Non-financial Group report (Sustainability Report)

1. General Information

1.1 General disclosures

1.1.1 Introduction

LEG Immobilien SE, Düsseldorf, and its Group companies, in particular LEG NRW GmbH, Düsseldorf, and its subsidiaries, collectively referred to as "LEG", are among the largest residential companies in Germany. On 31 December 2024, LEG held a portfolio of 164,067 residential and commercial units (31 December 2023: 168,096), or 163,876 residential and commercial units not including IFRS 5 properties (31 December 2023: 167,326).

LEG has three core activities as an integrated property company: optimising the core business, expanding the value chain and repositioning the management platform.

These consolidated non-financial statements were approved for publication by LEG Immobilien SE's Management Board on 6 March 2025.

1.1.2 Basis for preparation

1.1.2.1 DR BP-1: General basis for preparation of sustainability reports

LEG Immobilien SE is publishing a non-financial declaration in accordance with Sections 315b, 315c HGB (German Commercial Code) in connection with Section 289c-e HGB for the 2024 financial year. It comprises key non-financial aspects that have a significant impact on the HGB aspects of environmental, social and employee concerns, combatting corruption and bribery, and human rights issues, and that were deemed relevant to LEG Immobilien SE's financial position and financial performance for the 2024 financial year. These consolidated non-financial statements have been prepared in compliance with European CSR policy, in full recognition of the ESRS, and are referred to hereinafter as the Sustainability Report.

Correspondingly, LEG Immobilien SE is using the ESRS as a framework for its sustainability reporting for the very first time. By contrast, past reports used the GRI (Global Reporting Initiative) standard. The use of the ESRS is justified by the fact that they are accepted as a reporting standard by the European Commission.

One major difference from the GRI reporting method is the principle of double materiality compared with single materiality. The understanding of materiality is enhanced through the application of the ESRS. The ESRS also cover the five aspects of the non-financial statements (environmental issues, employee concerns, social issues, respecting human rights, fighting corruption and bribery). The five aspects of sustainability are described in the following topic-specific ESRS standards:

- Environment: ESRS E1
- Employees: ESRS S1
- Social: ESRS S1 und S4
- Respect of Human Rights: ESRS S1
- Combating corruption and bribery: ESRS G1

The group of consolidated companies in the sustainability reporting corresponds to those in the consolidated financial statements. Founded by LEG together with various partners, the three joint ventures dekarbo GmbH, Renowate GmbH and Efficient Residential Heating GmbH (termios) as well as the associated companies Kommunale Haus und Wohnen GmbH and Beckumer Wohnungsgesellschaft mbH do not currently fall within LEG's group of consolidated companies.

The joint ventures and associated companies are consolidated at equity, viewed as investments and constitute part of the LEG supply chain.

The business model for dekarbo is a comprehensive solution for the installation of air-to-air heat pumps. Dekarbo takes care of every stage of this service – starting with highly efficient, digital planning and appointment coordination, briefings and standardised installation of the equipment to the in-depth monitoring and control of the installed equipment.

The main product of Efficient Residential Heating GmbH is termios Pro, a smart heating thermostat for the dynamically adaptive hydraulic balancing of heating systems in multi-family houses. The business model is based on the development and distribution of innovative, digital solutions for energy-efficient heating in residential properties.

The Renowate GmbH business model concerns serial energy-efficiency refurbishments in existing buildings. It is a full-service provider for the entire refurbishment process – from initial portfolio analysis to turnkey installation.

These companies will also be referred to here as green ventures because they make a contribution towards climate change mitigation on the one hand and are positioned as an independent business model on the other.

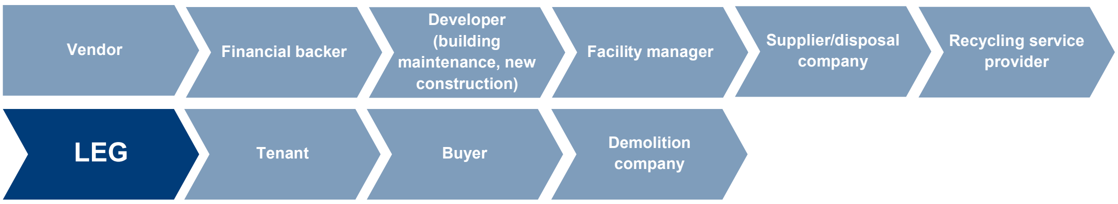
Kommunale Haus und Wohnen GmbH and Beckumer Wohnungsgesellschaft mbH are communal housing companies that are focused on providing affordable, suitable homes to broad sections of the population. Kommunale Haus und Wohnen GmbH currently has a portfolio of 1,290 homes, while Beckumer Wohnungsgesellschaft mbH manages 248 homes.

The two associated companies Kommunale Haus und Wohnen GmbH and Beckumer Wohnungsgesellschaft mbH pursue the same business model as LEG. Therefore, this does not result in a different spectrum of effects, risks or opportunities that LEG would have had to take into account in the context of the materiality analysis.

Both the upstream and downstream sections of the value chain have been taken into account in order to prepare this Sustainability Report and the underlying impact materiality analysis, risks and opportunities. The upstream section of the value chain primarily includes energy supplies and construction companies responsible for refurbishment and maintenance. The downstream section of the value chain essentially covers LEG tenants, third-party buyers of energy generated by the biomass heating power plant Siegerland GmbH & Co. KG, and demolition companies.

The following figure depicts the three LEG value chains:

”Property rentals and management” value chain



“Heating supply and contracting” value chain

Version 1 Facility management

Version 2 Contracting

“Own energy generation” value chain

Waste wood suppliers → LEG (LEG biomass heating power plant) → Third-party buyers of energy

LEG achieved the following revenue in the above value chains in 2024:

With revenue of EUR 1,557.5 million, 99 % of total revenue is attributable to the “Property rentals and management”. The remainder is divided between the two other value chains of “Heating supply and contracting” and “Own energy generation”.

Owing to the proportion of revenue it accounts for, the “Property rentals and management” is the most significant value chain and is used as the basis for reporting in this Sustainability Report. Where appropriate, select characteristics of other value chains are outlined in more detail.

LEG does not exercise the option to omit specific information relating to intellectual property, expertise or the results of innovations.

1.1.2.2 DR BP-2: Disclosures in relation to specific circumstances

LEG has defined the following time horizons:

- Short-term horizon: corresponds to the LEG reporting period (01/01–31/12/2024)
- Medium-term horizon: corresponds to a period of up to ten years
- Long-term horizon: corresponds to a period of more than ten years

The medium-term horizon corresponds to the period of the “trend radar” used in LEG’s risk management, which takes into account positive and negative trends in the industry, regulatory policy and social and environmental developments. Due to the materiality of the “Rental and lease” value chain and, by association, the LEG business model, the product life cycle for a building is taken into account in the analysis. Such product life cycles are generally very long, often lasting for around 80 years. With the relevant modernisations, this can generally also be significantly extended, which is why the long-term horizon has been set at up to 100 years.

Estimates are also regularly used within the identified value chains. These estimates are energy consumption values in the “Rental and lease” value chain, which are explained in more detail below. The contractually agreed working hours are used as the productive hours for TechnikServicePlus GmbH (TSP) in order to calculate the gender pay gap (see Chapter 3.1.3.2). In the two other value chains, actual values for productive hours are available.

The Scope 1 and 2 energy consumption values for the 2024 financial year and the resulting emissions have been estimated because the actual consumption values were not yet available at the time of issuing this report. For this reason, consumption figures from the previous year are adjusted for the reporting year in order to take into account changes in the portfolio and the climate factor provided by the German Meteorological Service (DWD). This adjustment is necessary in order to depict the weather conditions for the 2024 reporting year. Greenhouse gas (GHG) emissions from decarbonisation measures already in place, described in more detail in the chapter under E1-1, are also taken into account in the projection for the 2024 financial year. In terms of Scope 3 emissions, the emissions from the upstream heating chain (Scope 3.3) and the emissions from tenants’ domestic electricity consumption (Scope 3.13) are taken into account. These emissions account for around 90 % of the total Scope 3 emissions, with the effect that the remaining Scope 3 categories can be deemed immaterial. As mentioned above, the energy consumption values for the reporting year were not yet available at the time of issuing this report, which means the Scope 3.3 emissions are also based on estimates or extrapolated values. The Scope 3.13 emissions are estimates because LEG does not have any specific consumption data available due to the fact that domestic electricity is billed directly by the electricity supplier to the tenant.

Overall, it should be taken into account that assumptions were made about the emission factor when reporting Scope 1, 2 and 3 emissions. The use of emission factors can lead to inaccuracies.

The estimated values for the reporting year, which are presented accordingly, will be replaced by the actual values in the subsequent year. The deviation between these estimated consumption values and the actual values was 1.6 % in 2023; for emissions, this figure was -0.4 %.

In order to increase the accuracy of the data, the relevant measures are implemented: For example, heat cost allocators and thermal energy meters are gradually being installed in properties so that the consumption values are available for the reporting year for Scope 1, 2 and 3.3 by the time the report is issued. Electricity consumption values for tenants, which are reported under Scope 3.13, are billed directly by the provider to the tenant. Tenants only report consumption values to LEG on a voluntary basis and LEG does not currently request them.

Energy consumption values and emissions for Scope 1, 2 and 3 in 2024 are associated with measurement inaccuracies. The balance sheet values from 2023 have been adapted and adjusted in order to calculate them. Electricity consumption for Scope 3.13 has been estimated using the German electricity mix and the size of the apartment.

The disclosure requirements under the EU Taxonomy are fulfilled in this Sustainability Report. The preparation of the GHG balance sheet meets the requirements of the Greenhouse Gas Protocol (GHG). The categorisation of physical and transitional risks is done using the TCFD framework.

1.1.3 Governance

1.1.3.1 DR GOV-1: Role of administrative, management and supervisory bodies

The Management Board of LEG Immobilien SE has three members and the Supervisory Board of LEG Immobilien SE has six members.

The members of the Management Board are responsible for managing the company, while the Supervisory Board serves as a controlling body.

LEG has elected co-determination bodies comprising the Group, company, regional and division works' councils and an economic committee. There is no employee representative in the Supervisory Board of LEG Immobilien SE.

The members of the Supervisory Board have the relevant qualifications and experience required in order to fulfil their duties. The requirements of the German Corporate Governance Code (GCGC 2022) are met in full as per the 2024 declaration of compliance and the corporate governance declaration. With regard to the particular significance of sustainability-related topics, the Supervisory Board has established an ESG committee from among its members. The members of the ESG committee have sufficient experience and expertise on ESG topics.

Since the ESG committee was founded in 2022, the area of ESG has become much more complex. This resulted, amongst others, into an update of the sustainability strategy. In order to evaluate LEG's decarbonisation targets, GHG reporting has been implemented that sets out the measures to cut greenhouse gases. Reports are issued quarterly. As a result of the fast pace of development in the field of ESG, the ESG committee was transferred into a joint Risk, Audit and ESG committee from 2025 onwards.

The Management Board and Supervisory Board can be broken down by gender as follows:

Supervisory Board:
- Male: 67 %
- Female: 33 %

Management Board:
- Male: 67 %
- Female: 33 %

In its meeting on 5 November 2024, the LEG Immobilien SE Supervisory Board confirmed the resolutions regarding the quota of women in the Management Board and Supervisory Board (33 % in each) and extended this requirement until 31 December 2029.

100 % of the members of the Supervisory Board are independent as defined by the GCGC.

LEG has a Group-wide risk management system (RMS) that is supported by the IT tool Risk2Chance (R2C). At LEG, risk management serves to identify, analyse, measure, control, document and communicate business-related risks, as well as to monitor them. The main aim of risk management is to avoid the identified risks, minimise them (for example, with suitable countermeasures), to transfer them (e.g. to insurances), to plan for them financially (e.g. through provisions), or to consciously accept risks. Sustainability-related risks are recorded in the quarterly risk inventory along with other risks and will be presented separately in the risk inventory report in future.

A key component of risk management is the Group-wide risk early warning system in accordance with standard IDW 340 (new version). According to Section 91 (2) of the German Stock Corporation Act (AktG): "The Management Board of a stock corporation is required to adopt suitable actions, notably to set up a monitoring system, in order to be able to identify at any early stage any developments that could jeopardise the continued existence of the company." LEG's risk early warning system was examined by an auditing company regarding the requirements of the German Stock Corporation Act as part of its audit of the annual financial statements. The audit found that the Management Board has taken the measures prescribed by Section 91(2) AktG on establishing an appropriate risk early warning system and that the risk early warning system is suitable for identifying developments that could jeopardise the continued existence of the company at an early stage. Furthermore, the entire risk management system is audited every three years by the LEG internal auditing team (generally with the assistance of an externally commissioned auditing company).

In addition to the risk management system, an internal control system (ICS) has also been implemented.

The Risk, Audit and ESG Committee of the Supervisory Board is informed twice a year by the Management Board and the internal audit department about current developments and audits. The Risk and Audit Committee is also presented with the annual audit plan by the internal audit department. The Management Board provides a quarterly update on the risk situation within the LEG Group as part of its risk inventory, while a report on compliance with ICS regulations is issued annually. If required, ad-hoc reports are also issued to the Risk, Audit and ESG Committee.

The objectives relating to material impacts, risks and opportunities are communicated to the Management Board and the Risk, Audit and ESG Committee on a quarterly basis.

The risk inventory explicitly includes sustainability-related risks. The responsibility for monitoring the impacts and opportunities of sustainability-related risks lies with the Management Board, in particular with the CFO.

The Risk, Audit and ESG Committee then reports to the Supervisory Board. The ESG Committee gives any additional or supplementary recommendations for future action. The roles and responsibilities of the committees are set out in the Rules of Procedure for the Supervisory Board and the Risk, Audit and ESG Committee.

The Supervisory Board elects the members of the ESG committee from among its own members. Four elections took place in 2024. In these elections, the main focus is on the sustainability-related expertise of the relevant Supervisory Board members. The members of the ESG Committee were Dr Katrin Suder (Chairwoman), Dr Sylvia Eichelberg and Mr Martin Wiesmann. Mr Michael Zimmer was elected deputy member. The ESG Committee has the following sustainability-related expertise and skills:

- Theoretical and practical experience with ESG regulations and their implementation
- Publications about various ESG-related topics
- Membership of the Supervisory Board held for several years, particularly with a focus on ESG
- Identification and management of ESG risks
- Many years of operational experience in the development and implementation of ESG initiatives and the implementation of ESG objectives

This expertise is relevant to the evaluation and management of material impacts, risks and opportunities. Due to their many years of experience, they are able to classify them in corporate strategy and processes. The members of the ESG Committee continually build on their sustainability-related expertise.

At the beginning of the year 2025, the ESG Committee was transferred into a joint Risk, Audit and ESG Committee.

The members of the committee are Dr Claus Nolting (Chairman), Christoph Beumer and Dr Sylvia Eichelberg.

1.1.3.2 DR GOV-2: Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The Management Board is actively involved in sustainability aspects. It regularly participates in LEG's internal meetings. For example, the Management Board was intensively involved in the revision of the sustainability strategy.

The Management Board kept the Supervisory Board transparently informed about all strategic developments at all times and actively sought its involvement. In particular, the ESG Committee was the point of contact for updating the sustainability strategy. This took place four times in 2024. The report from the ESG Committee is an integral part of every Supervisory Board meeting.

At the regular meetings of the Supervisory Board and its committees, the Management Board and Supervisory Board discussed the current challenges in the residential real estate sector on an event-related basis.

If necessary, extraordinary meetings and calls were held by the Supervisory Board or its committees. As in previous years, the Supervisory Board was involved in the development of corporate strategy. Constructive and regular cooperation between the two boards is particularly important in the face of growing challenges in a world of volatility and increasing uncertainty. The Supervisory Board was able to convince itself of the legality and regularity of the Management Board's work. A continuous exchange takes place in the regular meetings and, if necessary, additionally.

Both the Management Board and Supervisory Board are concerned with all material impacts, risks and opportunities (for a list, see chapter on SBM-3). Furthermore, the boards are provided with the relevant documents on a quarterly basis and for each meeting.

1.1.3.3 DR GOV-3: Integration of sustainability-related performance in incentive schemes

The remuneration system for the Management Board includes short-term ESG criteria (short-term incentive) and long-term ESG criteria (long-term incentive) that are associated with financial incentives and defined annually by the Supervisory Board.

The ESG objectives are derived from a strategic review based on the sustainability strategy. For the 2024 ESG objectives, criteria in the areas of environment, social and corporate governance were established and tied to specific targets. For 2025, only STI and LTI targets were defined for the area of environment because the focus of the sustainability strategy in the next few years will lean more strongly towards the topics of environment and climate change mitigation. The targets are assigned quantitative or qualitative criteria so that a comparison of target and actual performance can be carried out at the end of the financial year to measure target attainment. The specific ESG targets, as well as the minimum and maximum values, are determined annually by the Supervisory Board with the consent of the Management Board prior to the start of the financial year. Targets for the Management Board are resolved by the Supervisory Board. These agreed targets also apply to the second tier of management. The Supervisory Board does not have any agreed targets.

The agreed STI and LTI targets are presented in detail in the remuneration report, along with the degree to which they have been achieved.

The ESG objectives in 2024 have a weighting of 20 % in the STI and LTI target values. In the STI target, each individual target for E, S and G account for a proportion of 6.66 percentage points and, in the LTI target, each individual target for E, S and G accounts for a proportion of 10 percentage points. A long-term G target was not agreed.

Target attainment for short- and long-term targets in the 2024 financial year

STI 2024

Environmental target: Reduction of 4,000 tonnes CO_2 through modernisation projects and changes in customer behaviour in the 2024 financial year.

Specific description: This includes modernisation measures to improve energy efficiency concluded in 2024 and qualifying as modernisation measures as per Section 555b nos. 1 to 3 of the German Civil Code (BGB) based on the portfolio included in the Annual Report as at 31 December 2023. The reduction is evidenced on the basis of energy savings calculations and the resulting reduction in GHG emissions for final energy consumption. All the

GHG emissions reductions in the 2024 financial year that demonstrably result from measures to change user behaviour are also included in determining target attainment. This may be evidenced by studies or reports by acknowledged experts that have been specifically prepared for individual measures taken in the 2023 financial year or through the use of a well-known, scientifically quantified and verified method of influencing user behaviour in the context of space heating that has been published in a peer-reviewed journal. The GHG savings must be achieved on a climate-adjusted basis, i.e. for an average year to be expected in the long term for Germany according to the German Meteorological Service.

Target attainment: In the 2024 financial year, a total of 1,088 tonnes CO_2e were cut as a result of changes in customer behaviour, brought about in particular by heating posters, and by verifying the verification methods listed in the target description. Furthermore, an additional 5,551 tonnes of CO_2 were cut as a result of modernisation measures. CO_2 consumption was therefore reduced by 6,639 tonnes in total. Thus, the target was exceeded.

Social target: Use of 100 LEG employee hours to design, organise and implement intercultural projects by 31 December 2024.

Specific description: The target is considered achieved if a total of 100 LEG employee hours have been used to design, organise and implement intercultural projects by 31 December 2024. Such projects may include intercultural training, tenant parties and social activities.

Target attainment: A total of 665 employee hours were used, and the target was therefore exceeded.

Governance target:

Target 1: 99 % of LEG employees at LEG Management, LEG Wohnen NRW, EnergieServicePlus, LCS Consulting und Service, LEG Bauen, LEG Consult, LWS Plus, Youtilly completed the IT security training by 31 December 2024.

Target 2: 85 % of TSP employees had completed the IT security training by 31 December 2024.

Specific description: The rate of successfully completed IT security training forms the basis for the governance target. This can be verified at employee level.

Target attainment: Proof of target attainment was delivered by the training tool that has been launched throughout the Group. The participation rate within the defined group 1 of LEG staff was 100 %, while for group 2 it was 99.2 %. Both Governance targets were therefore exceeded.

LTI 2021-2024

Environmental target: Cut CO_2 emissions by 10 % in four years.

Specific description: Cut climate-adjusted CO_2 emissions in kg/m² of the portfolio as compared with the base year 2019 in the next four years based on the portfolio included in the Annual Report as at 31 December 2019, which was adjusted for sales until 31 December 2024. In order to achieve 100 % attainment, a reduction of 10 % is required.

Target attainment: The reduction in climate-adjusted CO_2 emissions in kg/m² of the portfolio as compared with the base year 2019 (based on the portfolio included in the Annual Report as at 31 December 2019 adjusted for acquisitions and disposals) is 29 %. The long-term target was thus exceeded. Due to the adjusted inventory, the percentage reduction differs from that of the decarbonisation pathway.

