolio, p. 35	
103-2 The management approach and its components	Investment programme for energy modernisation, p. 36; Making good progress toward target attainment, p. 36ff.	
103-3 Evaluation of the management approach	Focus on energy efficiency and emissions reduction in our residential portfolio, p. 36	
GRI 302: Energy 2016	Key performance indicators environment area of action, p. 53f.	
302-1 Energy consumption within the organisation	Key performance indicators environment area of action, p. 53f.	
302-2 Energy consumption outside of the organisation	Key performance indicators environment area of action, p. 54f.	
GRI CRE 1		
Building energy intensity		
Type and number of sustainability certification, rating and labelling schemes for new construction, management, occupation and redevelopment		
GRI CRE 8		
Emissions		
GRI 103: Management approach 2016		
103-1 Explanation of the material topic and its boundary	Focus on energy efficiency and emissions reduction in our residential portfolio, p. 35	
103-2 The management approach and its components	Investment programme for energy modernisation, p. 36; Making good progress toward target attainment, p. 36ff.	
103-3 Evaluation of the management approach	Focus on energy efficiency and emissions reduction in our residential portfolio, p. 36	
GRI 305: Emissions 2016	Key performance indicators environment area of action, p. 57	
305-1 Direct (Scope 1) GHG emissions	Key performance indicators environment area of action, p. 57	
305-2 Energy indirect (Scope 2) GHG emissions	Key performance indicators environment area of action, p. 57	
GRI CRE 3		Cannot be reported at this time.
Greenhouse gas intensity from buildings		
Environmental compliance		
GRI 103: Management approach 2016	Compliance safeguards value added, p. 16	
103-1 Explanation of the material topic and its boundary	Compliance management system manages goals and measures, p. 17; Transparency in all business processes, p. 18	
103-2 The management approach and its components	Compliance management system manages goals and measures, p. 17	
103-3 Evaluation of the management approach	Compliance management system manages goals and measures, p. 17	
GRI 307: Environmental compliance 2016		
307-1 Non-compliance with environmental laws and regulations	Compliance management system manages goals and measures, p. 17; Key performance indicators business management area of action, p. 49	

GRI Standard	Reference/explanation	Omission
Employment		
GRI 103: Management approach 2016		
103-1 Explanation of the material topic and its boundary	LEG offers a wide variety of employment relationships and training opportunities, p. 28	
103-2 The management approach and its components	HR Strategy 2025 provides the framework for sustainable HR management, p. 29f., Safety and health of employees, p. 31f.	
103-3 Evaluation of the management approach	HR Strategy 2025 provides the framework for sustainable HR management, p. 30	
GRI 401: Employment 2016		
401-1 New employee hires and employee turnover	HR Strategy 2025 provides the framework for sustainable HR management, p. 29f.; Key performance indicators employees area of action, p. 50	A breakdown of the information by age and gender is not currently possible.
Vocational and professional training		
GRI 103: Management approach 2016		
103-1 Explanation of the material topic and its boundary	LEG offers a wide variety of employment relationships and training opportunities, p. 28	
103-2 The management approach and its components	HR Strategy 2025 provides the framework for sustainable HR management, p. 29f.; Safety and health of employees, p. 31f.	
103-3 Evaluation of the management approach	HR Strategy 2025 provides the framework for sustainable HR management, p. 30	
GRI 404: Training and education 2016		
404-1 Average hours of training per year per employee	Key performance indicators employees area of action, p. 52	A breakdown of the information by gender and type of employee is not currently possible.
404-3 Percentage of employees receiving regular performance and career development reviews		
Diversity and equal opportunity		
GRI 103: Management approach 2016		
103-1 Explanation of the material topic and its boundary	LEG offers a wide variety of employment relationships and training opportunities, p. 28ff.; "Diversity Charta" signed, p. 33	
103-2 The management approach and its components		
103-3 Evaluation of the management approach		
GRI 405: Diversity and equal opportunity 2016		
405-1 Diversity of governance bodies and employees	Key performance indicators employees area of action, p. 52	
405-2 Ratio of basic salary and remuneration of women to men	Due to an existing collective bargaining agreement, there are no differences in remuneration for female and male employees.	
Non-discrimination		
GRI 103: Management approach 2016		
103-1 Explanation of the material topic and its boundary	LEG offers a wide variety of employment relationships and training opportunities, p. 28	
103-2 The management approach and its components	HR Strategy 2025 provides the framework for sustainable HR management, p. 29f.; Safety and health of employees, p. 31f.	
103-3 Evaluation of the management approach	HR Strategy 2025 provides the framework for sustainable HR management, p. 30	

GRI Standard	Reference/explanation	Omission
Non-discrimination		
GRI 406: Non-discrimination 2016		
406-1 Incidents of discrimination and corrective actions taken	No instances of discrimination came to light during the reporting period.	
Local communities		
GRI 103: Management approach 2016	Strengthening social cohesion within neighbourhoods, p. 41	
103-1 Explanation of the material topic and its boundary	Neighbourhood management promotes local integration, p. 42f.; Dedication to liveable neighbourhoods, p. 43f.	
103-2 The management approach and its components	Neighbourhood management promotes local integration, p. 42	
103-3 Evaluation of the management approach	Neighbourhood management promotes local integration, p. 42	
GRI 413: Local communities 2016		
413-1 Operations with local community engagement, impact assessments, and development programs	Neighbourhood management promotes local integration, p. 42; key performance indicators: society area of action, p. 58	The presentation of LEG's neighbourhood measures only partially satisfies the requirements of the disclosure.
Societal challenges and liveable environment (no topic-specific GRI Standard available)		
GRI 103: Management approach 2016		
103-1 Explanation of the material topic and its boundary	Strengthening social cohesion within neighbourhoods, p. 41	
103-2 The management approach and its components	Neighbourhood management promotes local integration, p. 42f.; Dedication to liveable neighbourhoods, p. 43f.	
103-3 Evaluation of the management approach	Neighbourhood management promotes local integration, p. 42	
Customer health and safety		
GRI 103: Management approach 2016		
103-1 Explanation of the material topic and its boundary	Customer focus as the basis for LEG's success, p. 21	
103-2 The management approach and its components	Systematic management of customer services and safety, p. 22f.; Innovative services and programmes within neighbourhoods, p. 24f.	
103-3 Evaluation of the management approach	Systematic management of customer services and safety, p. 22	
GRI 416: Customer health and safety 2016		
416-1 Assessment of the health and safety impacts of product and service categories	Systematic management of customer services and safety, p. 22; Key performance indicators: tenants area of action, p. 49	
Customer privacy		
GRI 103: Management approach 2016		
103-1 Explanation of the material topic and its boundary	Customer focus as the basis for LEG's success, p. 21	
103-2 The management approach and its components	Systematic management of customer services and safety, p. 22f.; Innovative services and programmes within neighbourhoods, p. 24f.	
103-3 Evaluation of the management approach	Systematic management of customer services and safety, p. 24f.	
GRI 418: Customer privacy 2016		
418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	Systematic management of customer services and safety, p. 23; key performance indicators: tenants area of action, p. 49	

GRI Standard	Reference/explanation	Omission
Tenant satisfaction (no topic-specific GRI Standard available)		
GRI 103: Management approach 2016		
103-1 Explanation of the material topic and its boundary	Customer focus as the basis for LEG's success, p. 21	
103-2 The management approach and its components	Systematic management of customer services and safety, p. 22f.; Innovative services and programmes within neighbourhoods, p. 24f.	
103-3 Evaluation of the management approach	Systematic management of customer services and safety, p. 22 and p. 24	
Socioeconomic compliance		
GRI 103: Management approach 2016	Compliance safeguards value added, p. 16	
103-1 Explanation of the material topic and its boundary	Compliance management system manages goals and measures, p. 17; Transparency in all business processes, p. 18	
103-2 The management approach and its components	Compliance management system manages goals and measures, p. 17	
103-3 Evaluation of the management approach	Compliance management system manages goals and measures, p. 17	
GRI 419: Socioeconomic compliance 2016		
419-1 Non-compliance with laws and regulations in the social and economic area	Compliance management system manages goals and measures, p. 17; Key performance indicators business management area of action, p. 49	

EPRA Sustainability Best Practice Recommendations

Introduction

Company profile

LEG Immobilien AG is a property company focussed on the residential market in the economically strong area of North Rhine-Westphalia. We own and manage approximately 134,000 rented apartments with an average size of 64 square metres and 1,300 commercial units. We focus on the affordable segment of the residential sector, and our units cater to the rapidly growing number of smaller households that characterise our market.

Our core business is the management and development of our own residential portfolio. Development covers the expansion of the portfolio through value adding acquisitions and selective construction of new residential properties. The business model is also supplemented by the cultivation of innovative services and new income models.

The Group is headquartered in Düsseldorf and directly employed 1,019 employees in 2019. Our properties are held by a number of subsidiary companies of which the largest are LEG Wohnen GmbH and Ruhr-Lippe Wohnungsgesellschaft mbH.