Social target: Maintaining high employee satisfaction (66 % Trust Index)

Specific description: Employee satisfaction is measured using the Great Place to Work organisation's Trust Index for the LEG Group, which is measured every two years via an employee survey. This is determined by taking the average of the two measurements taken during the four-year LTI period compared with the value determined by the survey in 2020.

Target attainment: The average of the Great Place to Work organisation's Trust Index surveys from 2022 and 2024 is 73.5 %. The long-term target was thus exceeded.

Target distribution 2025

Environmental target STI 2025

	Ranges
Reduction of 6,000 tonnes CO_2	0 % minimal value: 5.400 tonnes CO_2 reduction 100 % target attainment: 6.000 tonnes CO_2 reduction 200 % maximum value: 6.600 tonnes CO_2 reduction

To achieve 100 % of the environmental target, a saving of 6,000 tonnes CO_2 in 2025 is required. All CO_2 reduction measures from the three clusters of measures of the sustainability strategy "Emission-efficient heat supply", "Reduced energy requirements" and "Energetic refurbishment" will be taken into account. These three clusters are monitored on a quarterly basis by means of CO_2 monitoring.

Environmental target LTI 2025:

For the LTI with the performance period 2025 to 2028, the Supervisory Board has set the following environmental target as the only ESG target:

Target	Profit and disposal results of Green Ventures from 2025 to 2028
Target values	0 % minimal value: EUR 10 million 100 % target attainment: EUR 20 million 200 % maximum value: EUR 30 million

In the period from 2025 to 2028, the target value of the environmental target cumulatively takes into account the respective pro rata annual profit and disposal results generated by the Green Ventures RENOWATE, dekarbo and termios. These companies are included in the consolidated financial statements of LEG Immobilien SE as associated companies (at equity) in accordance with IAS 28. If one of these companies is sold in whole or in part in the relevant period, the result of the sale, defined as the selling price less the carrying amount of the investment in the consolidated financial statements of LEG Immobilien SE at the time of the sale and less incidental costs (e.g. notary fees, etc.), is added to the income from the investment. If the pro rata result of the previous year, which has already been recognised in the previous year's result, is included in the sales price, the pro rata sales result must be adjusted for this result. If it becomes necessary to fully consolidate one of the companies during the performance period, the pro rata earnings from the unconsolidated company are added so that the company continues to be included in the calculation as if it were still an at-equity company.

For cumulative profits and/or disposal results of Green Ventures amounting to EUR 20 million in the period from 2025 to 2028, a target achievement of 100 % is reached. If the cumulative profits and/or disposal results are less than or equal to EUR 10 million, the target achievement level is 0 % if the cumulative profits and/or disposal results are greater than or equal to EUR 30 million, the maximum target achievement level of 200 % is achieved.

1.1.3.4 DR GOV-4: Statement on due diligence

Core elements of due diligence	Reference in the Sustainability Report
a. Integrating due diligence into governance, strategy and business model	ESRS 2 GOV-2 26 a), b); ESRS 2 GOV-3 29 a), b), c), d), e); ESRS 2 SBM-3 48 a), b)
b. Integrating affected stakeholders into all key stages of due diligence	ESRS 2 SBM-2 45 a) i.-v; ESRS 2 IRO-1, 53 b) iii.; ESRS E1-2 24; ESRS S1-1 19; ESRS S1-2 27; ESRS S4-1 15; S4-2 20 b)
c. Identifying and evaluating negative impacts	ESRS 2 BP-2 17 a); ESRS 2 SBM-3 48 a), b), c); ESRS 2 IRO-1 53 a), b), e), g); ESRS E1 IRO-1 20 a);
d. Actions to counter these negative impacts	ESRS 2 BP-2 17 d); ESRS E1-1 16 b); ESRS E1-3 28; ESRS S1-1 20 c); ESRS S1-1 24 a); ESRS S1-3 32 a); ESRS S1-4 38 a), b), c), d), 40 a), b); ESRS S4-1 16 c); ESRS S4-3 25 a); ESRS S4-4 31 a), b), 33 a), b)
e. Monitoring the efficacy of these efforts and communication	ESRS 2 GOV-2 26 a); ESRS E1-4 32; ESRS S1-2 27 e); ESRS S1-3 32 e); ESRS S1-4 38 a), 40 a); ESRS S4-2 20 d); ESRS S4-3 25 d); ESRS S4-4 31 d), 33 a)

1.1.3.5 DR GOV-5: Risk management and internal controls over sustainability reporting

General internal monitoring is carried out in order to safeguard sustainability reporting. This process is coordinated by and falls under the responsibility of the ESG unit, with the relevant responsible departments consulted in order to provide data and qualitative disclosures. The ESG unit checks the information provided for plausibility using a multi-control approach. This can be seen as an iterative process that aims to ensure the completeness and accuracy of the information. A timeline and implementation plan were established to achieve this. A review by the Management Board represents a further monitoring entity. A method for assessing and prioritising risks within the framework of estimated values does currently not exist but is limited by the multi-control principle.

With regard to the 2024 reporting year, LEG has not yet implemented an internal control system for sustainability reporting. In the course of 2025, however, sustainability reporting is to be increasingly integrated into the internal control system in order to ensure the quality of the report-relevant data basis.

Close coordination between the ESG department and the LEG departments in the multi-control principle ensures data collection processes and minimises the disclosure of estimates. The process minimises the most important identified risks with regard to incorrect information in reporting as far as possible and thus avoids liability risks.

Data risks due to incomplete data or low data quality are also further reduced. For example, data quality can be increased with the successive use of remotely readable devices for heating data, which reduces the need to use estimates.

The implementation of sustainability reporting requires significant personnel, financial and time resources. This resource risk is minimised through automation and digitalisation. In future, regular reporting (at least twice a year) on the results of the risk assessment and its internal controls with regard to the sustainability reporting process will be submitted to the Management Board and Supervisory Board.

1.1.4 Strategy

1.1.4.1 DR SBM-1: Strategy, business model and value chain

With a portfolio of 164,067 rental units excluding commercial units at approximately 240 locations, LEG is the second-largest residential property company in Germany. LEG's activities can therefore be assigned to the sector of “Real Estate and Services” (RRS). LEG is also active in the “Energy Production & Utilities” (EEU) sector through its energy subsidiary EnergieServicePlus (ESP) and the biomass heating power plant Siegerland GmbH & Co. KG.

LEG Immobilien SE is one of the leading listed residential property management companies in Germany, with a regional focus on North Rhine-Westphalia. This is where 80 % of its portfolio is located. LEG's customers are primarily people with low to medium incomes. As such, LEG serves the growing demand for living space in this income category and focusses entirely on tenants in the “affordable housing” segment. The heat supply of LEG buildings is often provided by the energy subsidiary ESP.

As at 31 December 2024, 2,087 employees worked for LEG. This figure includes 100 employees of the company LEG Nord FM, which was sold on 31 December 2024.

In the 2024 financial year, it generated the following revenue, broken down by ESRS sectors. For the RRS ESRS sector, this takes into account the revenue from Rental and Lease, while for the EEU ESRS sector, this is based on the revenue from other services (energy).

ESRS sector	Revenue in € millions
Real Estate & Services	1,557.5
Energy Production & Utilities	16.5

LEG is not active in any other ESRS sectors. This also includes the area of fossil fuels. As a result, no revenue is listed for this area.

The following targets refer to both of the sectors mentioned.

In its sustainability strategy, LEG has set itself the target of reducing its Scope 1 and 2 emissions by 47 % by 2030. This target was validated by SBTi (Science Base Target initiative) on 5 December 2024. LEG is striving to become practically greenhouse gas-neutral by 2045.

LEG has set itself the following remuneration-related performance targets:

Environmental

2022–2025: Cut CO_2 emissions by 10 % (CO_2ekg/m²)

2023–2026: Permanent reduction in relative CO_2 emission-saving costs in EUR/tonne of 10 % due to permanent structural changes to LEG residential buildings

2024–2027 Installation and commissioning of 2,000 air-to-air heat pumps in 2027 in LEG's portfolio and in third-party portfolios

Social

2022–2025: Increase customer satisfaction index (CSI) to > 70 %

2023–2026: Trust Index value for the LEG Group of 70 %, which will be measured in 2026 via an employee survey by the Great Place to Work organisation.

2024–2027: Acceleration of the processing time of total LEG tenant complaints by 10 % by 31 December 2027 based on the average processing time of resolved complaint tickets from March 2024 and September 2024

Other remuneration-relevant targets have already been described in the Chapter GOV-3.

The existing "ESG Agenda 2024" sustainability strategy was updated. The focus of the revised Sustainability Strategy 2030 in the next few years will lean more strongly towards the topics of environment and climate change mitigation. In doing so, the cost-effectiveness and financing viability of the measures are being considered and a much stronger focus is put on emission efficiency. Furthermore, LEG will establish the topic of sustainability as a business model with the existing three green ventures and build on it to achieve additional revenue. When updating the catalogue of measures to reduce GHG emissions, the main aim is therefore to reduce GHG emissions throughout the entire company as cost effectively as possible. The GHG reduction targets underpinning these measures were recently revalidated by the Science-Based Target Initiative (SBTi) and are reflected in the environmental targets until 2030. LEG aims to reduce its Scope 1 and 2 emissions by 47 % by 2030 compared to the base year 2019. In order to achieve these targets, various GHG reduction measures are being implemented. These can be divided into three clusters. The clusters of measures are ranked depending on their contribution towards overall GHG reductions by 2030:

- Energy-efficient heat supply, including by installing and controlling new heating systems, the use of air-to-air heat pumps (dekarbo) or the more widespread use of district heating (biggest decarbonisation lever with a contribution of 50 to 55 % of the total GHG reduction by 2030)
- Reduction of energy requirements, among other things, through the use of smart thermostats (termios) or through approaches to change customer behaviour that are intended to point out or "nudge" the tenant on energy saving potentials (green nudging). This includes, for example, the hanging of heating posters (decarbonisation lever with a contribution of 30 to 35 % to the total GHG reduction by 2030)
- Energetic refurbishment, including using conventional methods, as well as serial refurbishment with RENOWATE (decarbonisation lever with a contribution of 10 to 15 % of the total GHG reduction by 2030)

Based on the German Climate Protection Act in force at the time of writing this report, LEG's target is to have achieved almost GHG neutrality by 2045. More details are provided about the strategies and targets for the social and governance topics in the specific standards (see Chapters 3.1.3.2 and 4.1).

Further information about the sustainability strategy can also be found on LEG's sustainability website.

LEG has continued to expand its lines of business in recent years:

Property management and rentals

- Focus on affordable housing for large parts of the population, target group orientation and neighbourhood management (LEG Wohnen GmbH and LEG Management GmbH, as well as various property companies (see Consolidated Financial Statement)
- Management of property maintenance services (Youtilly GmbH)

Energy supply

- Provision of energy technology and services (EnergieServicePlus GmbH)
- Energy generation (biomass heating power plant Siegerland GmbH & Co. KG)

Service activities

- Small repair management and insurance claim processing (TSP – TechnikServicePlus GmbH)
- Electrical work in LEG properties (LEG LEITWerk GmbH)
- Multimedia business (Wohnservice Plus GmbH)
- Refurbishment of vacant properties (LWS Plus GmbH)

Innovative solutions

- Installation and maintenance of high-efficiency air-to-air heat pumps, particularly to replace decentralised heating systems (dekarbo GmbH)
- Smart radiator thermostat control in existing and new central heating systems (Efficient Residential Heating GmbH (termios))
- Efficient implementation of serial full modernisation projects (Renowate GmbH)

The following describes the key input and output factors, as well as the major components of the upstream and downstream value chain for the rental and management of property (see Chapter 1.1.2.1).

One major input factor is the LEG property portfolio and associated land.

These properties will be maintained and adapted to climate change with refurbishments and modernisation. As such, the energy sources used for supplying heat are also a major input factor and will now be switched over to electricity for emission-efficient heating, or the district heating network expanded. Furthermore, more efficient heating systems are being installed and customers integrated via green nudging in order to reduce their energy consumption (see ESRS E1, Chapter 2.2).

Another major input factor is qualified, motivated employees, which is why LEG champions the development of its corporate culture and its appeal as an employer. More information can be found in ESRS S1 (see Chapter 3.1). For these processes, a functioning IT infrastructure comprising hardware and software is required and will be the responsibility of LEG's own IT subsidiary LCS Consulting und Service. With cost-effective planning, the other major input factor – capital, i.e. equity capital, borrowed capital and hybrid capital – will be used efficiently.

The output of LEG's business activities is the provision of housing. The core concern here is providing affordable, functional housing.

The upstream value chain primarily includes construction companies for the modernisation and maintenance of the property portfolio, as well as financial backers and property vendors. Suppliers/disposal companies and recycling companies responsible for the disposal of waste generated by the LEG portfolio and in connection with construction measures are also part of the upstream value chain. The main entity in the downstream value chain are LEG's tenants, as well as property buyers and demolition companies.

The following describes both the key input and output factors, as well as the major components of the upstream and downstream value chain for the heat supply and contracting, which is provided in partnership with our subsidiary ESP (see Chapter 1.1.2.1).

Key input factors here are the systems used, which, depending on their type are owned by LEG (system management) or ESP (contracting), as well as the energy source (gas, electricity, pellets).

As with the property rentals and management business model, qualified and motivated employees are the key input factors here, as well the relevant expertise on energy procurement and system operations.

The output of the subsidiary ESP is energy supply to the LEG portfolio.

The upstream value chain primarily includes system manufacturers, while the main entities in the downstream value chain are LEG's tenants to whom the heating energy is provided.

In the "Own energy generation" value chain, implemented by the biomass heating power plant Siegerland GmbH & Co. KG, waste wood is the key input factor and thus the suppliers of waste wood are also key players in the upstream value chain. Here, too, qualified employees are a major input factor.

The output consists of the provision of green electricity and green district heating. The main players in the downstream value chain are, correspondingly, third-party buyers of energy.

1.1.4.2 DR SBM-2: Interests and views of stakeholders

When developing the materiality analysis, the key stakeholders for LEG were integrated and asked via a survey in order to obtain a wide range of perspectives and to ensure that all relevant topics had been addressed. The development of the materiality analysis was overseen by an external consultancy company.

In order to identify the key stakeholders, they were evaluated for "influence" and "interest" using a scoring model. This was part of the preparatory work for the materiality analysis. Stakeholders identified here as being particularly important were integrated into the process for developing the materiality analysis.

The most important stakeholders include tenants and customers, shareholders, employees, Management Board, Supervisory Board, debt investors, banks, insurance companies, politicians, and suppliers.

Furthermore, a panel of experts was also established with internal stakeholder representatives. This panel also covers all relevant areas of expertise within LEG that the business units or stakeholder perspectives may cover. By integrating these stakeholders, this therefore covers the employee, customer and investor perspectives, as well as the perspectives of service providers and other business partners. The perspective with regard to various construction measures is also included via the departments and subsidiaries.

In addition to the internal panel of experts, the employees were also consulted via a survey in order to validate the topics.

On the side of the external stakeholders, investors and banks, insurance companies, suppliers and tenants were all included by sending out a survey. Furthermore, the results of the comprehensive survey by the VdW (Verband der Wohnungs- und Immobilienwirtschaft Rheinland Westfalen e. V.) were also fed into the materiality analysis, which meant that political perspectives were therefore also taken into account.

The integration of stakeholders aims to aid consensus-seeking, decision-making and information validation. This aims to ensure that all topics are properly addressed.

The perspectives and views of the stakeholders with regard to the strategy and business model were obtained via responses to the survey and analysed and validated in the materiality analysis. The Management Board and Supervisory Board were informed about this in a meeting of the ESG committee. The ESG committee meets regularly on a total of four occasions per year and facilitates a dialogue on all sustainability-related topics be-tween the Management Board and Supervisory Board.

The results of the stakeholder survey and the materiality analysis carried out have basically confirmed the previous orientation of the sustainability strategy. In view of the current political, regulatory and economic conditions, the strategy has been adapted and updated, especially with regard to the environment, climate protection and economic efficiency. In the future, further exchange with stakeholders is planned every two years. The results are subsequently compared with the sustainability strategy. As a result, it is expected that the possibly changing perspectives of the stakeholders can be taken into account within the ongoing adaptation of the sustainability strategy.

1.1.4.3 DR SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

The following table shows the impacts, risks and opportunities deemed material by the materiality analysis, as well as the time-based assessment and any relevant actions. Short-, medium- and long-term time horizons were considered. The definition of the individual time horizons has been described in chapters BP-1 & BP-2.

Impacts					
ESRS	Value chain	Description	Influence on business model, value chain and strategy	Actions	Impact on people and the environment
E1	EG NW	High carbon footprint for the building	Aim of reducing the carbon footprint, therefore high influence on business model and strategy as a result of the decarbonisation pathway	Three clusters of measures: emission-efficient heat supply, reduction in energy requirements and energetic refurbishment by using subsidies	Negative contribution to greenhouse effect
E1	EG VW NW	Transformation to GHG-neutral portfolio	Taken into account in the strategy; simultaneously tapping into new areas of business in the field of climate change mitigation via green ventures	Three clusters of measures: emission-efficient heat supply, reduction in energy requirements and energetic refurbishment by using subsidies	Positive contribution to greenhouse effect
E1	NW	Influence on tenants via low incidental costs due to energy-related measures	Taken into account in the strategy; aim of achieving neutral rent including heating	Focus on innovative decarbonisation solutions dekarbo, termios and RENOWATE, as well as the LEG nudging programme	Lower incidental costs for LEG tenants; positive contribution to greenhouse effect
E1	EG	Social role model through pioneering role in the industry: mastering the climate crisis through innovation (e.g. maintaining the 1.5 °C target, climate neutrality by 2045)	Taken into account in the strategy; simultaneously tapping into new areas of business in the field of climate change mitigation via green ventures	Focus on innovative decarbonisation solutions dekarbo, termios and RENOWATE, as well as the LEG nudging programme	Incentive for other property companies to decarbonise
S1	EG	Safeguarding employee health as a prerequisite for good work	Addressed in works agreements	Operational health management programme with the relevant services	Promoting employee health
S1	EG	(Long-term) sick leave for LEG employees due to workplace conditions (e.g. UV or heat stress and psychological stress)	Addressed in works agreements	Operational health management programme with the relevant services (e.g. stress prevention); occupational safety briefing; workplace accident insurance	Jeopardising employee health
S1	EG	Safeguarding employee satisfaction and loyalty with adequate wages	Collective agreements and statutory co-determination	Remuneration that complies with collective labour agreements; special remuneration and inflation compensation	Safety for LEG employees
S1	EG	Securing jobs	Responsible business practices	Liquidity management	Safety for LEG employees

S1	EG	Diversity as a feeling of belonging for employees	Taken into account in the corporate strategy as a contribution towards employee satisfaction and a feeling of belonging among employees	Various measures, such as mentoring programmes, diversity dinners, diversity day	Sense of belonging for LEG employees
S1	EG	Safeguarding data protection with regard to own workforce	Data protection department	Seminars on data protection	Securing employee data
S1	EG	Safeguarding employee satisfaction and loyalty by facilitating a better balance between work and private life (e.g. flexible working hours, working from home, etc.)	Taken into account in the corporate strategy as a contribution towards employee satisfaction and a feeling of belonging among employees; addressed in works agreements	Flexitime arrangements; remote working option	Promoting employee satisfaction; better balance between work and private life
S4	NW	Avoiding the fear of losing a home by providing affordable housing	LEG's raison d'être is providing affordable housing; anchored in its strategy	Continuation of core business	Secure housing for LEG tenants
S4	NW	Integration of immigrants and refugees	Social responsibility is enshrined in the LEG strategy	Provision of homes for refugees (e.g. from Ukraine), as well as for immigrants (no discrimination based on place of origin)	Support for refugees and immigrants
S4	NW	Influence on tenants via low incidental costs due to energy-related measures	Taken into account in the strategy; aim of achieving neutral rent including heating	Focus on cost-effective, innovative decarbonisation solutions, such as dekarbo and termios	Lower incidental costs for LEG tenants; positive contribution to greenhouse effect
S4	EG NW	Breaches of data protection with regard to tenant or customer-related data due to errors or misuse	Data protection department	Seminars on data protection	Securing tenant data
S4	NW	Avoiding discrimination based on culture or ethnic background, gender, religion or worldview, disability, age or sexual identity when assigning housing	Social responsibility is enshrined in the LEG strategy, avoiding discrimination is enshrined in the LEG guidelines	Provision of housing regardless of ethnic origin, gender, religion, disability, age or sexual orientation; digital whistleblower system for interested tenants	Positive effect on people affected by discrimination
G1	EG	Safeguarding compliance (good governance)	Basis of business activities	Guidelines, seminars on compliance	Creating trust
G1	EG	Influence through lobbying on political decision-making to have a positive impact on the environment and/or society and potentially have positive impacts on LEG	Active political involvement	Monitoring political developments and lobbying work	Dismantling regulatory obstacles in order to benefit tenants and the environment
G1	EG	Positive corporate culture has a positive effect on the individual situation of the employees	Taken into account in the corporate strategy as a contribution towards employee satisfaction	Actions to ensure a positive corporate culture; corporate culture based on fundamental values set out in LEG's declaration of fundamental values; ongoing staff development and measures focussed on employees' needs	Positive contribution towards employee well-being at LEG