We have reported on our social and environmental performance since 2017, and have progressively expanded the range of indicators and scope of properties included in our reporting. As EPRA members, we have chosen to report our environmental and social data in accordance with the EPRA Sustainability Best Practice Recommendations (sBPR). Our reporting response has been split into two sections:

1. Overarching recommendations
2. Sustainability performance measures

1. Overarching recommendations

Organisational boundaries

We have adopted the operational control method in determining our organisational boundaries. Consequently, we only report on properties for which we have full management control, and utilities that we purchase directly as a landlord for use in common areas, shared services, and/or tenant areas. The scope of properties included our organisational boundaries for each performance measure are as follows:

- Electricity: We purchased/obtained electricity consumption for the complete portfolio under management.
- Fuels and District Heating and Cooling: We purchased/obtained fuels and/or district heating at approx. 59 % of our portfolio under management in 2017 and 61 % in 2018 and 2019. The tenants at the remaining apartments have signed individual contracts with local suppliers therefore this consumption is outside of our organisational boundaries.
- Water: We purchased/obtained water for the complete portfolio under management.
- Waste: We are responsible for the collection and disposal of tenant waste for the complete portfolio under management.
- Employees: We report on all employees directly employed by the LEG Immobilien, including the wholly-owned Group subsidiaries LEG Wohnen NRW (which is responsible for the operational management of our properties) and LEG Management (which oversees all corporate management functions). Staff employed at joint ventures such as TechnikServicePlus (TSP) and EnergieServicePlus (ESP) are excluded as they fall outside the scope of our full operational control.

- Asset health and safety and community engagement: We are responsible for health and safety assessments, compliance and community engagement at all properties under management.
- Governance data relates to the Supervisory Board and Management Board of LEG.

Coverage

Unless otherwise stated, absolute performance measures relating to the consumption of fuels, district heating and cooling, building certifications, asset health and safety and community engagement cover 100 % of the apartments that fall within the organisational boundaries defined above.

Like-for-like performance measures include apartments for which we have collected two years' worth of consistent, non-estimated data, and therefore exclude properties sold, acquired or under development during 2018 and 2017. Our like-for-like portfolio therefore includes 129,309 apartments and 1,300 commercial units.

Coverage for electricity consumption represents 97 % of the apartments included in our organisational boundaries (98 % for Like-for-Like).

Coverage for water data represents 44 % of the apartments included in our organisational boundaries (43 % for Like-for-Like). The remaining 56 % and 57 % are excluded as we are not able to collect accurate consumption data because individual meter readings are not available.

Coverage for waste data represents 29 % of our portfolio under management (25 % for Like-for-Like). At these apartments we employ an individual waste contractor to manage tenants' waste and report data on the volume of waste that is collected, which is subsequently converted into tons using a conversion factor (> see 'Estimations', page 67).

Estimation of landlord-obtained utility consumption

All portfolio data for 2017 and 2018 (and 2019 for waste) is 100% based on invoices/meter readings and therefore represents actual consumption within the scope of our organisational boundaries.

2019 data relating to electricity consumption, heating, fuels and water is 100% estimated as actual consumption data is not available at the time of going to print. Estimations were carried out according to the following methodology:

- Electricity and water: Absolute and intensity performance data are calculated based on 2018 consumption figures, and extrapolated according to changes in the number of apartments and floor area respectively included in the organisational boundaries.
- Heating: In addition to the methodology outlined above, heating data is adjusted based on climatic conditions for each postcode.

Waste data is provided by a contractor that manages waste for approximately 29% of our portfolio. The data is calculated based on the combined volume of waste containers provided by LEG at these properties, but may not always correspond to containers' actual filled volumes. Furthermore, the data do not represent the total volume of waste generated at these properties, as a proportion of waste is disposed of in public waste containers that are collected directly by the local municipality.

The volumes collected in LEG waste containers are converted into tons based on general conversion factors for the various types of waste, and 10% is added to these conversion factors as the containers hold above-average volumes due to the contractor's active waste management practices (with the exception of biodegradable waste). The conversion factors used are: Residual waste: 0.11 tons/m³; recycled materials: 0.033 tons/m³; paper, card, cardboard packaging: 0.22 tons/m³; and biodegradable waste: 0.25 tons/m³.

Boundaries – reporting on landlord and tenant consumption

Electricity, fuels, district heating and cooling, and water only include consumption (based on meter readings and invoices) which we purchase as landlords for use in either common areas/shared services and/or private apartments (and which is subsequently recharged to tenants). Tenant obtained data (i.e. from bills that the tenants receive directly from the utility supplier) is excluded.

Analysis – Normalisation

We have calculated intensity indicators using floor area (m²) for whole buildings, including tenant apartments. We are aware that there is a mismatch between the nominator and denominator in our methodology for calculating intensities, as we receive utility bills for electricity consumed only in common areas, but we receive utility bills for fuels, district heating and cooling and water consumed in both common areas/shared services and tenant areas (it is not possible to separate these consumptions).

Health and safety performance measures are calculated using the following formulae:

- Injury rate = Number of reportable injuries/Total number of working days
- Lost Day Rate = Number of days lost (three days or longer) due to workplace injuries/Total number of working days
- Absentee rate = Number of days absent due to illness/Total number of working days

Analysis – Segmental analysis (by property type, geography)

Segmental analysis is organised by the property classification used in our financial reporting (see our [Annual Report 2019](#)) which defines our investment portfolio as residential properties comprising approximately 134,000 apartments and 1,300 commercial units.

We do not provide segmental analysis between residential and commercial units as they are located in the same buildings and it is not possible to separate their landlord obtained consumption.

Additional segmental analysis by geography is not relevant as our apartments are all located within North Rhine-Westphalia and adjacent federal states in Germany, and therefore in the same climatic zone.

Reporting period

Absolute performance measures and intensity metrics are reported for the most recent reporting year (2019). Like-for-like performance measures are reported for the two most recent years that we are able to collect actual consumption data (2018 and 2017). Using only actual consumption data means we are able to analyse the impact of efficiency improvements across our Like-for-Like portfolio, which would not be possible using estimated data. Please see 'Estimation of landlord-obtained utility consumption' for more information.

Disclosure on own offices

Data for our own office utilities consumption relates to our headquarters in Düsseldorf where we occupy seven floors of a building in which we are a tenant. For this reason, we report our own office consumption separately to our owned portfolio.

In addition to our headquarters which cover approx. 10,000 m², we rent a further three offices which are substantially smaller, and are therefore excluded from our reporting as consumption is not considered material.

Coverage is therefore 75 % of our rented floor area, and as with our portfolio, all data for energy and water is estimated for 2019 using the same methodology outlined above.

Data verification and assurance

All data generated is reviewed for consistency and coherence before released into the company reporting database. External verification or assurance by a third party is not currently undertaken.

Narrative on performance

Environmental performance

Energy & emissions

In 2019, landlord obtained energy consumption increased marginally across our portfolio, with a 0.05 % increase in landlord obtained electricity consumption, and a 1.27 % increase in landlord obtained consumption from fuels and heating. Together, these translated into a 1.7 % increase in the energy intensity of our portfolio compared to 2018.

We saw a corresponding 1.27 % increase in Scope 1 emissions due to the consumption of fuels, and a 1.13 % increase in Scope 2 emissions which includes emissions from the onsite boilers that are operated by a third party. On an intensity basis, overall Scope 1 and 2 emissions per kg CO_{2e}/m²/year increased by 1.6 %.

On a like-for-like basis (which is calculated using actual consumption data between 2018 and 2017), the energy intensity of our portfolio decreased by 2.6 % from 143.3 kWh/m²/year in 2017 to 139.6 kWh/m²/year in 2018. The decrease was due to a 1.06 % reduction in landlord obtained heating, and a 3.15 % reduction in landlord obtained fuels that more than offset a 1.1 % increase in landlord obtained electricity consumption.

These reductions were mirrored by our GHG emissions on a like-for-like basis, with Scope 1 emissions dropping by 3.8 % and Scope 2 emissions by 1.94 %. On an intensity basis, like-for-like Scope 1 and 2 emissions per kg CO_{2e}/m²/year reduced by 2.9 % between 2017 and 2018.

For more information on our initiatives to reduce energy consumption and GHG emissions across our portfolio, please see > **Environment area of action, page 35f.** of our Sustainability Report.

Water

Absolute water consumption decreased marginally by 0.48 % between 2019 and 2018. On a like-for-like basis, consumption increased by 2.79 % between 2017 and 2018. Despite this increase, the water intensity of our portfolio remained largely unchanged on both an absolute and like-for-like basis. All water is sourced from the municipal supply.

For more information on our initiatives to water consumption across our portfolio, please see > **page 35ff.** of our Sustainability Report.

Waste management

The total weight of waste across the 29 % of apartments that we collect data for decreased by 4.15 % between 2018 and 2019. Of this, 63 % is classified as residual waste of which only a small proportion (approximately 8 %) is sent to landfill, with the major part of the remaining proportion sent for energy recovery from incineration. On a like-for-like basis, the total weight of waste increased by 0.93 % between 2017 and 2018 across the 25 % of apartments that LEG is able to collect waste data from.

Due to the relatively low coverage of our waste data, and the calculation methodologies employed, it is difficult to draw conclusions about our overall performance. We nonetheless employ a variety of tools to reduce waste. For more information, please see > **page 38** of our Sustainability Report.

Building certifications

Building certifications relate to energy performance certificates which are currently in place across 99 % of our portfolio by floor area. Based on individual apartments, the majority (90 %) have an energy performance certificate between D and H. This reflects the relative age of our apartments. This has reduced slightly since 2017 due to the energy modernisation program that is currently underway across our portfolio. For more information, see > **page 36** of our Sustainability Report.