G1	EG	Whistleblower protection by guaranteeing anonymity within the whistleblower system, establishing a secure environment for providing information about misconduct	Regulation of the Group works agreement about the introduction of a whistleblower system and the rules of procedure for the compliance whistleblower system and on the complaints procedure according to the German Supply Chain Due Diligence Act.	Internal and external whistleblower system (anonymous upon request)	Prevention of human rights violations; fighting misconduct
Company-specific	EG	Take ESG targets into account in incentivisation – thus impacting environment and society	Take into account in the corporate strategy, incentivisation to implement relevant measures relating to the environment and society	Determine short-term incentives and long-term incentives at the Management Board and management level	Positive contribution to greenhouse effect
Company-specific	EG VW NW	Energy-efficient construction, modernisations and sustainable refurbishments to achieve more environmentally friendly and durable buildings	Taken into account in the strategy; simultaneously tapping into new areas of business in the field of climate change mitigation via joint ventures (green ventures)	Three clusters of measures: emission-efficient heat supply, reduction in energy requirements and energetic refurbishment by using subsidies	Positive contribution to greenhouse effect

Risks

ESRS		Description	Influence on business model, value chain and strategy	Actions
E1	EG	Downgrading buildings due to investment backlog	Refurbishment as part of the strategy and business model	Targeted prioritisation of conventional and serial refurbishments by using subsidies
E1	EG	Energetic refurbishment as a cost factor (including legally mandated)	Take external influences into account in the strategy	Implementation of the relevant measures in the three clusters
E1	EG VW	Cost increases due to rising prices raw materials, energy and services for LEG	Take external influences into account in the strategy	Framework agreements and specific choice of suppliers
E1	EG NW	Non-allocable costs as a reason for delays to modernisation of housing and building services	Take external influences into account in the strategy	Focus on innovative decarbonisation solutions dekarbo, termios and RENOWATE, as well as the LEG nudging programme
E1	EG	Property value decreases due to its location or construction with the risk of vacancy due to the impacts of climate change	Refurbishment as part of the strategy and business model	Serial and conventional modernisation measures by using subsidies

E1	EG	Political-legal requirements and regulatory changes in terms of energy and climate (e.g. legally mandated refurbishment and modernisation)	Take external influences into account in the strategy	Implementation of the relevant measures in the three clusters: emission-efficient heat supply, reduction in energy requirements and energetic refurbishment by using subsidies
S1	EG	Increased costs for information gathering, sampling, protective measures and disposal of hazardous substances (e.g. asbestos) to protect the company's own employees	Consideration of external influences in the strategy	LEG project to implement the necessary processes
S4	EG NW	Penalties/payment of penalty fees resulting from data protection breaches involving personal information of tenants/customers	Good governance as the basis of business activities	Seminars on data protection
G1	EG	Breaches of compliance	Good governance as the basis of business activities	Guidelines and seminars on compliance

Opportunities

ESRS		Description	Influence on business model, value chain and strategy	Actions
E1	EG NW	Tapping into new areas of business opened up by climate change (e.g. energy generation); third-party business (dekarbo, termios, RENOWATE)	Taken into account in the strategy; tapping into new areas of business in the field of climate change mitigation via green ventures	Focus on innovative decarbonisation solutions dekarbo, termios and RENOWATE, as well as the LEG nudging programme
S1	EG	Eases the war for talent (including with good (individual) working conditions, gender equality and equal pay for equal work, as well as partnerships with institutes of higher education)	Taken into account in the corporate strategy as a contribution towards employee satisfaction and a feeling of belonging among employees; addressed in works agreements	Flexitime arrangements; remote working option; remuneration that complies with collective labour agreements
S1	EG	Appeal thanks to fair working conditions (e.g. WLB, gender quality and equal pay for equal work)	Taken into account in the corporate strategy as a contribution towards employee satisfaction and a feeling of belonging among employees; addressed in works agreements	Flexitime arrangements; remote working option; remuneration that complies with collective labour agreements
Unt-Spez.	EG	Take ESG objectives into account in incentivisation – thus improving commitment/obligation to implement them	Take into account in the corporate strategy, incentivisation to implement relevant measures relating to the environment and society	Determine short-term incentives and long-term incentives at the Management Board and management level

Table legend

Value chain	
EG	Own business activities
VW	Upstream value chain
NW	Downstream value chain

The material impacts, risks and opportunities pertain to the rental of the property portfolio in Germany. Within the upstream and downstream value chain, this primarily relates to construction companies responsible for energetic refurbishment to the property portfolio, as well as energy suppliers; also investors and tenants.

The financial effects of the material risks and opportunities amounted to around EUR 85 million for the 2024 reporting year.

In order to mitigate climate-related risks, LEG pursues a sustainability strategy whose main focus is decarbonisation. The implementation of this strategy depends on external influences such as political and legal framework conditions (such as the implementation of climate-related laws and funding opportunities) as well as on the decarbonisation successes of energy suppliers.

No business model-critical risks in the area of social or governance were identified.

In order to achieve its targets, various GHG reduction measures are being implemented: Firstly, emission-efficient heat supply (by replacing heating systems, the use of air-to-air heat pumps or the expansion of district heating); secondly, the reduction of energy requirements (with the use of smart thermostats or by integrating tenants through green nudging programs); and thirdly, energetic refurbishment (conventional or serial refurbishment).

These decarbonisation measures will decrease LEG’s GHG emissions and thus contribute towards achieving the climate objectives it has set. In addition to climate change mitigation, it also minimises the risk from carbon pricing.

LEG demonstrates its social commitment by continually striving for higher customer satisfaction, which is expressed in regular CSAT (customer satisfaction) surveys to record tenant satisfaction and using the results to derive initiatives to increase customer satisfaction. This minimises reputational risks and the risks of vacancies that are associated with dissatisfied tenants. The LEG NRW Tenant Foundation and the "Stiftung dein Zuhause hilft" also provide support within the social concept of LEG, such as in hardship situations.

1.1.5 Management of impacts, risks and opportunities

1.1.5.1 DR IRO-1: Description of the processes to identify and assess material impacts, risks and opportunities

In order to identify material impacts, risks and opportunities, a comprehensive list of all potentially relevant sustainability topics was first created as a longlist. To do so, the material topics from the previous materiality analysis were taken into account, along with the list of topics from ESRS 1 (AR16) and supplemented with topics from other sources of information (general and sectoral compliance standards, peer reports and ratings). It served as a starting point for the materiality analysis and includes topics from the areas of environment, social and corporate governance. Using this longlist, a shortlist of sustainability-related topics was created based on the content clusters covered by the longlist. This shortlist formed the basis for the stakeholder survey. In addition to evaluating topics by relevance (actual or potential), this stakeholder survey enquired about proposed impacts, risks and opportunities (IROs). Based on the existing risk management, the information from the risk inventory were also taken into account when identifying the IROs. Furthermore, industry-related materials and discussion formats were also used to identify IROs.

The evaluation of the IROs took place in close consultation with the risk management team.

First of all, the LEG value chains were defined in order to be able to refer to the key activities and business relationships. These pre-defined value chains, such as rentals and property management, heat supply and contracting, as well as own energy generation, served as the basis for identifying the impacts, risks and opportunities, so that all business relationships were taken into account. If a positive or negative impact was defined, the risks and opportunities derived from it were also considered and evaluated. Thus, the connections and dependencies were taken into account accordingly.

The previously defined short, medium and long-term time horizons were considered when evaluating the impacts. In order to adequately take into account the effects of impacts occurring in the long-term time horizon in comparison with the impacts occurring in the short and medium-term time horizons, a time factor of 0.8 was used in the evaluation. Similarly, the medium-term time horizon used a factor of 0.9. A distinction was made between actual and potential impacts and, for the latter, the probability of occurrence for each was estimated using a scale of 10 % to 100 %. The evaluation of the degree of severity was made using the criteria of extent and scope. The estimate of the extent expresses how beneficial or serious the corresponding positive or negative impact is. For negative impacts, the irreversibility was also estimated. Thresholds were defined for evaluating materiality. The selection of thresholds is based on the EFRAG Working Paper "[Draft] European Sustainability Reporting Guidelines 1 – Double materiality conceptual guidelines for standard-setting". In a deviation from the guidance, however, an average figure was used and the threshold set at ≥ 3 (on a scale of 0 to 5).

In the event of a potential negative impact on human rights, the degree of severity takes precedence over the likelihood of its occurrence.

Materiality was consistently evaluated at the level of the IROs. As soon as an IRO for a topic-specific standard is evaluated as material, the standard is also defined as being material.

The previously defined short, medium and long-term time horizons were considered when evaluating the risks and opportunities. In order to adequately take into account the effects of risks and opportunities occurring in the long-term time horizon in comparison with the risks and opportunities occurring in the short and medium-term time horizons, a time factor of 0.8 was used in the evaluation. Similarly, the medium-term time horizon used a factor of 0.9. The probability of occurrence was also estimated and the financial impact measured. If a positive or negative impact was defined, the risks and opportunities derived from it were also considered and measured.

In order to measure the risks and opportunities, the threshold was set at ≥ 2 (on a scale of 0 to 5). The justification is the same as for the impacts but the threshold was set lower here. For the risks and opportunities, a lower threshold was selected than for impacts because the probability of occurrence to be taken into account is inevitably (generally) <100 %. Setting the threshold at ≥ 2 aims to ensure that topics with a medium/high probability of occurrence may also fall within the material range. The value for the measurement was determined by multiplying the severity of the financial impact by the probability of occurrence.

Sustainability-related risks are given the same value as all other risks within the company. These were measured financially for the first time in Q3 2024 and are maintained and reported on through the risk management system. In addition, they will be recorded together with the other risks as part of the quarterly risk inventory and will be presented separately in the risk inventory report in the future.

There are discrepancies between the risk report (see Chapter sustainability risks) and the Sustainability Report when it comes to measuring the risks. While the risk report only lists risks with a net risk value of over EUR 10 million, the materiality analysis conducts a gross review (prior to actions) and a measurement of the financial impact on a scale of 1 to 5 (see Chapter IRO-1, 1.1.5.1). Currently, a period of up to five years is also considered for the risk report, while the materiality analysis also takes into account a medium and long-term measurement of risk.

An internal control system for the Sustainability Report is currently being established.

The risk management department was involved in all aspects of the IRO measurement process. The resulting material risks were transferred into the existing risk management structure and are continually monitored and subject to continuous reporting. New sustainability risks are included progressively if they become material.

Opportunities are recorded on a qualitative basis. They are dealt with in the trend radar of the quarterly risk report, which is also presented to the management and discussed. In doing so, the three green ventures are also taken into account, for example. This chapter deals with opportunities that may arise but whose financial impact and probability of occurrence cannot yet be correctly estimated. Based on the materiality analysis as per the CSRD, the opportunities identified were also measured quantitatively using a scoring model.

The evaluation of severity is done in the same way as severity is measured for impacts.

As part of the materiality analysis, LEG reviewed its sites and business activities with regard to environmental pollution, water and marine resources, biodiversity and ecosystems, as well as resource inflows, resource outflows and waste within the scope of its own activities and within in the upstream and downstream value chain in order to determine actual and potential impacts, risks and opportunities. With regard to biodiversity and ecosystems, it must also be added that LEG does not own any sites in or near areas with vulnerable biodiversity.

No.	ESRS topic	ESRS sub-topic
1	Climate Change	Energy
2	Climate Change	Climate change mitigation
3	Own workforce	Working conditions
4	Own workforce	Equal treatment and opportunities for all
5	Business conduct	Corruption and bribery
6	Responsible business practices	Responsible neighbourhood development
7	Own workforce	Other work-related rights
8	Business conduct	Corporate culture
9	Consumers and end-users	Social inclusion of consumers and/or end-users
10	Business conduct	Protection of whistleblowers
11	Climate Change	Climate change adaptation
12	Consumers and end-users	Information-related impacts for consumers and/or end-users
13	Responsible business practices	Responsible business conduct
14	Business conduct	Political engagement and lobbying activities
15	Responsible business practices	Protection and enhancement of existing buildings

1.1.5.2 DR IRO-2: Disclosure requirements in ESRS covered by the undertaking's sustainability statement

Disclosure requirement and related datapoint	EU climate legislation	Reference in the report
ESRS E1-1 Transition plan to reach climate neutrality by 2050 Paragraph 14	Regulation (EU) 2021/1119, Section 2 Paragraph 1	Chapter 2.2.2.1

As already described, the materiality analysis evaluated impacts, risks and opportunities for their materiality for LEG and attributed to topic-specific standards. Based on the results of the materiality analysis, information about strategies, actions, metrics and targets with regard to material aspects of sustainability is provided in the chapters on the topic-specific ESRS E1, S1, S4 and G1 standards. Correspondingly, ESRS E2, E3, E4, E5, S2 and S3 are deemed immaterial and are not subject to reporting. (See table in the annex to disclosure requirements and related data points on EU regulation).

2. Environmental Information

2.1 Information as per Section 8 Regulation (EU) 2020/852 (Taxonomie-Regulation)

In accordance with the EU Taxonomy (Regulation (EU) 2020/852), companies subject to reporting obligations in conjunction with the Non-Financial Reporting Directive (NFRD) must also include taxonomy disclosures in their non-financial reporting. As a listed company with more than 500 employees, LEG Immobilien SE is also subject to these reporting requirements. The main objective of the EU Taxonomy is to help achieve the goals of the Paris Agreement through improved transparency on the capital market. The comparability of sustainability data across different industries is an essential part of this. The companies concerned must therefore disclose the shares of their revenue, capital expenditure (capex) and operating expenditure (opex) that relate to environmentally sustainable economic activities. The EU Taxonomy has defined the six following environmental objectives:

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

Taxonomy eligibility

In the context of taxonomy eligibility, the revenue, capex and opex of all economic activities for which the EU has issued technical screening criteria (TSC) must be reported. It is not yet necessary to indicate whether the economic activity satisfies the technical screening criteria stipulated in the Delegated Acts (cf. Delegated Regulation supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council, Annex 1 and 2).
For the housing industry, for example, this includes all revenue from the rental and letting of residential buildings, regardless of whether the building in question is a low-energy house or is in the lowest energy efficiency class (H). What initially matters is that these activities essentially have a direct link to EU environmental objective I ("Climate change mitigation").

Identification of taxonomy-eligible economic activities

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

LEG has also determined compliance with the taxonomy. The company did this using the technical screening criteria published by the European Commission and currently applicable, including the “do no significant harm” (DNSH) and “minimum safeguards” (MS) criteria as well as relevant FAQ documents published by the European Commission. Furthermore, various current best practices of listed German companies were taken into account. The exact procedure is described under “Identification of taxonomy-aligned economic activities”.
Mainly on account of the entry into new business areas, the taxonomy-eligible economic activities were reassessed, resulting in no changes here compared to last year. The consideration of environmental objectives III to VI for the first time in 2023 resulted in no additions. Essentially, all revenue, capex and opex from economic activities for which there are technical screening criteria are taxonomy-eligible. In the 2024 financial year, the inclusion of the technical screening criteria again primarily related to economy activity 7.7 “Acquisition and ownership of buildings” in Annex I and II, with which almost all of LEG’s consolidated revenue is generated from rental and lease, though it also had implications for the disclosures for other economic activities.
The results of this year’s analysis and central changes are as follows.

Results of the qualitative analysis on taxonomy eligibility

LEG has identified three taxonomy-eligible economic activities in Annex I with which the company generates revenue. These include (i) 4.1 “Electricity generation using solar photovoltaic technology”, (ii) 4.20 “Cogeneration of heat/cool and power from bioenergy” in the “Energy” sector and (iii) 7.7 “Acquisition and ownership of buildings” in the “Construction and real estate activities” sector.
In addition to the revenue from these three economic activities, relevant capex was identified in the following economic activities: (i) 4.1 “Electricity generation using solar photovoltaic technology”, (ii) 4.16 “Installation and operation of electric heat pumps”, (iii) 7.5 “Installation of devices for measuring, regulating and controlling energy performance of buildings” and (iv) 7.7 “Acquisition and ownership of buildings”. This also included investments that could lead to future revenue.
On opex: For the purposes of the EU taxonomy, the denominator used to determine the share of opex includes direct costs relating to research and development, short-term lease, maintenance and small repairs, as well as all other direct expenditures relating to day-to-day servicing. The numerator equates to the part of the operating expenditure included in the denominator that relates to taxonomy-eligible economic activities. Taxonomy-eligible opex was assigned to the following economic activities: (i) 4.20 “Cogeneration of heat/cool and power from bioenergy”, (ii) 7.7 “Acquisition and ownership of buildings” and (iii) 9.1 “Close to market research, development and innovation”.
Further taxonomy-eligible economic activities arising from environmental objectives III to VI newly added in 2023 – in particular 3.1 “Construction of new buildings” – are reported on in 7.7 “Acquisition and ownership of buildings”, in order to avoid dual reporting.
The identification of taxonomy-eligible economic activities is followed by the analysis of taxonomy alignment, as a result of which taxonomy-eligible revenue, capex and opex could be found to be non-taxonomy-aligned.

Taxonomy alignment

LEG is required to report on the taxonomy alignment of relevant economic activities in addition to their taxonomy eligibility. Revenue, capex and opex are deemed taxonomy-aligned if they satisfy the technical screening criteria defined by the EU. Based on these criteria, it must be indicated whether an economic activity is taxonomy-aligned for achieving the above-mentioned environmental objectives I to VI for the 2024 reporting year Given its business operations, only environmental objective I (“Climate change mitigation”) is relevant to LEG. It also has to be ensured that these economic activities do no significant harm (DNSH) to any of the other environmental objectives and that they satisfy certain minimum social safeguards.

Identification of taxonomy-aligned economic activities

To determine taxonomy alignment, LEG has analysed the above economic activities according to the technical screening criteria. As stated above, these include criteria from the “Construction and real estate activities” sector in section 7 as well as economic activities from the “Energy” sector in section 4 and from the “Freelance, scientific and technical activities” sector in section 9.

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

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

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

Significant contribution

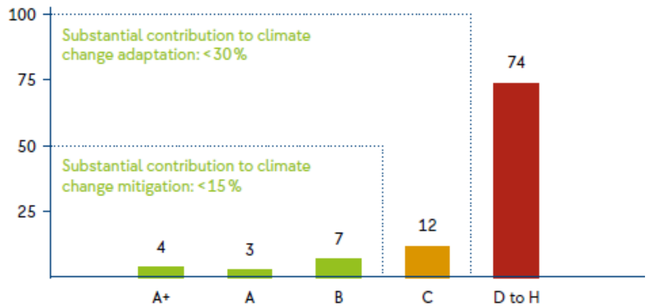
In order to determine taxonomy alignment, on the basis of the above technical screening criteria, LEG analyses the extent to which the economic activity makes a contribution to the environmental objective “climate change mitigation”. The technical screening criteria have to be applied to all material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

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

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

The BMWi analysis indicates that buildings up to EPC class B satisfy the material screening criteria as they are among most efficient 14 % of the housing stock in Germany. The corresponding share of especially energy-efficient EPC C buildings with a final energy demand of around 77 kWh per square metre per year was used as a reference for one percent of the top 15 %. Based on the current values for our portfolio as a whole, there is an average primary energy factor of 1.17 and therefore a threshold for primary energy demand of 89.8 kWh per square metre per year.