Social performance

Diversity

LEG strives to have a balanced workforce characterised by gender equality. Approximately 46 % of our direct employees are female, and 22 % at senior management level (up from 19 % in 2018). The ratio of basic salary and remuneration of women to men across all employees is 87.4 %, and this rises to 92.9 % at senior management level. Any difference is due to length of service and seniority alone.

For more information on our approach to diversity, please see [> page 33](#) of our Sustainability Report.

Training and development

LEG actively promotes vocational training and professional development opportunities for our employees. During 2019, we provided an average of 10.37 hours of training per employee covering a range of compliance and vocational training and development opportunities. In addition, over 50 % of employees participated in an annual development review. These reviews take the form of a dialogue between employees and managers, and provide an insight into employees' skill levels. Employees also have the opportunity to talk to their supervisors about the support they would like, their satisfaction with their job and their further development within the company.

For more information on our approach to employee training and development, see [> pages 28, 29 and 34](#) of our Sustainability Report.

Turnover

During 2019, 144 new employees joined the company, which equates to a new hire rate of 13.9 %. At the same time, 120 employees left the company meaning we experienced a turnover rate of 11.6. For more information in our employee initiatives, including engagement, satisfaction and retention, please see [> page 28ff.](#) of our Sustainability Report.

Health and safety

Given the nature of our workforce, employee health and safety is generally considered a low-risk area for LEG Immobilien. This is evidenced by an injury rate of 0.01 % in 2019, and a lost data rate of 0.03 %. The most common cause of workplace absences are illnesses due to sickness, and in 2019 we recorded an absentee rate of 6.5 %.

LEG maintains site safety systematically and comprehensively, with its own employees and also service providers performing building and facility inspections and checks. Approximately 98.5 % of our portfolio underwent such a health and safety assessment in 2019. This led to a low number of three administrative orders ('Ordnungsverfügungen') were issued as a result of these inspections in 2019. In the event of notices, defects or accident hazards, tradespeople are contracted immediately. Once the work has been completed, the elimination of the defect is inspected and documented.

For more on our approach to employee and tenant health and safety, please see [> pages 23 and 31f.](#) of our Sustainability Report.

Community engagement

We currently organise community engagement activities across 100 % of our portfolio under management. Included in the scope of these activities are a broad spectrum of measures that aim to strengthen social cohesion, maintain stable neighbourhoods, promote local communities and respond to societal challenges. In 2019 LEG organized more than 120 activities spread across all 8 branches. These included for example festivals, holiday programmes, planting activities and Christmas fairs.

For more information on our approach, and an example of the many initiatives undertaken across our portfolio in 2019, please see [> pages 24ff. and 42ff.](#) of our Sustainability Report.

Governance

For full background information on our Governance performance measures, including a profile of the Supervisory Board, a description of our nomination procedures and processes for managing potential conflicts of interest, please see [> page 30 of our Annual Report.](#)

Michael Zimmer, the Chairman of the LEG Supervisory Board is Chairman of the Board of Trustees of the Cornelius Foundation and the "Der bewohnte Garten" Foundation and thus has competency in the area of environment and society.

Location of EPRA sustainability performance measures

EPRA sustainability performance measures for our portfolio and own offices can be found in the tables on [> pages 71f. and 73f.](#) of this report.

EPRA Sustainability Performance Measures (Social and Governance)

EPRA Code	EPRA Name	Unit of measure	Indicator	2018	2019
Social - Diversity					
Diversity-Emp	Employee gender diversity	%	of female board members	12.5	12.5
		%	of female senior management members	18.8	22.2
		%	of female all employees	47.2	46.3
Diversity-Pay	Gender pay ratio	%	Ratio of basic salary and remuneration of women to men (board) ¹⁾	78.7	77.6
		%	Ratio of basic salary and remuneration of women to men (senior management)	81.6	92.9
		%	Ratio of basic salary and remuneration of women to men (all employees)	86.5	87.4
Social - Employees					
Emp-Training	Training and development	hours p.a.	Average hours per employee	12.28	10.37
Emp-Dev	Employee performance appraisals	%	of total workforce with performance appraisals	72.2	56.7
Emp-Turnover	Employee turnover and retention	#	Total number of new hires	119	144
		%	Rate	11.9	13.9
		#	Total number of leavers	110 ²⁾	120
		%	Rate	8.2	11.6
		Social - Health and safety			
H&S-Emp	Employee health and safety	%	Injury rate	0.01	0.01
		%	Lost Day rate	0.01	0.03
		%	Absentee rate	6.8	6.5
		#	Work-related fatalities	0	0
H&S-Asset	Asset health and safety assessments	%	of assets undergoing health & safety assessments	97.1	98.5
H&S-Comp	Asset health and safety compliance	#	Incidents of non-compliance concerning the health and safety impacts of products and services	1	3
Social - Community					
Comty-Eng	Community engagement, impact assessments and development programmes	%	of assets with community engagement initiatives	100	100
Governance - Board composition					
Gov-Board	Composition of the highest governance body	#	of executive board members	2	2
		#	of independent/non-executive board members	6	6
		years	Average tenure on the governance body	6	0.8
		#	of independent/non-executive board members with competencies relating to environmental and social topics	1	1
Governance - Board selection					
Gov-Select	Nominating and selecting the highest governance body	description	Please see our annual report, section `Objectives for the Composition of the Supervisory Board'		
Governance - Conflicts of interest					
Gov-Col	Process for managing conflicts of interest	description	Please see our annual report, section `Objectives for the Composition of the Supervisory Board' and ,Directors' Dealings		

Audited in line with GRI

¹⁾ Relates only to the Supervisory Board, as there were no female members on the Management Board in 2019.

²⁾ The reason for the large number of persons leaving the company in 2018 in comparison to GRI is that according to the EPRA definition the start of the pension period is also recorded. This is why the overall figure for 2018 was 110.

EPRA Sustainability Performance Measures (Environmental Portfolio)

EPRA Code	EPRA Name	Unit of measure	Indicator	2017	2018	2019	2017 lfl	2018 lfl	% change 2017/2018 lfl ¹⁾
Energy									
Elec-Abs; Elec-Lfl	Total electricity consumption; Like-for-like total electricity consumption	kwh	Total landlord-obtained electricity	20,515	21,269	21,279	20,377	20,602	1.10
		%	renewable sources	0	0	0	0	0	
		%	Coverage by units	97	97	97	98	98	
DH&C-Abs; DH&C-Lfl	Total district heating & cooling consumption; Like-for-like total district heating & cooling consumption	MWh	Total landlord-obtained district heating and cooling	154,472	166,384	168,489	152,430	150,815	- 1.06
		%	renewable sources	0	0	0	0	0	
		%	Coverage by units	100	100	100	100	100	
Fuels-Abs; Fuels-Lfl	Total fuel consumption; Like-for-like total fuel consumption	MWh	Total landlord-obtained fuels	544,643	551,927	558,911	541,539	524,456	- 3.15
		MWh	Total landlord-obtained gas	496,377	509,859	516,312	497,982	483,066	- 3.00
		MWh	Total landlord-obtained oil	48,266	42,067	42,600	43,557	41,390	- 4.97
		%	renewable sources	0	0	0	0	0	
		%	Coverage by units	100	100	100	100	100	
Energy-Int	Building energy intensity	kWh/m ² /year	Building energy intensity	143.3	139.6	142.0	143.3	139.6	- 2.6
Greenhouse gas									
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	t CO _{2e}	Direct - Scope 1	74,470	76,314	77,280	73,868	71,064	- 3.80
		%	Coverage by units	30	31	31	30	30	
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	t CO _{2e}	Indirect - Scope 2 (location-based)	85,924	88,159	89,152	85,380	83,724	- 1.94
		t CO _{2e}	Indirect - Scope 2 (market-based)	-	-	-	-	-	
		%	Coverage by units	electricity: 97 heating & fuel: 29	electricity: 97 heating & fuel: 30	electricity: 97 heating & fuel: 30	electricity: 98 heating & fuel: 30	electricity: 98 heating & fuel: 30	
GHG-Int	Greenhouse gas (GHG) emissions intensity from building energy consumption	kg CO _{2e} /m ² /year	Greenhouse gas (GHG) emissions intensity from building energy consumption	31.5	30.7	31.2	31.5	30.6	- 2.9
Water									
Water-Abs; Water-Lfl	Total water consumption; Like-for-like total water consumption	m ³	Water consumption	4,050,108	4,321,156	4,300,527	3,990,288	4,101,613	2.79
		%	Coverage by units	43	44	44	43	43	
Water-Int	Building water intensity	m ³ /m ² /year	Water consumption intensity	1.1	1.1	1.1	1.1	1.1	0.4

Audited in line with GRI

¹⁾ Data has been rounded up/down to one decimal place. Performance trends are reported using two or more places for the Overarching Recommendations.