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



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

Do not significant harm

Compliance with the DNSH criteria for environmental objective I and the other five environmental objectives in the 2024 reporting year was assessed on the basis of the specific taxonomy requirements for the respective economic activities.
In order to counteract the significant harm in relation to **environmental objective II ("Climate change adaptation")**, all identified economic activities must undergo a climate risk and vulnerability assessment according to the taxonomy. This was performed at the level of LEG as a whole and the result was taken into account in the reporting of taxonomy alignment (see table below).
No further DNSH criteria apply to economic activity 7.7 "Acquisition and ownership of buildings".
As the percentage share of the KPIs for other taxonomy-eligible and taxonomy-aligned economic activities is in the per thousand range for the 2024 reporting year, a more detailed description of the DNSH criteria associated with these activities and any compliance by LEG has been dispensed with, and this is also indicated in the table below and the associated footnotes. Solely for economic activity 4.20 "Cogeneration of heat/cool and power from bioenergy", it must be pointed out that the associated revenue and opex account for more than 1 % of the reportable KPIs.
To prevent activity 4.20 from causing significant harm to **environmental objective III ("Sustainable use and protection of water and marine resources")**, risks to water quality and in connection with water shortages must be calculated and surveyed. This necessitates disclosures on the water consumption of the equipment installed. A risk analysis is also required for **environmental objective VI ("Protection and restoration of biodiversity and ecosystems")**. The priority here is the conservation and protection of environmental resources. In Germany, the conservation and protection of environmental resources is ensured by regulatory standards without which a facility will not be granted an operating permit. In addition, the facility has been declared sustainable by means of a SURE certificate. As for the fuel used, the environmental objective is taken into account by the fact that only certified scrap wood is burned in our biomass heating plant.
For compliance with the DNSH criterion for **environmental objective V ("Pollution prevention and control")**, various statutory parameters and targets concerning emissions, air quality and digestate must be adhered to for activity 4.20. An environmental impact assessment is required to determine noise, dust and pollutant emissions, though in Germany this is a requirement for an operating permit under the German Pollution Protection Act and therefore can be taken as given.

Compliance with minimum safeguards

Another criterion for the taxonomy alignment of individual economic activities is ensuring that companies comply with the minimum social safeguards. These include due diligence within the company and in outsourced value chains by implementing suitable processes. Besides the issues of bribery and corruption, taxation and fair competition, human rights are essentially also addressed.
LEG uses a Group-wide approach to ensure that the MS criteria are fulfilled, which is also reflected in the corresponding reporting and further external documentation, such as the Code of Conduct and the Anti-Corruption Policy.

Results of the qualitative analysis on taxonomy alignment

The following section presents and explains the material findings of the alignment analysis. Taxonomy-eligible and taxonomy-aligned economic activities must be analysed with regard to the development of revenue and of capex and opex for the 2024 reporting year.

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

In total, the share of consolidated revenue generated by letting buildings with a primary energy use of less than 89.8 kWh/m²/a was around 11.7 %.

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

For the minor part of the LEG portfolio for which EPC certificates were not necessary/available (1,728 out of 164,067 buildings), it is assumed that the consumption and usage data break down in line with the rest of the portfolio.

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

Turnover

Economic activities	Code	Absolute turnover (in € thousand)	Proportion of turnover (in %)	Absolute turnover (in € thousand)	Proportion of turnover (in %)
A. Taxonomy-eligible activities		**2024**		**2023**	
A.1 Environmentally sustainable activities (taxonomy-aligned)					
Electricity generation using solar photovoltaic technology	CCM 4.1	251.60	0.0	124.68	0.0
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	10,423.20	0.8	43,455.44	3.3
Acquisition and ownership of buildings	CCM 7.7 / CCA 7.7	156,674.05	11.7	145,554.99	11.0
Turnover of environmentally sustainable activities (taxonomy-aligned)		**167348.85**	**12.5**	**189135.11**	**14.3**
of which enabling		0.00	0.0	0.00	0.0
of which transitional		0.00	0.0	0.00	0.0

A.2 Taxonomy-eligible, but not environmentally sustainable activities (non-taxonomy-aligned activities)					
Electricity generation using solar photovoltaic technology	CCM 4.1	0.00	0.0	0.00	0.0
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	0.00	0.0	0.00	0.0
Acquisition and ownership of buildings	CCM 7.7 / CCA 7.7	1,113,814.19	83.4	1,114,448.72	84.4
Turnover of taxonomy-eligible, but not environmentally sustainable activities (non-taxonomy-aligned activities)		**1,113,814.19**	**83.4**	**1,114,448.72**	**84.4**
A. Total (A.1 + A.2)		**1,281,163.04**	**95.90**	**1,303,583.83**	**98.77**

B. Non-taxonomy-eligible activities

Turnover of non-taxonomy-eligible activities (B)	54,233.40	4.1	16,079.11	1.2
Total (A+B)	**1,335,396.44**	**100.00**	**1,319,662.94**	**100.0**

	Substantial contribution criteria					
Economic activities	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**

A. Taxonomy-eligible activities

A.1 Environmentally sustainable activities (taxonomy-aligned)						
Electricity generation using solar photovoltaic technology	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Cogeneration of heat/cool and power from bioenergy	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Turnover of environmentally sustainable activities (taxonomy-aligned)						
of which enabling	0	0	0	0	0	0
of which transitional	0					

A.2 Taxonomy-eligible, but not environmentally sustainable activities (non-taxonomy-aligned activities)						
Electricity generation using solar photovoltaic technology	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Cogeneration of heat/cool and power from bioenergy	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	EL	N/EL	N/EL	N/EL	N/EL	N/EL

	“Do no significant harm” DNSH criteria					
Economic activities	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**
A. Taxonomy-eligible activities						
A.1 Environmentally sustainable activities (taxonomy-aligned)						
Electricity generation using solar photovoltaic technology	-	Y	-	Y	-	-
Cogeneration of heat/cool and power from bioenergy	-	Y	Y	-	Y	Y
Acquisition and ownership of buildings	-	Y	-	-	-	-

Economic activities	**Minimum social standards**	**Proportion of taxonomy-aligned (A.1) or taxonomy-eligible (A.2)**	**Category (enabling activities)**	**Category (transition activities)**
A. Taxonomy-eligible activities				
A.1 Environmentally sustainable activities (taxonomy-aligned)				
Electricity generation using solar photovoltaic technology	Y		E	
Cogeneration of heat/cool and power from bioenergy	Y		E	
Acquisition and ownership of buildings	Y		E	
Turnover of environmentally sustainable activities (taxonomy-aligned)				
of which enabling			E	
of which transitional				T

Capex

Economic activities	Code	Absolute capex (in € thousand)	Proportion of capex (in %)	Absolute capex (in € thousand)	Proportion of capex (in %)
A. Taxonomy-eligible activities		**2024**		**2023**	
A.1 Environmentally sustainable activities (taxonomy-aligned)					
Electricity generation using solar photovoltaic technology	CCM 4.1	1,320.70	0.4	2,860.80	0.6
Installation and operation of electric heat pumps	CCM 4.16	6,762.77	2.2	154.80	0.0
Installation of devices for measuring, regulating and controlling energy performance of buildings	CM 7.5	231.43	0.1	0.00	0.0
Acquisition and ownership of buildings	CCM 7.7 / CCA 7.7	25,931.03	8.4	205,689.64	45.6
Capex of environmentally sustainable activities (taxonomy-aligned)		**34,245.93**	**11.1**	**208,705.24**	**46.2**
of which enabling					
of which transitional					
A.2 Taxonomy-eligible, but not environmentally sustainable activities (non-taxonomy-aligned activities)					
Electricity generation using solar photovoltaic technology	CCM 4.1	0.00	0.0	0.00	0.0
Installation and operation of electric heat pumps	CCM 4.16	0.00	0.0	0.00	0.0
Installation of devices for measuring, regulating and controlling energy performance of buildings	CM 7.5	0.00	0.0	0.00	0.0
Acquisition and ownership of buildings	CCM 7.7 / CCA 7.7	276,093.85	89.0	235,641.94	52.2
Capex of taxonomy-eligible, but not environmentally sustainable activities (non-taxonomy-aligned activities)		**276,093.85**	**89.0**	**235,641.94**	**52.2**
A. Total (A.1 + A.2)		**310,339.78**	**100.1**	**444,347.18**	**98.4**
B. Non-taxonomy-eligible activities					
Capex of non-taxonomy-eligible activities (B)		0.00	0.0	7049.35	1.6
Total (A+B)		**310,339.78**	**100.1**	**451,396.53**	**100.0**

	Substantial contribution criteria					
Economic activities	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**
A. Taxonomy-eligible activities						
A.1 Environmentally sustainable activities (taxonomy-aligned)						
Electricity generation using solar photovoltaic technology	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation and operation of electric heat pumps	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation of devices for measuring, regulating and controlling energy performance of buildings	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Capex of environmentally sustainable activities (taxonomy-aligned)						
of which enabling		0	0	0	0	0
of which transitional						
A.2 Taxonomy-eligible, but not environmentally sustainable activities (non-taxonomy-aligned activities)						
Electricity generation using solar photovoltaic technology	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation and operation of electric heat pumps	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation of devices for measuring, regulating and controlling energy performance of buildings	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	EL	N/EL	N/EL	N/EL	N/EL	N/EL

Economic activities	“Do no significant harm” DNSH criteria: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems
A. Taxonomy-eligible activities						
A.1 Environmentally sustainable activities (taxonomy-aligned)						
Electricity generation using solar photovoltaic technology	-	Y	-	Y	-	-
Installation and operation of electric heat pumps	-	Y	Y	Y	Y	Y
Installation of devices for measuring, regulating and controlling energy performance of buildings	-	Y	-	-	-	-
Acquisition and ownership of buildings	-	Y	-	-	-	-

Economic activities	Minimum social standards	Proportion of taxonomy-aligned (A.1) or taxonomy-eligible (A.2)	Category (enabling activities)	Category (transition activities)
A. Taxonomy-eligible activities				
A.1 Environmentally sustainable activities (taxonomy-aligned)				
Electricity generation using solar photovoltaic technology	Y		E	
Installation and operation of electric heat pumps	Y		E	
Installation of devices for measuring, regulating and controlling energy performance of buildings	Y		E	
Acquisition and ownership of buildings	Y		E	
Capex of environmentally sustainable activities (taxonomy-aligned)				
of which enabling			E	
of which transitional				T

Opex

Economic activities	Code	Absolute opex (in € thousand)	Proportion of opex (in %)	Absolute opex (in € thousand)	Proportion of opex (in %)
A. Taxonomy-eligible activities		**2024**		**2023**	
A.1 Environmentally sustainable activities (taxonomy-aligned)					
Electricity generation using solar photovoltaic technology	CCM 4.1	0.00	0.0	34.57	0.0
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	1,396.04	1.1	2,253.57	2.0
Acquisition and ownership of buildings	CCM 7.7 / CCA 7.7	11,124.61	8.9	8,841.86	7.7
Close to market research, development and innovation	CCM 9.1	9.73	0.0	2,133.67	1.9
Opex of environmentally sustainable activities (taxonomy-aligned)		**12,530.38**	**10.0**	**13,263.67**	**11.5**
of which enabling					
of which transitional					
A.2 Taxonomy-eligible, but not environmentally sustainable activities (non-taxonomy-aligned activities)					
Electricity generation using solar photovoltaic technology	CCM 4.1	0.00	0.0	0.00	0.0
Cogeneration of heat/cool and power from bioenergy	CCM 4.20	0.00	0.0	0.00	0.0
Acquisition and ownership of buildings	CCM 7.7 / CCA 7.7	94,932.23	76.2	99,341.69	86.4
Close to market research, development and innovation	CCM 9.1	0.00	0.0	0.00	0.0
Opex of taxonomy-eligible, but not environmentally sustainable activities (non-taxonomy-aligned activities)		**94,932.23**	**76.2**	**99,341.69**	**86.4**
A. Total (A.1 + A.2)		**107,462.61**	**86.2**	**112,605.36**	**97.9**
B. Non-taxonomy-eligible activities					
Opex of non-taxonomy-eligible activities (B)		17,185.49	13.8	2,399.20	2.1
Total (A+B)		**124,648.10**	**100.0**	**115,004.56**	**100.0**

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

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

Economic activities	Minimum social standards	Proportion of taxonomy-aligned (A.1) or taxonomy-eligible (A.2)	Category (enabling activities)	Category (transition activities)
A. Taxonomy-eligible activities				
A.1 Environmentally sustainable activities (taxonomy-aligned)				
Electricity generation using solar photovoltaic technology	Y		E	
Cogeneration of heat/cool and power from bioenergy	Y		E	
Acquisition and ownership of buildings	Y		E	
Close to market research, development and innovation	Y		E	
Opex of environmentally sustainable activities (taxonomy-aligned)				
of which enabling			E	
of which transitional				T

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

To comply with the German and European climate regulations and meet its own decarbonisation targets, the company pursues a three-step approach in founding its joint ventures.
Faster decarbonisation of our existing buildings is a key factor in achieving the climate objectives in the building sector. LEG has made it its mission to promote "serial energy-efficient refurbishment" throughout the DACH region. With this in mind, at the end of 2021/start of 2022, the company founded a joint venture, RENOWATE GmbH, with the Rhomberg Group from Austria. In addition, LEG is focused on cost-effective replacement of heating systems, especially gas central heating systems, with air-to-air heat pumps: To this end, in March 2023, the company entered into a partnership with Mitsubishi Electric as a major supplier of the systems. In September 2023, in conjunction with the Dusseldorf-based family company Soeffing, LEG founded the joint venture dekarbo, which installs the devices and provides digital maintenance across the entire life cycle as a one-stop solution. The service is to be used in LEG's own properties and offered to third parties. With the joint venture termios, LEG is optimising the use of existing heating systems by using AI-controlled thermostats and creating a scalable solution for the legally required hydraulic balancing in the property industry.
However, reporting in conjunction with the EU Taxonomy is not possible at this point, as RENOWATE, dekarbo and termios are not included in LEG's consolidated Group. In theory, this could change with full consolidation. Instead, only the expenses for the implementation of energy-efficiency improvements in LEG properties by RENOWATE have been and will be included in the taxonomy reporting in the coming years. For the young joint ventures dekarbo and termios, expenses will be included in the taxonomy reporting for the installation of air-to-air heat pumps and the installation of AI-controlled thermostats in the LEG portfolio respectively. The associated taxonomy-aligned capex will then be reported by the respective contractor of the joint ventures. LEG's efforts to promote climate change mitigation throughout the property sector are therefore not included in its EU Taxonomy reporting.

2.2 ESRS E1: Climate change

2.2.1 Governance

2.2.1.1 DR E1.GOV-3: Integration of sustainability-related performance in incentive schemes

The remuneration system for the Management Board includes ESG criteria as short-term incentives (STI) and long-term incentives (LTI) that are associated with financial incentives and defined annually by the Supervisory Board. These targets apply to the Management Board and second tier of management.

The integration of sustainability-related performance in the LEG incentives system is done using the ESG objectives derived from the sustainability strategy and can be found in Chapter 1.1.3.3.

2.2.2 Strategy

2.2.2.1 DR E1-1: Transition plan for climate change mitigation

The ESG objectives are derived from the sustainability strategy 2030. Climate-related criteria are defined for the ESG objectives and are put into practice with specific targets. The objectives are assigned quantitative criteria so that a comparison of target and actual performance can be carried out at the end of the financial year to measure target attainment. The specific ESG objectives, as well as the minimum and maximum values, are determined annually prior to the start of the financial year by the Supervisory Board with the agreement of the members of the Management Board.

It is LEG's long-term aim to reduce its GHG emissions to 0–<5 kg CO_2e/m^2 by 2045 and thus make its contribution towards Germany's climate change mitigation target. By 2030, LEG has set itself the aim of reducing around 47 % of Scope 1 and Scope 2 emissions based on 2019. This near-term target was again validated and confirmed in December 2024 by the Science-Based Target Initiative (SBTi). The cross-sector aim is based on efforts to limit global heating to 1.5 degrees above pre-industrial levels and reflects the goals of the Paris climate agreement and the recommendations of the Intergovernmental Panel on Climate Change (IPCC).

LEG's decarbonisation pathway starts in 2019 with a value of 39.5 kg CO_2e/m^2. During the 2024 reporting year, the intensity value was measured at 29.1 kg CO_2e/m^2. This corresponds to a reduction of 26 %. This has been achieved via actions already taken, such as replacing heating systems (including district heating and (air-to-air) heat pumps), changes in customer behaviour through nudging programmes and serial and conventional refurbishment.

In the target year 2030, LEG is accordingly aiming for an intensity value of 20.9 kg CO_2e/m^2.

In terms of Scope 3 emissions, Scope 3.3 (energy and fuel-related activities) and 3.13 (rented or leased property, plant and equipment) emissions are to be reduced by 27.5 % by 2030 – this target has also been confirmed by SBTi. The percentages of scopes are described in the table for ESRS E1-4.

In order to achieve the GHG reduction targets, LEG pursues a strategy that is focussed on emission efficiency (spread over three clusters). As such, the strategy should not be seen as rigid but remains dynamic in order to draw on new actions and innovations that permit more cost-effective and efficient emission reductions.

The biggest lever in GHG reductions is an emission-efficient heat supply (Cluster 1). This includes, among other things, the modernisation of heating systems and switching the power source to electricity. In addition to air-to-water heat pumps, this also includes the use of air-to-air heat pumps, which are installed in partnership with the green venture dekarbo. Furthermore, a total of up to 40 % of LEG properties may be connected to district heating networks, thus ensuring they are decarbonised in the future. In doing so, the dependence on an energy provider and the decarbonisation status of the heating networks must be taken into account. Until now, around 25 % of properties are already supplied with district heating, another 15 % have the potential to receive district heating in future. This potential was determined via a survey of providers for around 25,000 properties. The survey also asked for a timeline as to when district heating would be available to the relevant properties. A total of around 1,200 properties may be connected to the network by the end of 2025. Expansion plans are in the pipeline for all other properties. Overall, emission-efficient heating supply currently accounts for up to 50 % to 55 % of LEG's total GHG reduction by 2030.

Furthermore, reduced energy requirements contribute towards decarbonisation (Cluster 2). Some of these measures include, for example, AI-based thermostats that are being installed with the green venture termios. These automatically regulate the hydraulic balancing of the heating system and facilitate additional savings of up to 30 %. The integration of tenants also helps to reduce energy consumption. The use of green nudging to change customer behaviour, for example via posters with relevant tips, leads to further energy savings. Overall, reductions in energy consumption currently account for up to 30 % to 35 % of LEG's total GHG reduction by 2030.

Furthermore, energetic refurbishment is another decarbonisation lever (Cluster 3). Conventional energetic refurbishment includes various measures to optimise the building shell and technical building systems. Serial energetic refurbishment involves installing new sections of façade, windows and refurbishing the roof, as well as all technical building systems without the inhabitants having to move out. In these projects, a heat pump is installed in order to provide heat. This measure is implemented with the green venture RENOWATE and leads to the 100 % decarbonisation of each project. Overall, energetic refurbishment currently account for up to 10 % to 15 % of our total GHG reduction by 2030.

LEG therefore draws on both conventional and innovative solutions and regularly tests new measures in the form of pilot projects. For example, LEG has equipped 12 homes in the energy efficiency category B to F in order to test the use of air-to-air heat pumps. This project included various supply infrastructures, such as night storage heating, gas heating and vacant housing. The relevant absolute and percentage energy savings per cluster are described in the table under ESRS E1-4.

LEG continually monitors the progress of these measures. In doing so, the focus is on emissions efficiency and cost effectiveness. Attainment is also reviewed annually with the preparation of the GHG balance sheet.

In order to achieve the 2030 climate target, LEG is planning to invest around EUR 1 billion from 2019 onwards. As a result of the dynamic market environment, the uncertainty in the European and national regulatory frame-work and new technologies that could be used for decarbonisation, LEG does not currently have a detailed, long-term (beyond 2029) capex budget for the implementation of decarbonisation. An opex budget is not implemented to this extent because the costs involved are operating expenses and therefore deemed transitory items. These expenses are listed on the utility bill for the tenant and then billed.

As part of the decarbonisation pathway, systems using fossil fuels (gas, oil and coal) in particular are being gradually phased out and upgraded in accordance with regulatory requirements, so that any remaining GHG emissions associated with them will be fully decarbonised by 2045. According to the latest information, com-pared with the base year of 2019, around 53 % of locked-in GHG emissions will still be present in 2030.

LEG has reported on its business activities based on the EU taxonomy since 2021 in its Annual Report. As a starting point, the top 15 % of the property portfolio measured by primary energy requirements are used in the distributional logic of the energy efficiency categories. As the basis for calculating the top 15 % of German building stock, we used the study by the German Ministry for Economic Affairs and Energy (BMWi) for 2021. The BMWi analysis indicates that buildings up to EPC class B satisfy the material assessment criteria as they are among most efficient 14 % of the housing stock in Germany. The corresponding share of especially energy-efficient EPC C buildings with a final energy consumption of around 77 kWh per square metre per year was used as a reference for one percent of the top 15 %. The proportions of the EU taxonomy will gradually be in-creased with the ongoing energy-efficiency modernisation of the housing stock. A long-term timetable for expanding taxonomy-compliant capex or opex is not currently available and will be reviewed in the future.

LEG does not generate any revenue from the exploration, supply, sale or refinement of crude oil, or from the exploration, production, manufacture or sale of gaseous fuels, or from electricity generation with a GHG emissions intensity of over 100 g CO_2e/kWh. LEG is affected by the EU reference values for climate change and the EU reference values set out in the Paris climate agreement. LEG and its subsidiaries do not produce coal, oil or gas. As a result, there is no capital expenditure for coal, oil or gas-related business activities.

The decarbonisation plan is a major pillar of the LEG business strategy and is also taken into account in the financial planning. Both the decarbonisation plan and the business strategy and financial planning have been approved by the Management Board and Supervisory Board. When making investment decisions, greenhouse gas emissions reductions are taken into account in accordance with the LEG decarbonisation pathway. Furthermore, LEG established GHG monitoring, which includes planned CO_2e savings and the associated investments in measures in order to achieve the GHG reduction targets as well as the highest possible GHG efficacy per euro invested. In doing so, the focus is on cost and emissions efficiency. In the context of the pace of technical progress, LEG is keeping its sustainability strategy flexible so that it can continue to integrate innovative decarbonisation measures into its activities. The efficacy and costs of these measures are addressed in its GHG monitoring.

2.2.2.2 DR E1.SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

LEG has analysed two main types of climate-related risks:

1. Physical risks

Physical risks occur as a result of the direct impacts of climate change on the environment and infrastructure. These can be further sub-divided as follows:

Acute physical risks:

- Extreme weather events, such as flooding

Chronic physical risks:

- Long-term sea level rise

These physical risks may lead to damage to buildings and infrastructure.

2. Transitional risks

Transitional risks occur due to the transition to a low-carbon economy. They include:

- Political and regulatory changes, such as carbon pricing
- Technological changes and the costs associated with them
- Changes in consumer preferences

In order to evaluate the resilience of the LEG business model and its corporate strategy with regard to the climate-related risks mentioned above, the company conducted a resilience analysis. This considers the period of time up to 2050. The resilience analysis refers to own business activities. Due to a lack of suitable information, the actors of the upstream and downstream value chain were not explicitly considered. No material physical and transitory risks were excluded from the analysis.

In order to identify climate-related physical risks, LEG uses a climate risk tool. The tool analyses the climate risks for all the sites in the portfolio using geographic coordinates.

Both acute and chronic climate risks, such as extreme temperatures, extreme rainfall, droughts and flooding, were considered and analysed using the climate risk tool.

Climate-related hazards, such as wildfires, heat and heavy rainfall, were also taken into account in the resilience analysis.

The LEG building stock was also subject to the climate risk analysis. The total risk score combines the earthquake risk score, storm risk score, flood risk score and the wildfire risk of the location to give a standardised annual statistically anticipated loss for standard industrial companies for the total risk of material damage at a specific site.

Risks due to river flooding are estimated as acute climate risks. According to the climate risk tool, 95 % of our portfolio sites are currently exposed to a very low risk, 2 % are exposed to a medium risk and the remaining 3 % are exposed to a (very) high risk. This risk was modelled for 2030, 2050 and 2100 and analysed. These years were selected because they are key milestones in the development of climate change. RCP scenarios 2.6, 4.5 and 8.5 were used to identify climate-related risks. The RCP (Representative Concentration Pathways) scenarios are climate scenarios that were developed for the Fifth Assessment Report by the IPCC (Intergovernmental Panel on Climate Change). They describe potential future developments in greenhouse gas concentrations and the resulting climate forcing until 2100. The numbers in the RCP designations (2.6, 4.5, 8.5) refer to the climate forcing in watts per square metre (W/m^2) in 2100 as compared with pre-industrial levels. Here, RCP scenario 8.5 represents a scenario where there are no additional climate change mitigation measures. CO_2 emissions rise from almost 10 GtC/year in the present to nearly 30 GtC/year at the end of the century. This signifies a temperature increase of about 4.8 degrees by the year 2100.

The analysis of active climate hazards in scenarios RCP 4.5 and 8.5 shows that river floods and storm hazards are assessed as climate risks, but only pose a threat to a very small proportion of the portfolio.

Sea level rise is considered a chronic climate risk. This was analyzed for the year 2100 in all three scenarios RCP 2.6, 4.5 and 8.5. For the clear majority of locations, this is only a very low danger. Only buildings in northern Germany are affected by a higher risk. In order to increase the resilience of the business model, LEG's buildings are insured against extreme weather events.

Using the risk identified through the climate risk tool and the property value, a monetary (gross) risk was determined that was adopted by LEG's regular risk management.

As a result of the size and geographic distribution of the property locations, only fewer than 10 % of the property portfolio is affected by physical climate risks that could potentially jeopardise the property. Because the entire LEG property portfolio is currently insured against extreme weather events, the net risk is reduced to zero. Any in-crease in insurance premiums can be offset by the fact that insurance premiums are allocable as operating costs for LEG. In extreme cases, there is a long-term risk of uninsurability. With regard to the current political debate regarding mandatory insurance for natural disasters, this risk is not currently seen to exist. As a result, the LEG business model is not at risk, even in the worst case scenario.

Similarly, the transitional risks were also evaluated on a qualitative and quantitative basis as part of the resilience analysis. These include in particular legal/regulatory risks, such as the rise in carbon pricing, increasing requirements for building quality specifications, technological risks, such as the delayed expansion of power grids, market risks, such as limited resources in terms of raw materials, other materials and qualified staff, and reputational risks as a result of changes in consumer preferences. The monetary risk value is, however, so low in proportion to LEG's total assets that it does not pose a risk to the business model.

Since RCP scenarios are not predictions, but possible future scenarios based on various assumptions about GHG concentrations and their impact on the climate, there are also uncertainties in resilience analysis. In the case of indirect transitory risks, it is also important to note that the interactions between these factors are complex and difficult to predict.

The LEG business model can nonetheless be viewed as resilient in the face of the climate change development scenarios because LEG takes a proactive stance. As such, the relevant investments are made in property and the decarbonisation of the property portfolio. LEG's underpinning sustainability strategy can be seen as dynamic and flexible because the actions are not set in stone but can be used flexibly depending on efficacy and cost-effectiveness. This aims to ensure that we can remain dynamic in our response to political and regulatory changes in order to take new requirements into account. Furthermore, with its green ventures, LEG pursues a proactive strategy to promote sustainable innovations and business models. These initiatives aim to push ahead with the decarbonisation of the portfolio. This underscores LEG's ability to respond effectively to both opportunities and risks in the transformation process and to create a resilient business model over the long term.

As a result of the annual climate risk analysis, the resilience of the LEG business model is reviewed at the same intervals.

Even taking into account the risks and opportunities, as well as the relevant mitigation measures, it is clear that LEG's business model is resilient towards the impacts of climate change.

2.2.3 Management of impacts, risks and opportunities

2.2.3.1 DR E1.IRO-1: Description of the processes to identify and assess material climate-related impacts, risks and opportunities

In order to determine the material climate-related impacts, LEG issued a GHG balance sheet. The major impacts of LEG's business activities relate to GHG emissions. With the aid of the GHG balance sheet, LEG can determine its GHG emissions in Scope 1, 2 and 3 for its portfolio, as well as for its administrative operations. This is based on the specifications of the GHG protocol. GHG emissions amplify the greenhouse effect and increase global warming. As a result, the sustainability strategy primarily pursues the aim of optimising the property portfolio to make it more emission-efficient in order to reduce its carbon footprint. In order to achieve its targets, various GHG reduction measures are being implemented: Firstly, emission-efficient heat supply (by replacing heating systems, the use of air-to-air heat pumps or the expansion of district heating); secondly, the reduction of energy requirements (with the use of smart thermostats or by integrating tenants through green nudging programs); and thirdly, energetic refurbishment (conventional or serial refurbishment).

The description of the risks identified can be found in Chapter 2.2.2.2.

This climate risks were analysed for 2030, 2050 and 2100. These years were selected because they are key milestones in the development of climate change.

The year 2030 is a short-term time horizon and is relevant for several reasons:

- It is in the near future, which makes it easier to plan for specific actions.
- Many climate objectives, such as the German Climate Change Act and the EU's climate objective, are centred on the year 2030.
- LEG has set its SBTi near-term target as 2030.
- Until 2030, global warming will be largely influenced by emissions that have already occurred.

2050 is a major milestone for climate policy and risk analysis:

- It marks the middle of the century and is a medium-term planning horizon.
- Many countries and organisations have set themselves net-zero emissions targets by 2050.
- From 2050, the impacts of various emissions scenarios will become much clearer.

The year 2100 offers a long-term perspective in terms of climate change trends:

- It makes it possible to consider long-term climate trends and risks.
- Climate models often show projections until the end of the 21st century.
- The temperature differences between the various emissions scenarios become particularly clear by 2100.

LEG has implemented a risk management system in order to identify, analyse, measure, manage, document and monitor risks. The risks relate to the company's own business activities. Due to a lack of suitable information, the actors of the upstream and downstream value chain were not explicitly considered. The risk management system also includes the climate-related risks identified. Regular and ad-hoc risk analyses are performed. The identified risks are evaluated for their probability of occurrence and potential impacts. Suitable preventive and remediation measures are derived from this analysis and implemented. The efficacy of the implemented actions is monitored on an ongoing basis.

The RCP scenarios analysed are explained in Chapter 2.2.2.2 and describe potential future developments in greenhouse gas concentrations and the resulting climate forcing until 2100.

The analysis of physical climate-related risks is based on location-based geographical coordinates of the LEG portfolio.

Based on the materiality analysis, the climate-related transitional risks and opportunities for LEG are measured along the value chain. To do this, LEG categorises which transitional risks and opportunities may arise as a result of the transition to a low-carbon, more sustainable economy. In the next stage, the risks are assigned to major risk categories as per the Task Force for Climate-Related Financial Disclosures (TCFD):

Political/regulatory risks	Technological risks	Market risks	Reputational risks
Increasing carbon prices	Delayed expansion of power grid makes it harder to electrifying existing properties	Lower ratings for buildings with lower energy efficiency by market participants and damage due to climate change	Changes in consumer preferences
Increasing specifications for building quality and energy supply		Limited resources for raw materials, other materials and qualified staff	
Lower allocable costs for energetic refurbishment and lower subsidies		Increasing energy and electricity prices	
Liquidity risk due to worsening conditions for (re-)financing (green asset ratio)			

These transitional risks have been adopted by the risk management system and have therefore been measured qualitatively and quantitatively. The transitional opportunities were also qualitatively and quantitatively measured using the scoring model in the materiality analysis (see Chapter 1.1.4.1).

In doing so, short, medium and long-term horizons were taken into consideration. Regulatory changes, such as the introduction of carbon pricing, and market changes, such as fluctuations in energy prices, and technological changes can be assigned to a short to medium-term period while changes in consumer preferences are deemed a longer-term occurrence.

As a signatory of the Paris climate agreement, Germany is committed to the 1.5-degree target. As a result, the transitional risks for LEG are derived from the climate scenario that assumes global warming will be limited to a maximum for 1.5 °C as compared with pre-industrial levels. The identified transitional risks also do not change with the application of other climate change scenarios because the transitional risks refer to the challenges and potential losses associated with the transition to a low-carbon economy and that occur as a result of political, technological and market-based changes owing to climate change mitigation measures.

No assets or business activities were identified that are incompatible with the transition to a carbon-neutral economy because, as per the decarbonisation pathway, LEG is committed to making its property portfolio climate-neutral by 2045.

LEG has set itself the objective of almost fully decarbonising its portfolio by 2045 and thus to no longer use fossil fuels, which would be incompatible with the transition to a climate-neutral economy. LEG actively chooses renewable energy, such as electricity or district heating.

The climate scenario analysis is included in the financial reports because it helps to evaluate the portfolio. Investments used to fulfil regulatory requirements are also included in the financial reporting. Climate-related risks and opportunities are also part of the risk management process, another element of our financial reporting.

2.2.3.2 DR E1-2: Policies related to climate change mitigation and adaptation

In addition to its clear focus on cutting GHG emissions, LEG's sustainability strategy also addresses the management of the material impacts, risks and opportunities connected with mitigating climate change and adapting to it. The Management Board is responsible for the implementation of the sustainability strategy. Material impacts that the Company has on the environment or society are analysed and measured. Furthermore, opportunities and risks connected with climate change, as well as climate change adaptation, have also been identified and measured, and mitigation actions planned. In addition to its strategy document, LEG has also published several guidelines on the topic of climate change mitigation, which provide the framework for our business activities. These can be found on the LEG website.

Climate change poses a material risk to LEG in the downgrading of its properties (stranded assets) due to a backlog of investments due to rising regulatory requirements. Furthermore, property values may decrease as a result of location and/or construction type as a result of the impacts of climate change. The investment strategy prioritises modernisation projects and plans for them as effectively as possible. In addition, LEG uses a climate risk analysis to identify buildings at risk due to their location and to counter these physical risks associated with the impacts of climate change such as flooding and sea level rise through construction measures. Financial effects are countered by insurance. Another risk arises from price hikes for raw materials, energy and services owing to increased demand, crises or resource scarcity. With the targeted selection of suppliers and framework agreements, as well as a cost-conscious approach, this risk is kept as low as possible for LEG. The high carbon footprint of buildings as a negative impact on humans and the environment can be reduced with emission-efficient optimisations of the building, as well as by switching from fossil fuels to renewable energy. In doing so, measures to reduce energy consumption and thus increase energy efficiency are implemented. Overall, this results in sustainable, durable buildings that have a positive effect on the environment. Tapping into new areas of business via dekarbo, termios and RENOWATE results in new opportunities for LEG due to climate change mitigation.

2.2.3.3 DR E1-3: Actions and resources in relation to climate change policies

Within the three clusters of emission-efficient heat supply, reduction in energy requirements and energetic refurbishment (see Chapter 2.2.2.1), LEG has developed actions and resources with regard to climate change mitigation and climate change adaptation that aim to significantly reduce GHG emissions.

Actions for climate change adaptation

In order to minimise the risk of building damage due to acute or chronic climate risks, all of LEG's property portfolio is currently insured against extreme weather events.

LEG pursues a sustainability strategy that is focussed on decarbonisation and emission efficiency. In order to achieve these targets, various GHG reduction measures are being implemented based on these three clusters.

Compared with the base year 2019, LEG saved 10.4 kgCO_2e/m² referring to scope 1 and scope 2 (market based) in 2024. This corresponds to a reduction of 26 %.

LEG is working towards the target of reducing GHG emissions to 20.9 kg CO_2e/m² by 2030 and between 0 to below 5 kg CO_2e/m² by 2045. In absolute terms, the company aims for a reduction of 374,400 tonnes CO_2e by 2045. This corresponds to a reduction of 87.5 %.

In order to achieve its decarbonisation aims, LEG is also reliant on external resources, such as construction materials or qualified staff working for service providers. If these are no longer available due to resource scarcity, the energy-related measures cannot be implemented, or will be delayed. Potential cost increases may also have a negative impact on the cost-effectiveness of an action. Furthermore, equity and debt capital are required to carry out the measures, which also makes LEG dependent on resources provided by third parties.

The main levers for reducing emissions are emission-efficient heat supply (with a contribution of up to 55 % by 2030), reduced energy requirements (with a contribution of up to 35 %) and energy-efficient renovation (with a contribution of up to 15 %). Continuous GHG monitoring is to ensure that the measures are reviewed.
The investment volume of up to approximately EUR 1 billion has already been significantly reduced from between EUR 1.4 and EUR 1.6 billion to approx. EUR 1.0 billion as a result of technical innovations, such as the introduction of air-to-air heat pumps in LEG properties. LEG's strategy focuses on emissions and cost efficiency in the implementation of the measures. The investments are part of the other additions to assets, which mainly relate to capitalized investments in the existing properties. LEG acts economically with these investments, as they lead to a corresponding increase in the value of the properties.

A breakdown of the taxonomy-eligible and taxonomy-compliant Capex and Opex cannot be divided between the measures "Emission-efficient heat supply", "Reduced energy requirements" and " Energetic refurbishment". The majority of investments were allocated to economic activity CCM 7.7 "Acquisition of ownership of buildings". They are directly related to the letting and leasing of buildings and include both maintenance measures and investments in energy efficiency measures. In addition, the reported investments and operating expenses include expenses that are not related to the above-mentioned measures. CCM 4.1 "Electricity generation using photovoltaic technology" cannot be assigned exclusively to decarbonisation measures as a measure, as some of the electricity generated is used for tenants' household electricity. Only the investments for economic activity" CCM 4.16 "Installation and operation of electric heat pumps" can be clearly assigned to the measure "Emission-efficient heat supply".

2.2.4 Metrics and targets

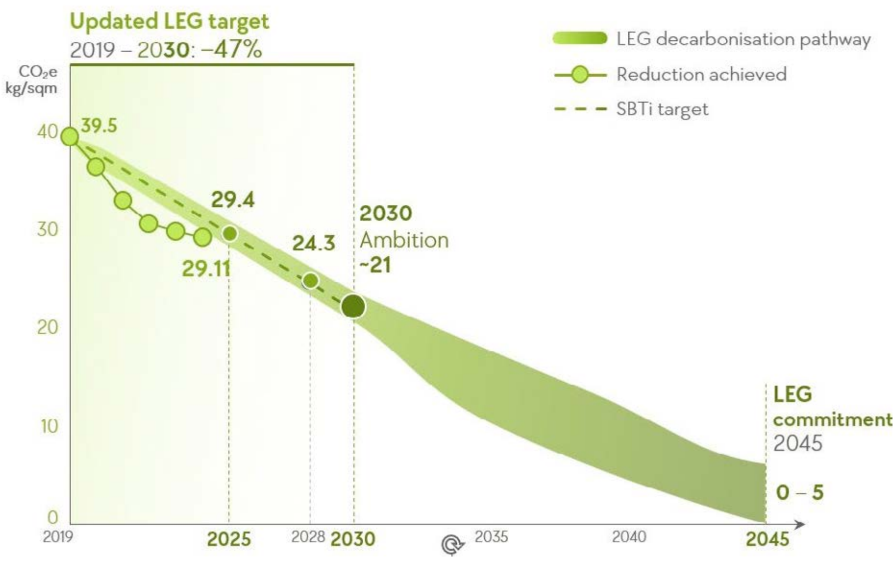
2.2.4.1 DR E1-4: Targets related to climate change mitigation and adaptation

LEG has established a sustainability strategy and set itself the aim of reducing around 47 % of Scope 1 and Scope 2 emissions (market-based) by 2030 in comparison with 2019. By 2045, LEG has set itself the target of reducing its GHG emissions to 0 to below 5 CO_2e/m². This corresponds to a reduction of 87.5 % to 100 %. In order to achieve these climate objectives, emission-efficient and cost-effective measures to reduce GHG emissions must be identified on an ongoing basis and the company drives the sustainable transformation of the LEG portfolio and business model forward. The GHG reduction targets relate only to the company's own business activities and do not include the upstream and downstream value chain. Furthermore, LEG is focussed on new business models in the area of climate change mitigation and its positioning as a provider of emission-efficient solutions and cost-effective technologies through its role in founding green ventures such as dekarbo, termios and RENOWATE. The planned GHG reduction measures are reviewed regularly and reported on in the annual GHG balance sheet.

The short-term emission reduction targets of LEG Immobilien SE have been validated by the Science Based Targets initiative (SBTi) as science-based and in line with the 1.5 degree target of the Paris Climate Agreement. By 2030, therefore, 47 % of Scope 1 and 2 emissions are to be reduced from 2019 levels. The goals were coordinated internally and no other stakeholders were taken into account. The objectives serve to minimise the negative climate-related risks of “High carbon footprint buildings” and “Environmental pollution due to the use of fossil fuels to supply energy”. The sustainability strategy primarily pursues the aim of optimising the LEG property portfolio to make it more emission-efficient in order to reduce its carbon footprint, as well as to facilitate the switch from fossil fuels to renewable energy. This results in positive impacts, such as the implementation of “Actions to reduce and cut emissions through the use of renewable energy”, “Energy-efficient construction, modernisations and sustainable refurbishments to achieve more environmentally friendly and durable buildings” and “Lower incidental costs for customers as a result of energy efficiency measures”. By complying with GHG emission reduction targets, climate-related risks such as “Property value decreases due to the impact of climate change” are also reduced because reducing GHG emissions contributes towards climate change mitigation. Furthermore, this results in opportunities such as “Tapping into new areas of business via dekarbo, termios and RENOWATE”, which are taken into account correspondingly in the LEG sustainability strategy.