EPRA Code	EPRA Name	Unit of measure	Indicator	2017	2018	2019	2017 lfl	2018 lfl	% change 2017/2018 lfl ¹⁾
Waste									
Waste-Abs; Waste-Lfl	Total weight of waste by disposal route; Like-for-like total weight of waste by disposal route	t	Total weight of waste	23,623	28,141	26,972	23,216	23,431	0.93
			Residual waste ²⁾	14,811	18,074	17,127	14,488	14,705	1.50
			Recycable materials	1,558	1,812	1,740	1,530	1,530	0.00
			Paper, card, cardboard packaging	6,326	7,336	7,189	6,278	6,278	0.00
			Biodegradable waste	928	919	916	921	919	-0.17
		%	Coverage by units	26	30	29	25	25	
Waste-Abs; Waste-Lfl	Proportion of waste by disposal route; Like-for-like Proportion of waste by disposal route	%	Total proportion of waste	100	100	100	100	100	
			Residual waste ²⁾	63	64	63	62	63	
			Recycable materials	7	6	6	7	7	
			Paper, card, cardboard packaging	27	26	27	27	27	
			Biodegradable waste	4	3	3	4	4	
			Coverage by units	26	30	29	25	25	
Certified assets									
Cert-Tot	Type and number of sustainably certified assets	% of portfolio	Certified assets	99.0	99.0	99.0	n/a	n/a	
Energy efficiency level A+				0.02	0.02	0.09	n/a	n/a	
Energy efficiency level A				0.4	0.3	0.4	n/a	n/a	
Energy efficiency level B				1.7	1.8	1.7	n/a	n/a	
Energy efficiency level C				7.7	8.6	8.1	n/a	n/a	
Energy efficiency level D				23.0	23.5	23.8	n/a	n/a	
Energy efficiency level E				23.8	21.9	22.5	n/a	n/a	
Energy efficiency level F				21.9	19.6	18.6	n/a	n/a	
Energy efficiency level G				12.4	12.2	12.4	n/a	n/a	
Energy efficiency level H				9.1	12.0	12.5	n/a	n/a	

Audited in line with GRI

¹⁾ Data has been rounded up/down to one decimal place. Performance trends are reported using two or more places for the Overarching Recommendations.²⁾ The majority of residual waste is sent for incineration with energy recovery, with a small proportion (approximately 8%) sent to landfill.

EPRA Sustainability Performance Measures (Environmental rented offices)

EPRA Code	EPRA Name	Unit of measure	Indicator	2017	2018	2019	2017 lfi ¹⁾	2018 lfi ¹⁾
Energy								
Elec-Abs; Elec-Lfi	Total electricity consumption; Like-for-like total electricity consumption	Mwh	Total landlord-obtained electricity	49,574	56,258	57,198	n/a	n/a
		%	renewable sources	0	0	0	n/a	n/a
		%	Coverage by floor area	100	100	100		
DH&C-Abs; DH&C-Lfi	Total district heating & cooling consumption; Like-for-like total district heating & cooling consumption	Mwh	Total landlord-obtained district heating and cooling submetered to LEG	975	1,004	1,019	n/a	n/a
		%	renewable sources	0	0	0	n/a	n/a
		%	Coverage by floor area	100	100	100		
Fuels-Abs; Fuels-Lfi	Total fuel consumption; Like-for-like total fuel consumption	Mwh	Total landlord-obtained fuels submetered to LEG	0	0	0	n/a	n/a
		Mwh	Total landlord-obtained gas submetered to LEG	0	0	0	n/a	n/a
		Mwh	Total landlord-obtained oil submetered to LEG	0	0	0	n/a	n/a
		%	renewable sources	0	0	0		
		%	Coverage by floor area	100	100	100		
Energy-Int	Building energy intensity	kWh/m ² /year	Building energy intensity	108	108	110		
Greenhouse gas								
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions	t CO _{2e}	Direct - Scope 1	0	0	0	n/a	n/a
		%	Coverage by floor area	100	100	100		
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions	t CO _{2e}	Indirect - Scope 2 (location-based)	238	245	249	n/a	n/a
		t CO _{2e}	Indirect - Scope 2 (market-based)	n/a	n/a	n/a	n/a	n/a
		%	Coverage by floor area	100	100	100		
GHG-Int	Greenhouse gas (GHG) emissions intensity from building energy consumption	kg CO _{2e} /m ² /year	Greenhouse gas (GHG) emissions intensity from building energy consumption	25	25	25	n/a	n/a
Water								
Water-Abs; Water-Lfi	Total water consumption; Like-for-like total water consumption	m ³	Water consumption	4,014	3,101	3,153	n/a	n/a
		%	Coverage by units	1	1	1		
Water-Int	Building water intensity	m ³ /m ² /year	Water consumption intensity	0	0	0	n/a	n/a

Audited in line with GRI

¹⁾ Like-for-like is not provided. This is because between 2017 and 2019 there were minor changes in the square metres rented, which cannot be separated from the settlements provided.

EPRA Code	EPRA Name	Unit of measure	Indicator	2017	2018	2019	2017 lfi ¹⁾	2018 lfi ¹⁾
Waste								
Waste-Abs; Waste-Lfi	Total weight of waste by disposal route; Like-for-like total weight of waste by disposal route	t	Total weight of waste	42	77	77	n/a	n/a
			Residual waste	42	77	77	n/a	n/a
			Recyclable materials	0	0	0	n/a	n/a
			Paper, card, cardboard packaging	0	0	0	n/a	n/a
			Biodegradable waste	0	0	0	n/a	n/a
		%	Coverage by floor area	100	100	100		
Waste-Abs; Waste-Lfi	Proportion of waste by disposal route; Like-for-like Proportion of waste by disposal route	%	Total proportion of waste	100	100	100	n/a	n/a
			Residual waste	100	100	100	n/a	n/a
			Recyclable materials	0	0	0	n/a	n/a
			Paper, card, cardboard packaging	0	0	0	n/a	n/a
			Biodegradable waste	0	0	0	n/a	n/a
			Coverage by floor area	100	100	100		
Certified assets								
Cert-Tot	Type and number of sustainably certified assets	% of portfolio	Certified assets	100	100	100	n/a	n/a
Energy efficiency level A+				0	0	0	n/a	n/a
Energy efficiency level A				0	0	0	n/a	n/a
Energy efficiency level B				0	0	0	n/a	n/a
Energy efficiency level C				0	0	0	n/a	n/a
Energy efficiency level D				0	0	0	n/a	n/a
Energy efficiency level E				0	0	0	n/a	n/a
Energy efficiency level F				0	0	0	n/a	n/a
Energy efficiency level G				100	100	100	n/a	n/a
Energy efficiency level H				0	0	0	n/a	n/a

Audited in line with GRI

¹⁾ Like-for-like is not provided. This is because between 2017 and 2019 there were minor changes in the square metres rented, which cannot be separated from the settlements provided.

Audit Certificate 2019

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

To LEG Immobilien AG, Düsseldorf

We have performed a limited assurance engagement on the separate non-financial group report, which comprises the information highlighted in grey in the company's sustainability report for the 2019 financial year (hereinafter the "Non-financial Report"), pursuant to § 315b Abs. 3 HGB ("Handelsgesetzbuch": "German Commercial Code") of the LEG Immobilien AG, Düsseldorf, (hereinafter the "Company") for the period from 1. January to 31. December 2019.

Responsibilities of the Executive Directors

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

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

Independence and Quality Control of the Audit Firm

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

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

Practitioner's Responsibility

Our responsibility is to express a limited assurance conclusion on the Non-financial Report based on the assurance engagement we have performed.

Within the scope of our engagement, we did not perform an audit on external sources of information or expert opinions, referred to in the Non-financial Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to

our attention that causes us to believe that the Company's Non-financial Report for the period from 1 January to 31 December 2019 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the relevant GRI-Criteria.

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

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

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

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

Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 1 January to 31 December 2019 has not been prepared, in all material aspects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the relevant GRI-Criteria.

Intended Use of the Assurance Report

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

Frankfurt, 4 March 2020

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke ppa. Juliane von Clausbruch
(German public auditor)

Contact Details and Imprint

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Publisher

LEG Immobilien AG
Hans-Böckler-Straße 38
D- 40476 Düsseldorf
Tel. + 49 (0) 2 11 45 68 - 0
info@leg-wohnen.de
www.leg.ag

Contact Details

Corporate Communications

Sabine Jeschke
Head of Corporate Communications
Tel. + 49 (0) 2 11 45 68 - 325
Email: sabine.jeschke@leg-wohnen.de

Astrid Mendolia
Tel. +49 (0) 2 11 45 68 - 351
Email: astrid.mendolia@leg-wohnen.de

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Note

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Photos/Illustrations

berufundfamilie, Thomas Ruddies/Chrisoph Petras
Deutsche Energie-Agentur GmbH (dena)
Domenic Deutscher, Bochum
Heleen Berkemeyer, Düsseldorf
ICG Institut für Corporate Governance in
der deutschen Immobilienwirtschaft e.V.
MAGS Ministerium für Arbeit, Gesundheit
und Soziales des Landes Nordrhein-Westfalen
Max Hampel, Düsseldorf
Rüdiger Nehmzow, Düsseldorf
Ulf Büschleb für ZIA Zentraler Immobilienausschuss
Urban Agency, Kopenhagen
and others

LEG Immobilien AG
Hans-Böckler-Straße 38
D-40476 Düsseldorf
Tel. +49 (0) 2 11 45 68-0
info@leg-wohnen.de
www.leg.ag