ESRS E1-4	Scope	2019	2030	2050
Direct GHG emissions in tonnes of CO_2e	1+2	427,777	226,589	0
- Emission efficient heat supply	1+2	0	-110,654	-124,624
- Reduced energy requirements	1+2	0	-65,386	-73,641
- Energetic refurbishment	1+2	0	-25,149	-28,324
Gross Scope 3 GHG emissions (3.03 and 3.13)	3	290,086	210,312	0

In addition to the above-mentioned reduction targets for Scope 1 and 2 emissions, the company has set itself the goal of reducing Scope 3 emissions in the upstream and downstream value chain by around 28 % by 2030 compared to the base year 2019. The emissions data and targets provided have been adjusted for climate change. This allows for a representation of GHG reductions that are solely attributable to the decarbonization measures, as fluctuations due to warm or cold winters are adjusted.



The base year for LEG’s decarbonisation pathway is 2019, which was adjusted for the long-time average using the DWD’s climate factors. Furthermore, significant changes in the portfolio (primarily the acquisition of the Adler portfolio in late 2021) were taken into account retrospectively for 2019.

The achievement of the target is monitored on the basis of GHG monitoring and the annual preparation of the GHG balance sheet. The current progress is in line with the planning.

In comparison to the 2024 ESG agenda from 2021 and its decarbonisation pathway, the base value for 2019 was recalculated in 2024 as a result of the Adler acquisition in late 2021 and changes in methodology.

The RCP scenarios 2.6, 4.5 and 8.5 (see Chapter 2.2.2.2) were used to identify climate-related risks. In order to identify decarbonisation levers, LEG aligns itself with its own climate change mitigation pathway, which reflects the 1.5 degree target of the Paris climate agreement. This has been validated by SBTi until 2030 and will continue until 2045 with the aim of achieving 0 to below 5 kg CO_2e / m². The decarbonisation actions are planned based on this pathway.

2.2.4.2 DR E1-5: Energy consumption and mix

Energy consumption and energy mix	2019	2023	2024
Fuel consumption from coal and coal products (MWh)	11,555	4,997	4,749
Fuel consumption from crude oil and petroleum products (MWh)	52,131	21,480	20,896
Fuel consumption from natural gas (MWh)	964,407	861,280	836,944
Fuel consumption from other fossil sources (MWh)	23,536	17,982	20,393
Consumption of purchased or purchased electricity, heat, steam or cooling from fossil sources (MWh)	822,735	741,961	726,988
Total fossil energy consumption (MWh)	**1,874,364**	**1,647,700**	**1,609,970**
Share of fossil sources in total energy consumption (in %)	**84.7%**	**72.4%**	**72.4%**
Consumption from nuclear sources (MWh)	**0**	**0**	**0**
Share of consumption from nuclear sources in total energy consumption (in %)	0,0%	0,0%	0,0%
Fuel consumption from renewable sources, including biomass	335,475	508,320	491,657
Consumption from purchased or received electricity, heat, steam and cooling from renewable sources (MWh)	12,853	121,316	120,084
Consumption of self-generated non-fuel renewable energy (MWh)	0	860	1,887
Total renewable energy consumption (MWh)	**348,328**	**630,496**	**613,628**
Share of renewable sources in total energy consumption (%)	**15.3%**	**27.6%**	**27.6%**
Total energy consumption (MWh)	**2,222,692**	**2,278,196**	**2,223,598**
Non-renewable energy production	0	0	0
Renewable energy generation	80,106	103,811	105,999

As LEG is only active in sectors with a high climate impact (Real Estate & Services (RRS) and Energy Production & Utilities (EEU)), all the information referred to in 2.2.4.2 as well as the energy intensity refer to these sectors. The total net sales of the consolidated financial statements also relate to these sectors.

2.2.4.3 DR E1-6: Gross Scopes 1, 2, 3 and Total GHG emissions

Climate-adjusted emissions

THG emissions	2019	2023	2024	% N/N-1	2030	2050
Scope 1 greenhouse gas emissions						
Scope 1 THG gross emissions (t CO_2e)	295,830	240,219	234,416	-21%	159,157	0
Percentage of Scope 1 greenhouse gas emissions from regulated emissions trading systems (in %)	0	0	0	0%	0	0
Scope 2 greenhouse gas emissions						
Location-based Scope 2 GHG gross emissions (t CO_2e)	154,032	136,938	134,592	-13%	0	0
Market-based Scope 2 GHG gross emissions (t CO_2e)	131,947	82,026	78,805	-40%	67,432	0
Significant Scope 3 greenhouse gas emissions						
Total indirect (Scope 3) GHG gross emissions (t CO_2e)	290,086	244,956	245,001	-16%	210,312	0
3 Activities related to fuels and energy (not included in Scope 1 or Scope 2)	79,640	83,915	85,064	7%	57,739	0
13 Downstream leased assets	210,445	161,041	159,938	-24%	152,573	0
Total GHG emissions						
Total GHG emissions (location-based) (t CO_2e)	739,948	622,112	614,010	-17%	369,469	0
Total GHG emissions (market-based) (t CO_2e)	717,863	567,200	558,223	-22%	125,171	0

GHG intensity per net revenue	2019	2023	2024	% N/N-1
Total GHG emissions (location-based) per net revenue (tCO_2e/million euros)	927.3	683.6	694.4	-25%
Total GHG emissions (market-based) per net revenue (tCO_2e/ million euros)	899.6	623.3	631.3	-30%
Net revenue used to calculate greenhouse gas intensity in million euros	798	910	884.2	11%
Net revenue (other) in million euros	198.2	80.3	255.2	29%
Total net revenue (in the financial statements) in EUR million	996.2	990.3	1.139.40	14%

GHG intensity per m² (Scope 1 and 2)	2019	2023	2024	% N/N-1
Total GHG emissions (location-based) per m² (tCO_2e/m^2)	41.57	34.8	34.28	-18%
Total GHG emissions (market-based) per m² (tCO_2e/m^2)	39.53	29.73	29.1	-26%

GHG emissions by energy source (market based)	2019	2023	2024	% N/N-1
Natural gas	275,893	264,514	259,503	-6%
Fuel oil	18,832	8,004	7,872	-58%
Coal	5,838	2,700	2,639	-55%
District heating	124,891	83,767	81,496	-35%
Current	240,439	183,887	182,292	-24%
Pellets	0	10	10	0%
Renewable energies	44,844	19,025	18,392	-59%
Other	7,126	5,293	6,018	-16%

Non-climate-adjusted emissions

THG emissions	2019	2023	2024	% N / N-1	2030	2050
Scope 1 greenhouse gas emissions						
Scope 1 THG gross emissions (t CO_2e)	259,865	199,745	195,078	-25%	159,157	0
Percentage of Scope 1 greenhouse gas emissions from regulated emissions trading systems (in %)	0	0	0	0%	0	0
Scope 2 greenhouse gas emissions						
Location-based Scope 2 GHG gross emissions (t CO_2e)	134,967	115,406	112,663	-17%	0	0
Market-based Scope 2 GHG gross emissions (t CO_2e)	115,858	70,107	67,439	-42%	67,432	0
Significant Scope 3 greenhouse gas emissions						
Total indirect (Scope 3) GHG gross emissions (t CO_2e)	290,086	244,956	245,001	-16%	210,312	0
3 Activities related to fuels and energy (not included in Scope 1 or Scope 2)	79,640	83,915	85,064	7%	57,739	0
13 Downstream leased assets	210,445	161,041	159,938	-24%	152,573	0
Total GHG emissions						
Total GHG emissions (location-based) (t CO_2e)	684,918	560,107	552,742	-19%	369,469	0
Total GHG emissions (market-based) (t CO_2e)	665,809	514,807	507,518	-24%	125,171	0

GHG intensity per net revenue	2019	2023	2024	% N / N-1
Total GHG emissions (location-based) per net revenue (tCO_2e/million euros)	858.29	615.5	625.13	-27%
Total GHG emissions (market-based) per net revenue (tCO_2e/ million euros)	834.35	565.72	573.99	-31%
Net revenue used to calculate greenhouse gas intensity in million euros	798	910	884.2	11%
Net revenue (other) in million euros	198.2	80.3	255.2	29%
Total net revenue (in the financial statements) in EUR million	996.2	990.3	1,139.40	14%

GHG intensity per m² (Scope 1 and 2)	2019	2023	2024	% N / N-1
Total GHG emissions (location-based) per m² (tCO_2e/m^2)	36.48	29.08	28.59	-22%
Total GHG emissions (market-based) per m² (tCO_2e/m^2)	34.72	24.9	24.39	-30%

GHG emissions by energy source (market based)	2019	2023	2024	% N / N-1
Natural gas	242,723	226,175	222,230	-8%
Fuel oil	16,625	6,822	6,728	-60%
Coal	5,065	2,233	2,185	-57%
District heating	110,128	72,832	71,080	-35%
Current	239,114	183,002	181,438	-24%
Pellets	0	10	10	0%
Renewable energies	44,844	18,925	18,297	-59%
Other	7,310	4,809	5,551	-24%

Germany officially phased out its nuclear energy programme on 15 April 2023. The proportion of imported nuclear energy in the German energy mix was around 3 % in 2023. As a result, the proportion of energy from nuclear sources is deemed immaterial for LEG. Furthermore, the precise proportion of electricity from nuclear sources in LEG's consumption cannot be determined, which is why no disclosures are made about energy from nuclear sources. In its portfolio, LEG opts to use green electricity from green energy contracts, as well as the use of guarantees of origin.

In its GHG emissions accounting according to GHG-Protocol, LEG does not deviate from the definition of “reporting entity”. This means that it reports all GHG emissions generated by the group of consolidated companies as covered by the financial reporting. Correspondingly, this excludes the green ventures dekarbo, termios and RENOWATE, as well as Kommunale Haus und Wohnen and Beckumer Wohnungsgesellschaft mbH which are not under LEG’s operational control.

The accounting framework includes our entire portfolio, including commercial units and the company buildings, as well as our vehicle fleet. In order to calculate the GHG emissions, the actual energy consumption values for the previous year are used for the reporting period whenever possible because the data for the reporting period is not yet available at the time of reporting. If this data is not available, the consumption figures are estimated using the consumption/requirements information in kWh/m²/a from energy certificates or building age categories. The consumption in the reporting year is estimated using climate adjustment for the reporting year and adjustments for changes in the portfolio. Savings from the decarbonisation measures are also taken into account. The extrapolated values are updated in the following reporting year with the actual emissions values. To calculate the GHG emissions, the emissions factors of the German Federal Office for Environment are applied for the energy source in question; to determine market-based emissions, the supplier-specific emissions factors are applied. When estimating GHG emissions, it should be taken into account that the emission factor for gas deteriorated slightly from 2022 to 2023. In contrast, the emission factors for district heating and electricity have improved. The climate factors of the DWD are applied for climate adjustment for the reporting year.

For general purposes, there were no significant events or changes between the LEG reporting dates in the value chain and the date of the LEG consolidated financial statements.

LEG reports on all emissions from the biomass heating power plant under Scope 1.

No biomass emissions are generated in the value chain that are not already depicted in Scope 3. These emissions are shown in Scope 3.3.

2 % of Scope 2 emissions related to administration and portfolio are covered by unbundled guarantees of origin.

LEG obtains unbundled guarantees of origin for the electricity it uses (Scope 2), which enables it to certify this electricity as being from renewable sources. This electricity is used for heat supply in housing and communal areas.

0 % of the calculated Scope 3 GHG emissions were collected using primary data. For Scope 3.3 (energy and fuel-related emissions), the consumption figures for the previous year were used and extrapolated as described above for the reporting year. Scope 3.13 (rented or leased properties) only includes domestic electricity consumption by the tenants, which is billed directly by the provider to the tenant. As a result, there are no actual consumption figures available for this either.

As part of the submission of targets to the SBTi, a Scope 3 screening was carried out across all categories. The emissions in the categories Scope 3.3 and 3.13 cover more than 90 % of LEG’s total Scope 3 emissions. As a result, the remaining Scope 3 categories are immaterial for LEG.

List of the categories of Scope 3 emissions included in the GHG balance sheet:

- Scope 3.3
- Scope 3.13

The consumption figures for the 2023 balance sheet were used to determine the energy consumption figures and Scope 3.3 emissions. The information from the electricity index (indicates the average electricity consumption of private households in Germany) for 2024 was used to determine the electricity consumption for Scope 3.13.

The net revenue includes net cold rent, which is also stated in the consolidated financial statements. It also includes net trade receivables that are not shown in the financial statements as a result of their allocation to different functional areas. For other trade receivables and net revenue from disposals, the taxes directly linked to turnover have already been taken into account. Proceeds from the sale of real estate were not included in the calculation and are reported under other net income.

3. Social Information

3.1 ESRS S1: Own workforce

3.1.1 Strategy

3.1.1.1 DR S1.SBM-2: Interests and views of stakeholders

LEG actively takes into account the interests, points of view and rights of its employees in its strategy and business model. As part of the materiality analysis, employees were identified as an important stakeholder and included in a survey (see SBM-2). This is to ensure that the perspectives of the workforce are continuously incorporated into the sustainability strategy.

3.1.1.2 DR S1.SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

All employees of the LEG Group are covered by the scope of the disclosure in this report. In general, employees are affected by the material effects of the LEG Group's business activities. In addition to the employees, 11 temporary workers were employed at LEG in the 2024 financial year.

In chapter 1.1.3.3, all positive and negative effects as well as risks and opportunities were presented in tabular form.

In connection with the company's own workforce, the following activities lead to positive effects.

At LEG, ensuring employee health is a prerequisite for good work and is therefore taken into account in works agreements. Ensuring employee satisfaction and retention through appropriate remuneration is also of great importance, which is taken into account by collective agreements and legal co-determination. In addition to appropriate remuneration, the possibility of reconciling professional and private life (e.g. through flexible working hours, home office, etc.) should also contribute to employee satisfaction and retention. This is taken into account within the corporate strategy and in company agreements. Furthermore, the safeguarding of jobs through responsible business practices and diversity as a sense of belonging for employees, which is also taken into account in the corporate strategy, are among the positive effects of LEG. Ensuring data protection in relation to one's own workforce, which is also established in the company by the data protection department, also has a positive effect.

The (long-term) absence of work due to work-related stress was identified as a negative impact of LEG's business activities on its own employees. This negative impact is reduced by taking it into account in works agreements.

Due to the change in the Hazardous Substances Ordinance, increased costs for information gathering, sampling, protective measures and disposal of hazardous substances to protect the company's own employees are to be expected in the future. This was identified as a risk. To mitigate this cost risk, a LEG project has already been initiated to implement the necessary processes to deal with the hazardous substances accordingly.

Opportunities related to own workforce include the following aspects:

Good (individual) working conditions (e.g. flexible working hours, home office regulations, adapted working hours, etc.), gender equality, work-life balance and equal pay for work of equal value as well as cooperation with universities make the war for talent easier.

These opportunities are taken into account within the corporate strategy as well as in company agreements as a contribution to employee satisfaction and the sense of belonging of employees.

3.1.2 Management of impacts, risks and opportunities

3.1.2.1 DR S1-1: Policies related to own workforce

In addition to the strategies already mentioned in chapters 1.1.4.3 and 3.1.1.2 and working conditions such as the framework conditions of collective bargaining, fair working conditions, safeguarding employee satisfaction (see chapter 3.1.1), LEG is establishing further measures and regulations in connection with its own workforce, for which the Management Board is responsible.

The following internal company policies exist at LEG in terms of handling material impacts, risks and opportunities relating to its own workforce:

- Declaration of fundamental values,
- Sustainability model,
- Code of Conduct,
- Policy on Human Rights and Environment, including the declaration on respect for human rights and the environment,
- Group works agreement about professional conduct,
- Group works agreement about the whistleblower system,
- Agreements on personnel development,
- Regulations on equal pay through remuneration according to requirements profile and work remit,
- Agreements on flexible working hours and work location,
- Regulation on partial retirement (does not apply to TSP employees),
- Internal integration management (currently being implemented at TSP),
- Establishing a Disabilities Officer, a Bullying Officer and a Human Rights Officer,
- Anti-corruption policy,
- Money laundering policies and working instructions.

With regard to the relevant human rights obligations that apply to its own workforce, LEG has a declaration of fundamental values and a Code of Conduct, which outlines its commitment to integrity and fairness, performance and professionalism, confidentiality, transparency and sustainability. LEG also adheres to its Group Policy on Human Rights and Environment (including the declaration on respect for human rights and the environment), showing its commitment to respecting human rights based on the UN Guiding Principles on Business and Human Rights. These establish, for example, that it is a matter of course for LEG as a company that acts responsibly to respect, protect and promote human rights and the environment along its entire value chain. The basis for achieving these targets is mutual respect and integrity externally and internally during day-to-day business. This approach is further strengthened by the Employees and Diversity policy, which outlines our commitment to diversity within the workforce. This policy shows LEG's commitment to valuing every member of staff and treating all employees with respect, regardless of ethnic or ethical background, religion, political or other worldviews, gender, disability, age, sexual orientation, national or social background or language.

The general approach of LEG with regard to respecting human rights, including the rights of employees, is expressed in the internal company policies mentioned above, and is implemented daily through these company policies and compliance training as part of our onboarding process for new employees, as well as annual compliance refresher courses. Event-driven awareness raising is also implemented if breaches of compliance occur.

LEG implements a range of measures in order to protect human rights. Firstly, there are preventive measures that redress human rights violations, such as LEG's compliance system. Secondly, there are the above-mentioned training sessions. The HR department also organises diversity events (diversity dinners, diversity days, mentoring programme, intercultural training), which have partly been adopted into the performance-related remuneration of the Management Board and senior management. In the LEG Group, employee rights are safeguarded through collective agreements and works agreements. This is done via co-determination bodies and works councils, which represent the employees on the committees and act as individual contact partners.

Through its Group Policy on Human Rights and Environment including the declaration on respect for human rights and the environment, LEG is committed to the United Nations Universal Declaration of Human Rights, the core labour standards of the International Labour Organisation (ILO), the European Convention for the Protection of Human Rights and Fundamental Freedoms, the UN's Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the Principles of the United Nations' Global Compact (membership since 2021). LEG also implements the regulations of the German General Act on Equal Treatment (AGG). The values and standards enshrined in this act are the basis for our responsible business conduct and are anchored in our internal policies and guidelines. LEG lives up to these requirements by fulfilling its due diligence in the area of human rights.

The following LEG policies are expressly concerned with human trafficking, forced or compulsory labour and child labour:

- Declaration of fundamental values,
- Policy on Human Rights and Environment, including the declaration on respect for human rights and the environment,
- Code of Conduct,
- Business Partner Code,
- Employee and Diversity Policy.

LEG is committed to integrating health and safety in the organisation, including via an internal Health and Safety Office, who monitors and manages the implementation of statutory and internal health and safety regulations. The details are set out in the “Health and safety organisation” document dated 10 March 2014. The health and safety aspects are integrated into operational structures and processes in order to prevent workplace accidents, among other things. Preventive actions are also regularly on the agenda for the Health and Safety Committee and are implemented consistently.

The above-mentioned internal regulations, training measures, HR measures, establishment of a due diligence committee and a Human Rights Officer, the establishment of a digital whistleblower system, also available for employees to use anonymously, are just some specific examples of measures to combat discrimination.

Some reasons for discrimination are listed in the Employees and Diversity Policy, which makes specific reference to the German General Act on Equal Treatment (AGG).

LEG has no political obligations in terms of inclusion or support measures to benefit people from groups that are particularly at risk among the company’s own workforce. With regard to at-risk groups in its workforce, LEG fulfils the requirements from the German Disabilities Act and has a disabilities representative.

3.1.2.2 DR S1-2: Processes for engaging with own workforce and workers’ representatives about impacts

There are regular meetings (depending on the committee, monthly, quarterly or twice a year) with the works councils at which topics relating to discrimination can be addressed. The due diligence committee, which is made up of representatives from the areas of Legal and Compliance, Procurement, ESG, HR and risk management, meets once a quarter. The HR department is involved and may contribute impacts on employees. The committee can also result in work orders, which are subsequently implemented by the respective representatives. Actions can also be developed and implemented through these meetings. Cases of discrimination can be reported anonymously via the whistleblower system. These cases are then investigated by the Compliance team and internal audit team. Appropriate actions are then taken where necessary.

The perspectives of the LEG workforce sometimes also influence the company’s decisions and activities. Some examples of their direct contribution are the diversity day, diversity dinner and the digital whistleblower system. The perspectives of the employee representatives are contributed via LEG’s co-determination bodies and via collective bargaining with the trade union ver.di. Furthermore, the disabilities representative (SBV) may also influence how topics relating to disabilities are handled. In accordance with Section 178 (1) SGV IX, the SBV must promote the participation of people with severe disabilities in working life in the company or office and represent their interests. Topics related to severely disabled persons include: fulfilment of obligations in favour of people with severe disabilities, application for measures that serve people with severe disabilities, receipt of suggestions and complaints from people with severe disabilities, negotiation of the conclusion of an inclusion agreement and participation in the introduction and implementation of the company integration management.

The diversity day takes place once a year in May, while the diversity dinner takes place at irregular intervals. The mentoring programme takes place with a new group every year. The programme runs for one calendar year. Each employee is assigned to a mentor from the management level, thus enabling an intensive exchange. The digital whistleblower system is always available. The cooperation with the works council takes place on an ad-hoc basis if there are matters requiring co-determination. On the other hand, there are also regular meetings of the co-determination bodies with employer representatives. The frequency of these various meetings is not regulated in a uniform manner. Instead, they are held as arranged between the committees / employee representatives affected and may therefore change. Negotiations are also held with the trade union ver.di after the collective remuneration agreements or before the expiry of their term.

The highest-ranking positions with operational responsibility for such topics is the Head of Legal and Compliance, Internal Audit, Human Resources, Committees and IBM. The CEO holds the overall responsibility.

The company has concluded the works agreement regarding professional conduct as a global framework agreement or other agreement with employee representatives connected with the topic of respecting the human rights of its own workforce. LEG enacted the following guidelines and company policies without employee participation:

- Declaration of fundamental values,
- Policy on Human Rights and Environment, including the declaration on respect for human rights and the environment,
- Code of Conduct,
- Business Partner Code,
- Employee and Diversity Policy.

Within the scope of the contact points mentioned above, LEG enables its employees to explain their perspectives and insights to the senior management. These perspectives are also discussed and, if necessary, negotiated with the works councils as part of the right to co-determination.

The efficacy of these actions is not measured but there are possibilities for giving feedback via the works council, the whistleblower system and through surveys on employee satisfaction.

In order to obtain insights into employee perspectives within its own workforce, LEG offers a diversity day, the diversity dinner, a mentoring programme and a digital whistleblower system has been introduced. Furthermore, the LEG Group has organised a female empowerment programme, which holds occasional workshops to empower women and address topics such as self-efficacy, embodiment, career confidence, personal strengths and self-reflection. For topics related to the severely disabled, there is a representative body for severely disabled people. Finally, the FRED annual review (or similar process at TSP) forms part of the Group works agreement and offers structured annual reviews with employees in order to support them in their professional and personal development. These reviews can also be initiated by the employees. LEG also obtains insights into the perspectives of its employees by doing this.

3.1.2.3 DR S1-3: Processes to remediate negative impacts and channels for own workforce to raise concerns

LEG employees can speak to their supervisors, the works council and submit notifications in the whistleblower system. These notifications are investigated and any relevant measures derived.

For complaints in connection with employee matters, employees are able to speak to their manager as part of the normal working relationship. Employees may also speak confidentially to the Compliance Officer if the matter pertains to non-compliance with internal policies or legal requirements. The employees also have access to the digital whistleblower system as a means of submitting complaints as per the relevant works agreement. Employees can also address complaints or proposals for improvements as part of their FRED annual review (or similar process at TSP), which forms part of the Group works agreement. These reviews can also be initiated by the employees. Staff meetings as per Sections 81 IV, 82 II, 83 I and 84 I of the works agreement (BetrVG) that address the topics of professional conduct and performance are governed by a Group works agreement on the conduct of staff meetings. This Group works agreement includes the period of prior notice and formal requirements of such meetings and gives employees the right to invite a member of the works council to attend the meeting as well.

As per the Group works agreement regarding the launch of a whistleblower system, LEG employees have access to a digital whistleblower system that can be used to report cases of discrimination and (sexual) harassment. This system makes it possible to submit anonymous reports. The Group works agreement also includes the principles agreed with the Group works council regarding how these reports are investigated. These principles aim to protect whistleblowers and people who have been wrongly accused. The LEG Compliance Officer and Internal Audit department are enlisted to help determine and evaluate the content. This measure aims to ensure that the whistleblower receives feedback quickly, that the case is dealt with quickly, but also that defendants receive adequate protection. Outside of the whistleblower system, any employee can also turn to their supervisor, the Compliance Officer, the HR department or Internal Audit if they want to report cases of discrimination or harassment. Such cases are investigated and any relevant action taken.

The Legal department also manages a list of all compliance-related cases and reports on it to the Management Board (CEO) and the Supervisory Board’s Audit Committee. If necessary, actions are also derived from these compliance-related cases. The criteria of the Whistleblower Protection Act were used as a basis for implementing the measures. The effectiveness of the measures is also regularly audited and certified by the ICG.

A training session is held as part of the onboarding process for new employees, and all employees undergo mandatory digital compliance training once a year that also involves answering questions.

The Group works agreement regarding the introduction of a whistleblower system serves as a guideline for protecting those who submit needs and concerns via various communication channels from retaliatory action.

3.1.2.4 DR S1-4: Taking action on material impacts on own workforce, and approaches to managing mate-rial risks and pursuing material opportunities related to own workforce, and the effectiveness of those actions

With regard to material impacts and risks, LEG has implemented appropriate measures. The aim of these measures is to minimise the negative effects and risks and to promote the positive effects. They refer to the company's employees who have their workplace in Germany. The measures are an integral part of LEG and are being implemented on an ongoing basis. In order to avoid or mitigate negative effects on the company's own workforce, possible hazards are determined by risk assessments for locations and employment groups. Identified measures are implemented to reduce potential hazards. These measures are discussed in more detail below:

Numerous works agreements were concluded with the co-determination bodies for the benefit of the employees. In this context, for example, a company health management system with corresponding offers was agreed. In this respect, an important contribution is made to employee health as a prerequisite for good work, which also prevents (long-term) absence from work by LEG employees due to work-related stress. In addition, LEG's health management system provides an employee programme to ensure the health of LEG employees. In order to provide further relief with regard to (long-term) absences from work due to work-related stress, employees are offered various measures, such as road safety training to prevent traffic accidents, seminars to maintain mental health or stab-proof vests to protect against attacks in extreme situations.

LEG operates in a very tense tenant market with an increasingly critical social environment for tenants and prospective tenants, in which critical situations of conflict resolution can occur. LEG takes precautions to cope with such situations by offering its employees a conflict seminar and a self-defence course, for example. Within the LEG organisation, there is also a supervision programme to cushion and solve these problems. After all, a positive and approachable corporate culture also helps colleagues feel that they are in good hands in their teams and are better able to cope with such problem situations. Through these measures, LEG contributes to ensuring employee health as a prerequisite for good work and it also prevents LEG employees from absence of work due to work-related stress (e.g. psychological stress). In addition, those LEG employees who carry out manual activities are trained once a year with regard to the applicable occupational safety measures and the execution of the work is also checked by the respective supervisors. In addition, employees are required to wear appropriate protective clothing during their work. This ensures employee health as a prerequisite for good work and prevents absences from work by LEG employees.

The majority of LEG employees are subject to both the collective bargaining provisions of an in-house collective agreement and the statutory co-determination and thus enjoy the protective effects of the Collective Bargaining and Works Constitution Act. In addition, the German labour law regulations with the high level of protection conveyed by them are applicable to all LEG employees. These positive legal and collective bargaining framework conditions contribute to the attractiveness of LEG as an employer through fair working conditions, make it easier to recruit new employees and ensure that existing LEG employees do not leave the company (war for talents). This is reflected again and again in job interviews of applicants. In addition, employee satisfaction is increased in this way through appropriate collectively agreed remuneration and jobs are secured.

In addition, there are company agreements on the control of work and working hours with far-reaching flexitime regulations (except for TSP employees). These regulations specifically serve to ensure employee satisfaction and retention through fair working hours. In addition, the possibility of mobile work from home has been part of LEG's practice for several years. Employee satisfaction and retention is promoted by the possibility of balancing professional and private life. With regard to accident protection, in addition to statutory accident insurance, there is also company accident insurance to protect employees, which is intended to promote employee health and prevent long-term absenteeism of LEG employees. Such measures also enable LEG to present itself as an attractive company for new talent.

In order to prevent discrimination within the workforce and to promote an open corporate culture, LEG also takes care of the rights of female employees and employees with different religious backgrounds, different gender identities or different sexual orientations within the framework of equality programmes. In this respect, mentoring programmes (for both women and men), diversity dinners and diversity days were held for all LEG employees in order to strengthen those affected on the one hand, and to understand their problems and increase the sensitivity of the workforce on the other. To promote women in the company, a "Female Empowerment" program was offered in 2024.

Partial retirement solutions are offered to older employees of LEG (with the exception of TSP employees) shortly before they retire in order to satisfy their specific need to end their working life earlier at an advanced age in suitable individual cases. In this respect, the specific needs of the respective affected group of employees are taken into account with specific measures.

Employee data protection is also part of LEG's data protection management system, which is to be ensured in particular through authorisation and deletion concepts, but also within the framework of regulations in numerous works agreements within the LEG Group. This means that only those employees who need this access for their work have access to personnel data. Data that is no longer required is also deleted as part of existing deletion concepts, and there are numerous technical and organizational measures to ensure that employee data is processed to a legally compliant extent.

In order to prevent and clarify violence and harassment in the workplace, an anonymous digital whistleblower system is available to employees through which they can report incidents. The incidents reported there are clarified by a team of employees from internal auditing and the Legal & Compliance department and, if necessary, appropriate measures are taken.

In the area of the use of technical systems, the employer's ability to monitor behaviour and performance has been restricted in many places, and regulations for quality management have been agreed which do justice to the interests of employees by also taking into account the interests of employees in performance reviews as part of quality management measures (e.g. time limits for quality checks, dependence of certain measures on the consent of the employee concerned, etc.).

The effectiveness of the measures is measured by evaluating the text contributions in the risk assessment of mental stress, which is carried out every 3 years, and the employee survey "Great Place to Work", which is carried out every 2 years. In addition, discussions are held on the evaluations and reports of individual employees to the works councils, the occupational health and safety coordinator and/or managers in the Group Occupational Health and Safety Committee and, if necessary, a report on the need for further action to the relevant management level. Due to the change in the Hazardous Substances Ordinance, increased costs for information gathering, sampling, protective measures and disposal of hazardous substances to protect the company's own employees are to be expected in the future. This was identified as a risk. To mitigate this cost risk, a LEG project has already been initiated to implement the necessary processes to deal with the hazardous substances accordingly.

Of course, LEG is dependent on the committed cooperation of its workforce in order to implement a successful business strategy. Highly qualified specialists are needed in many areas. Like most other companies in Germany, LEG has to face the shortage of skilled workers in the market. It does this by using recruiting and employer branding measures in its search for employees and by also training its own specialists for LEG's future challenges through a training programme. In order to take advantage of the opportunity to facilitate the war for talent, LEG relies on good working conditions, such as the LEG family service or occupational health management, gender equality and equal remuneration for equal work. This is covered by collective agreements. In addition, LEG cooperates with universities.

Changes in the legal framework for LEG's business operations resulting from climate legislation naturally also lead to changes in the work content of LEG's employees, especially in connection with the necessary measures to achieve the GHG targets that LEG has set for itself. They have to implement set GHG targets in their day-to-day work and, as an interface to tenants and business partners, are also transformation drivers in LEG's efforts to reduce GHG in business operations. To this end, LEG offers all interested employees voluntary training once a year to make them fit for the changed demands on their work. The resulting change in business policy, according to which LEG has set itself the goal of making a positive contribution to GHG savings, will facilitate the war for talents for LEG and at the same time secure jobs by making them fit for the future.

Resources (both monetary and personnel) may be made available for the aforementioned measures on a case-by-case basis by the managers responsible for the budget.

3.1.3 Metrics and targets

3.1.3.1 DR S1-5: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

In recent years, the Supervisory Board had implemented the use of 100 LEG employee hours for the design, organisation or implementation of intercultural projects by 31 December 2024 as part of the variable remuneration target for the Management Board as STI 2024. A total of 665 employee hours were used, exceeding the target.

As such, the selected variable is the improvement in the Trust Index as determined by an external research and consultancy institute via the “Great Place to Work” employee survey. This is because the survey reflects the ongoing development and interaction between company and employees with its corporate culture. The key attainment factor in 2024 was the development of the average responses in the surveys from 2022 and 2024.

The results were discussed with the management teams.

On the basis of the results, workshops were planned with the employees and specific steps taken in order to improve working conditions.

The target for 100 % attainment was set at 66 %. This is also the baseline value. A result of 73.5 % was achieved and the target was therefore exceeded.

The workforce and workforce representatives are not directly involved in target agreement, deriving lessons or improvements as a result of company performance.

A description of the target and its relation to the sustainability strategy is explained in Chapter 1.1.3.3.

3.1.3.2 DR S1-6: Characteristics of the undertaking’s employees

Information on employee key figures can also be found in the "Employees" chapter of the management report.

Gender	Number
Male	1,345
Female	742
Diverse	0
No information provided	0
Total number of employees	2,087

Employee fluctuation	Number
Number	229
Ratio	11.0%

	Female	Male	Other	n.d.	Total
Number of employees	742	1.345	0	0	2,087
Number of employees with open-ended contracts	677	1.269	0	0	1,946
Number of employees with temporary contracts	65	76	0	0	141
Number of on-call employees	0	0	0	0	0

The above data refer to heads as of 31 December 2024. The data given in the tables include all employees of LEG and also include 100 employees of the company LEG Nord FM, which was sold on 31 December 2024.

Fixed-term contracts at LEG are implemented on the basis of the legal requirements and are usually related to factual reasons, in particular due to parental leave replacements. Otherwise, the factual reasons are case-specific, e.g. time limits for the implementation of one-off projects.

3.1.3.3 DR S1-9: Diversity metrics

Employees at the highest level of management

Gender	Number	Percentage
Male	2	67%
Female	1	33%
Diverse	0	0%
Total	3	100%

The company defines the highest level of management as the Management Board.

Age structure	Number
< 30 years	334
30-50 years	1.058
>50 years	695
Total	2.087

3.1.3.4 DR S1-10: Adequate wages

All LEG employees receive adequate wages in compliance with the relevant reference values. These wages are guaranteed through collective agreements as well as via the statutory minimum wage.

3.1.3.5 DR S1-14: Health and safety metrics

100 % of the employees are covered by occupational health and safety measures.

The LEG's understanding of reportable accidents at work is that minor injuries, such as cuts on the finger caused by paper or bruises, which do not require initial treatment or can be treated by applying a band-aid, do not lead to a limited ability to work. On the other hand, injuries that result in severe headache and/or other physical pain lead to a limited ability to work, as they reduce the employees' ability to concentrate and/or stress limit. Psychological stress is assessed in such a way that it does not lead to a limited ability to work if it occurs once. Multiple entries of psychological stress by a single employee within a short period of time (10 working days) lead to a limited ability to work. After such experiences, employees can no longer conduct tenant discussions with an open mind or without fear, for example, which can significantly influence their work performance.

"Work-related accidents" are only considered accidents that occur after crossing the threshold in the entrance area or an underground car park, etc. in an office building (the employee's first workplace) and are related to the original work of the person concerned. Commuting accidents are only considered if they are related to work, e.g. journeys to work-related appointments or journeys within rental portfolios. Accidents on the way to work from home to first work or during break times are not considered work-related accidents. Accidents in connection with team events, festivals and celebrations, etc. are not considered.

Deaths	Number
Number of deaths in the company workforce due to workplace-related injuries and work-related illness	0
Number of deaths due to workplace-related injuries and work-related illness for other employees working at company sites	0

Notifiable workplace accidents	Number
Number of notifiable workplace accidents among permanent employees	51
Proportion of notifiable workplace accidents among permanent employees	17.1

3.1.3.6 DR S1-15: Work–life balance metrics

100 % of LEG employees (male, female and diverse) are entitled to family-related leave. This includes maternity leave, parental leave/paternity leave and leave for family caregivers.

Entitlement to family-related leave	Male	Female	Diverse	Total
Mandatory maternity leave	0%	3%	0%	1%
Parental leave	3%	6%	0%	4%
Care leave	0%	0%	0%	0%

3.1.3.7 DR S1-16: Compensation metrics (pay gap and total compensation)

The majority of LEG employees are covered by the LEG collective agreement, which ensures that the same work is paid equally. This is also reflected in the gender pay gap. This states that the average gross hourly salary of female employees at LEG in 2024 was 6.57 % higher than that of men.

To determine the gender pay gap, the gross average earnings per hour of male employees were set in relation to the gross average earnings per hour of female employees. All actual remuneration components of an employee that were settled in the financial year are taken into account. This also includes non-cash benefits, such as company cars or other subsidies.

The productive hours were analysed for all employees who are subject to working time recording. For all other employees who are not subject to working time recording - including TSP or managers LEG - the productive hours were mathematically determined.

The total annual compensation ratio of the highest-paid individual to the median annual total compensation of all employees (excluding the highest-paid individual) is 57.4. Here, the total annual remuneration of the highest-paid individual was compared with the average annual total remuneration of all employees.

3.2 ESRS S4: Consumers and end-users

3.2.1 Strategy

3.2.1.1 DR S4.SBM-2: Interests and views of stakeholders

LEG integrates the interests and rights of its tenants as central end users into its strategy and business model. As part of the materiality analysis, tenants were identified as important stakeholders (see SBM-2). In this way, LEG ensures that tenants' perspectives as customers are continuously taken into account in its decisions.

3.2.1.2 DR S4.SBM-3: Material impacts, risks and opportunities and their interaction with strategy and business model

The consumers and end-users who may be affected by material impacts, risks and opportunities are defined in the value chain as per ESRS 2.

Consumers and end-users affected by material impacts are LEG tenants. They are also referred to hereinafter as customers.

Breaches of data protection with regard to tenant or customer-related data due to errors or misuse were identified as a negative impact.

LEG aims to provide affordable housing. In this way, LEG contributes to avoiding the fear of losing housing. In addition, the LEG contributes to the integration of migrants and refugees by providing these groups of people with housing, thereby facilitating or enabling them to access social life in Germany. Characteristics such as a person's cultural or ethnic background, gender, religious affiliation or ideology, disability, age or sexual identity must not be a criterion for allocating apartments at LEG. In this way, LEG wants to counteract discrimination against people. If such requirements would be violated, the digital whistleblower system and the central customer service are available to the affected prospective tenants as complaint instances. Corresponding cases are recorded and clarified by the respective responsible team. By implementing energy-efficient measures, LEG reduces operating costs and thus also enables tenants with limited financial leeway to access housing.

There is a risk of penalties/penalties as a result of data breaches involving tenants' personal data.

People with low incomes are at a higher risk of losing their housing. In addition, people with a migrant background can be disadvantaged in the allocation of apartments.

LEG has not identified any opportunities or risks that could arise due to dependencies between consumers and end-users which have a low probability of occurrence but a significant financial effect.

3.2.2 Management of impacts, risks and opportunities

3.2.2.1 DR S4-1: Policies related to consumers and end-users

LEG has established a Code of Conduct that sets out the ethical and compliance-related standards that must be followed by all persons associated with the company. This includes LEG tenants. It aims to promote a corporate culture that is shaped by morals and integrity and strengthens customer (tenants) trust. The code emphasises the importance of moral integrity and compliance with legal and internal requirements. It serves as a guideline to ethical behaviour within business transactions.

LEG is committed to respecting internationally recognised human rights and the equal treatment of all of its customers. Discrimination based on ethnic background, gender, religion, disability, age or sexual orientation is not tolerated. These strategies and concepts are the responsibility of the Management Board.

The processing of the personal data of our customers is an integral part of LEG’s internal operations. Risks of the misuse of personal data or processing personal data in a way that breaches data protection law must therefore be minimised as far as possible. To minimise these risks, LEG has established a data protection management system, which aims to aid compliance with legal requirements regarding data protection. The regulatory heart of the data protection management system is the data protection policy, which is binding for the entire Group and sets out the principles of data protection and establishes a consistent and appropriate data protection standard for the collection, processing and use of tenants' personal data which is based on statutory data protection legislation. The material legislative content of the data protection guidelines includes the responsibility for the implementation of provisions relating to data protection, the principles for processing personal data, the information and rights of data subjects, the principles of data processing in cooperation with third parties, internal processes (confidentiality, processing overview, training, risk orientation, data protection impact assessment, data processing security, data minimisation), internal responsibilities, efficacy control, reporting processes, regulations relating to the Data Protection Officer and their tasks, as well as monitoring by the supervisory authorities.

The data protection guidelines are supplemented by procedural guidelines that specify the general principles of the data protection guidelines for everyday purposes, and by an employee training system that takes place firstly in person upon the onboarding of new employees and secondly as a digital training course with test questions that is taken every year. The data protection management team also issues handouts to the employees with information for day-to-day work, addresses current topics in regular meetings with the various departments and the Data Protection Officer, and provides the latest data protection newsletter to employees for their information. The employees can access documents relating to data protection legislation via the Compliance page of the LEG intranet and via the News page on the intranet for recent topics.

LEG shows its commitment to respecting human rights based on the UN Guiding Principles on Business and Human Rights. The company undertakes to respect, protect and promote human rights along its entire value chain. The LEG data protection management system establishes a consistent and appropriate data protection standard for the collection, processing and use of personal data belonging to tenants, business partners and employees while complying with statutory data protection legislation. This aims to safeguard the laws applying to persons affected by LEG's business operations to lawfully access their own data.

The company is aware of its responsibility within society, as well as of its due diligence in the area of human rights.

LEG has set up a Customer Advisory Council to promote a direct dialogue between the company and its tenants. The Customer Advisory Council serves as a key tool in order to:

- promote a direct dialogue between the company and its tenants.
- address customer requirements and feedback.
- continually improve service quality.

Through this close dialogue with its tenants, LEG can continue to tailor its services and offer to the wishes and requirements of its customers. This corresponds with the company's objective to be a customer-focussed housing provider.

Establishing a Customer Advisory Council underlines LEG's offers to actively integrate the interests and perspectives of its tenants in company decision-making, and thus to continually improve customer satisfaction.

The rights of data subjects (right to information, correction, data portability, deletion, blocking/restriction of data processing and objection) are also defined in the data protection policy and procedural guidelines.

LEG uses several internationally recognised tools and principles when it comes to discrimination and equal treatment:

Legal principles

LEG refers to the principle of equal treatment as enshrined in Article 3 of the German constitution, as well as the German General Act on Equal Treatment (AGG) as the legal basis for protection from discrimination.

International agreements

LEG is committed to the following international standards:

- Human Rights Charter (United Nations Universal Declaration of Human Rights)
- Diversity Charter, an employer initiative to promote diversity, which LEG entered into in 2019

When processing personal data, the LEG Group uses internationally recognised tools; in particular, the EU's General Data Protection Regulation (GDPR) and German Federal Data Protection Act (BDSG). These policies form the basis for the processing of personal data within the LEG Group and its subsidiaries.

At LEG, there are no cases of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO's Declaration on Fundamental Principles and Rights at Work or the OECD Guidelines for Multinational Enterprises, which affect consumers and/or end-users.

3.2.2.2 DR S4-2: Processes for engaging with consumers and end-users about impacts

LEG attaches great importance to the involvement and perspectives of its customers when making important decisions. This also includes the views of vulnerable groups such as people with a migration background.

LEG has established various mechanisms for the involvement of customers:

Customer Advisory Board

A central element is the Customer Advisory Board, which was founded at the end of 2019 and serves as a permanent institution for regular direct exchange with customers. The Customer Advisory Board meets once a quarter and is currently made up of 13 tenant representatives from all branches. They are actively involved in decision-making processes for district development as well as in the development and improvement of services. In this way, the Customer Advisory Board represents the interests of the tenants at LEG.

Customer talk with the CEO

In the customer talk format, the CEO of LEG meets three to four times a year directly on site with existing and new tenants as well as residents. New projects are presented and customer concerns are addressed.

Customer surveys and feedback

Customer satisfaction surveys are an important tool for LEG to record and improve the satisfaction of its tenants.

Once a quarter, LEG conducts customer satisfaction surveys via an online questionnaire to measure the effectiveness of its measures. In addition, there are direct contact point surveys in various departments such as Central Customer Service, Rent Management and Operating Costs. Here, customers are subsequently asked for feedback on the specific request via another questionnaire. Feedback options on neighbourhood promotion measures and the evaluation of safety inspections also serve to analyse customer needs.

The operational responsibility for the implementation of the customer surveys lies with the Quality Management team, which is indirectly subordinate to the COO. Operational responsibility for implementing the regulations of the data protection management system lies with the Head of Legal & Compliance, Auditing, Human Resources, Committees and IBM. The overarching responsibility lies with the Management Board. There, the CEO is responsible for the department. Within the Supervisory Board, the Risk, Audit and ESG Committee is responsible for data protection.

The customer satisfaction surveys are carried out under the joint responsibility of LEG and AktivBo GmbH, which specialise in data-driven analyses and tenant surveys for the real estate industry. The LEG is responsible for providing the contact details, while AktivBo is responsible for sending the invitations, collecting data and evaluating them. AktivBo only provides the survey results in anonymised form, so that the assessments of individual tenants are not recognisable to LEG. Through the survey, LEG aims to record the satisfaction of its tenants, identify potential for improvement, optimise the living experience and strengthen customer loyalty.

When involving customers via the three mechanisms presented, attention must be paid to data protection. In its data protection notice, LEG explains to data subjects the way in which personal data is handled in relation to the processing processes at LEG. In addition, LEG responds to enquiries from data subjects in accordance with the legal regulations and in implementation of internal data protection regulations and procedural instructions.

LEG responds to enquiries from data subjects in accordance with the legal regulations and internal company regulations. The Data Protection Officer is also consulted regularly.

LEG continuously adapts the data protection management system if individual cases relating to data protection indicate a need for adjustment. In addition, elements of data protection are also regularly audited by LEG's internal audit department and the external Data Protection Officer. The measures derived from this are being implemented.

The external Data Protection Officer reports annually to the Management Board on the progress made in implementing data protection requirements in the LEG Group and on data protection incidents. In addition, the Risk, Audit and ESG Committee also receives regular information on data protection.

3.2.2.3 DR S4-3: Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Breaches of data protection with regard to tenant or customer-related data due to errors or misuse were identified as a negative impact. LEG has implemented various measures in order to handle data protection violations and to prevent such occurrences:

Compliance Management System (CMS)

LEG has a compliance management system (CMS) that bundles measures for compliance with legal regulations and internal company guidelines. This also includes data protection. The criteria of the Whistleblower Protection Act were used as a basis for implementing the measures. The effectiveness of the measures is also regularly audited and certified by the ICG.

Contact partners and reporting channels

The data protection management team and the Data Protection Officer are available as central points of contact for any matters relating to data protection.

There are defined channels of communication for employees, tenants, business partners and supervisory authorities for matters or incidents relating to data protection via the Privacy address (privacy@leg-wohnen.de) or via LEG's Data Protection Officer. The contact information for both channels can be found on the homepage and on the intranet.

Technical and organisational measures

LEG implements various technical and organisational measures in order to prevent data protection violations and to safeguard data security. The nature and scope of these measures depends on the specific circumstances and predisposition of the data being processed to risk.

The general data protection management system also comes into play with its data protection policy and procedural guidelines. Employees must report data protection violations immediately within the statutory deadlines if they become aware of a breach of the data protection policy, the supplementary procedural guidelines and/or the statutory requirements that refer to the protection of personal data. In particular, data loss and the assertion of data subjects' rights must be reported as per the specifications of the procedural guidelines entitled “Duty to report data loss” and “Handling data subjects' rights”. The data protection management team, in partnership with the Data Protection Officer, is responsible for resolving the specific queries.

LEG has implemented and electronic whistleblower system that fulfils several major functions:

Features of the whistleblower system

This is a digital system that is available around the clock. The system is available to both employees and external third parties. Reports can be submitted anonymously. People providing reports trustingly are guaranteed both in the user instructions and – for employees – in the whistleblower system's works agreement that there will be no negative consequences for providing notifications.

LEG has published data protection notices on its homepages that contain information about the processing of data subjects' personal information and the reasons for processing it, as well as about their rights with regard to the processing of personal data. The data protection management team also provides regular training for employees on the topic of data protection (see above) and ensures, via the data protection coordinators in the departments, that the topic of data protection is addressed in the company and that employees have the knowledge they need in order to act in compliance with data protection requirements. This also includes training on the channels available for accessing the LEG data protection management system.

The data protection management team continually monitors the Privacy address in order to process any emails it receives quickly and to be able to respond appropriately to the assertion of data subjects' rights and any data queries they may submit. Furthermore, the data protection team may always be consulted by the data protection coordinators and all employees of the LEG Group with regard to matters relating to data protection. The efficacy of the data protection management system is also reviewed via regular, weekly meetings with the external Data Protection Officer, the Compliance Officer and with other relevant positions within LEG (e.g. the IT department). If these reviews determine that there are deficiencies or that improvements are required, these are processed and a solution is sought. There are also regular training sessions and event-driven awareness-raising sessions following any data protection incidents, for example. Finally, regular audits are carried out by LEG's external Data Protection Officer and internal auditing, on the basis of which any need for adjustment is determined and, if necessary, implemented.

The data protection notices and information are integrated into and published on the homepage and are regularly reviewed to ensure they are up to date.

The measures and systems described above are publicly available to all employees, tenants and business partners and can be consulted by them around the clock as required. If desired, whistleblowers can also remain completely anonymous.

LEG does not pursue in good faith the assertion of data subjects' non-existent rights. This is set out in item VII of the Data Protection Policy.

3.2.2.4 DR S4-4: Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions

LEG adopted measures relating to the material impacts on consumers and end-users in the 2024 reporting year. These measures are an integral part of LEG and are to be understood as ongoing with regard to end users and consumers and are continuously adapted in the business model. Due to these continuous measures, a description of the expected results is not feasible. No new measures were established in the 2024 financial year.

The ongoing measures relate to the customer and thus to the downstream value chain. All LEG customers live in Germany. The aim of these measures is to avoid negative impacts on tenants and promote positive impacts. Please read below for more detail.

LEG complies with the relevant national and international laws and binding requirements, as well as with voluntary policies to which it has committed to comply. In doing so, LEG is guided by the "honourable merchant" as its role model – a person characterised by respect, truthfulness and integrity as a basis for responsible business practices.

Responsible, legally compliant handling of confidential information and sensitive data is a matter of course for LEG and is, in turn, required of the company's contractual partners.

LEG's values and principles are summarised and described in the Code of Conduct.

Breaches of data protection with regard to tenant or customer-related data due to errors or misuse were identified as a negative impact. LEG Immobilien SE has implemented various measures in order to handle data protection violations and to prevent such occurrences. These also influence the risk of penalty fees as a result of data protection breaches.

LEG has a compliance management system (CMS) that bundles measures for compliance with legal regulations and internal company guidelines. This also includes data protection.

The data protection management team and the Data Protection Officer are available as central points of contact for any matters relating to data protection.

There are defined channels of communication for employees, tenants, business partners and supervisory authorities for matters or incidents relating to data protection.

It is LEG's mission to provide affordable housing. As a result, it helps to avoid the fear of losing a home. LEG also contributes to the integration of immigrants and refugees by providing these groups of people with housing and facilitating or enabling their ability to become part of German society. LEG also avoids discrimination based on culture or ethnic background, gender, religion or worldview, disability, age or sexual identity when assigning housing. By implementing energy-efficiency measures, LEG is reducing operating costs and thus offering tenants even with restricted finances access to housing.

Customer satisfaction surveys are a key instrument for LEG to record and improve its tenants' satisfaction.

The customer satisfaction surveys are carried out with joint responsibility shared between LEG Management GmbH, LEG Wohnen NRW GmbH and AktivBo GmbH. LEG is responsible for providing contact information while AktivBo is responsible for sending the invitations, collecting and analysing the data. AktivBo ensures that the survey results are provided in anonymous form so that it is not possible for LEG to determine the assessments of individual tenants. Through its survey, LEG aims to record the satisfaction of its tenants, identify potential improvements, optimise the housing experience and strengthen customer loyalty.

The regulations, processes and measures involved in the data protection management system with the data protection policy and procedural guidelines, internal data protection team and external Data Protection Officer, as well as the data protection coordinators in the departments are available in order to guarantee remediation measures.

As part of what is known as a preliminary review of data protection and a data protection impact assessment, new processes, systems or processing methods are evaluated in consultation with the relevant department with the data protection management team/Data Protection Officer, and any modifications initiated in order to ensure compliance with data protection legislation. Efficacy is to be achieved via the implementation of technical and organisational measures (TOMs). The data protection team and external Data Protection Officer are also both available to address data subjects' queries and to help them assert their rights.

An effective data protection organisation strengthens consumers' trust in LEG's service quality. As such, the data protection management system is continually being improved and adapted to the changing legislative framework.

The LEG data protection management system guarantees this in the ways described above.

At LEG, responsibility for the topic of data protection lies with the data protection management team and an external Data Protection Officer commissioned with this role by the Management Board. In order to fulfil data protection requirements, extensive internal resources are also provided as part of ongoing processes and new projects by the data protection coordinators and employees who process content that falls under data protection laws (such as through a preliminary review of data protection, establishing and implementing technical and organisational measures, maintaining directories of procedures or implementing data deletion concepts, as well as fulfilling data subjects' rights). Finally, extensive resources are expended in order to fulfil technical requirements and to involve external consultants at considerable cost. With regard to asserting the co-determination bodies' data protection rights, significant internal resources (exemptions for works councils, internal employees in the HR and Legal department, other affected employees) are also provided, along with resources for external legal consultants and system consultants. In addition, LEG has a Human Rights Officer and a due diligence committee that deals in particular with issues relating to the fulfilment of supply chain obligations under the Supply Chain Due Diligence Act. Sustainability risks related to human rights and/or the environment were also worked out here, whereby risks from the materiality analysis were incorporated accordingly.

These measures taken by LEG with regard to end users and consumers are to be understood as ongoing and are continuously adapted in the business model. No new measures were established in the 2024 financial year.

3.2.3 Metrics and targets

3.2.3.1 DR S4-5: Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

In order to avoid negative effects and to promote positive ones, a target has been set in the area of data protection.

This target is also in line with STI 2024, as the IT security training also includes the topic of data protection, among other things. A description of the goal and the reference to the sustainability strategy is explained in chapter 1.1.3.3.

In this way, LEG employees are sensitized to data protection issues, also in connection with customer data, especially in the IT context.

There was no involvement of stakeholders.

This target is thus intended to ensure that customers and their data are protected accordingly.

4. Governance Information

4.1 Business conduct

4.1.1 Governance

4.1.1.1 DR G1.GOV-1: Role of administrative, management and supervisory bodies

The LEG Management Board has three members and the Supervisory Board has six members.

The members of the Management Board are responsible for managing the company, while the Supervisory Board serves as a controlling body.

The specific requirements and guidelines in terms of the expertise, training and integrity of the Management Board and Supervisory Board of LEG Immobilien SE in their business conduct are set out in detail in the relevant Rules of Procedure for both boards, as well as being designated in a qualification matrix for the Supervisory Board. The following is a summary of the key points:

Management Board:

The Management Board must develop and implement the strategic alignment of the company, which requires an in-depth understanding of the business activities and market conditions.

Members of the Management Board must comply with the legal requirements and internal guidelines of the company and guarantee that there is an appropriate risk management system in place.

Members of the Management Board must treat sensitive information and trade secrets in the strictest confidence, including after they have left the company.

The training and curriculum vitae of the members of the Management Board, which are published on the company website, prove their extensive experience in the areas of management, the housing industry and property transactions, as well as – depending on their role – their additional specialist expertise in the topics of capital markets, finance, accounting, administration and regulation, sustainability, and technology and digitalisation.

Supervisory Board:

Members of the Supervisory Board must possess the relevant expertise, skills and experience in order to execute their tasks dutifully.

As such, at least one member of the Supervisory Board must have expertise in the field of accounting, while at least one other member must have expertise in the field of audits.

The Supervisory Board should also strive to ensure that women are appropriately considered and determine a quota for the number of women on the Supervisory Board.

More than half of the shareholder representatives in the Supervisory Board should be independent of the company and the Management Board. If the company has a controlling shareholder, at least two shareholder representatives should be independent of this controlling shareholder.

The members of the Supervisory Board are responsible for their own further training. The Company provides appropriate support for the members of the Supervisory Board upon taking up their duties, and with training measures.

The above-mentioned qualification matrix shows in more detail that the Supervisory Board is professionally organised. Each member of the Supervisory Board not only has the necessary knowledge and abilities to perform their duties properly, but also possesses special skills that they place at the company's disposal when performing their work with the utmost motivation and dedication.

The Management Board and Supervisory Board place particularly importance on issues related to sustainability.

The company underlined this with the publication and gradual implementation of its sustainability strategy, by establishing its own sustainability unit and the formation of an ESG committee within the Supervisory Board in the 2022 financial year, which will be transferred to a shared Risk, Audit and ESG Committee from the 2025 financial year onwards.

4.1.2 Management of impacts, risks and opportunities

4.1.2.1 DR G1-1: Business conduct policies and corporate culture

LEG's strategy with regard to aspects of corporate policy and the promotion of its corporate culture is characterised by the following points and is the responsibility of the Management Board:

- LEG attaches great importance to compliance and adherence to legal and internal requirements in order to avoid risks such as legal violations or unfair practices. This is supported, among other things, by the application of the LEG Code of Conduct, the Anti-Corruption Directive, standardised rental processes and contracts, clear purchasing guidelines and a number of other guidelines, as well as clear communication and internal instruction on the regulations.
- The LEG offers good housing at affordable prices for large sections of the population. It attaches great importance to a functional product and appropriate customer service and sets concrete goals for increasing customer satisfaction. The company is committed to affordable climate protection and develops appropriate measures. It also promotes sustainable and socially responsible practices, including supporting tenant communities and providing social management through LEG's own foundation "Dein Zuhause hilft".
- The LEG corporate culture is based on principles that are set out in its declaration of fundamental values. These values include fair interactions with customers, employees, investors, business partners, and society.
- LEG develops its corporate culture through ongoing staff development and measures focussed on employees' needs. These include flexible working hours, mobile working and a focus on diversity and inclusion.
- LEG also promotes its corporate culture with various initiatives such as tenant parties and intercultural projects that support social and cultural exchange within a neighbourhood.
- The corporate culture is evaluated through regular employee surveys and feedback mechanisms for customers and other stakeholders, which make it possible to measure the efficacy of the cultural initiatives and adapt them as required.

These strategies and measures show that LEG plays an active role in designing a positive and sustainable corporate culture that includes both internal employees and external stakeholders.

LEG provides internal and external whistleblowers with an electronic whistleblower system that enables people to submit reports around the clock on breaches of compliance. These reports can be submitted anonymously. External whistleblowers may also write directly to LEG's Compliance Officer. Employees may turn informally to various trusted persons within the company, such as their direct supervisor, Internal Audit or the Compliance Officer. Compliance-related matters may also be addressed in routine audits by the Audit department.

With regard to the handling of information submitted via the electronic whistleblower system, the regulations of the Group works agreement about the introduction of a whistleblower system and the rules of procedure for the compliance whistleblower system apply, along with the complaints procedure according to the German Supply Chain Due Diligence Act.

According to these, upon receiving a notification of a potential breach of compliance, the complaint must be checked for plausibility and the content reviewed to see whether there is sufficient evidence of a breach of compliance. If the information seems plausible, the Management Board is informed (or the Chair of the Risk, Audit and ESG Committee, should the information pertain to a member of the Management Board) and will consult with the Compliance Officer to commission an audit or a third party with an investigation of the content.

If it is determined that a breach of compliance occurred, the Management Board (or the Chair of the Risk, Audit and ESG Committee, should the information pertain to a member of the Management Board) meets with the Compliance Officer to decide on the relevant measures to be implemented (e.g. formation of a crisis committee, communication concept, informing the Supervisory Board, integrating the ad-hoc committee, emergency measures under employment law, involvement of the law enforcement authorities).

Any confirmed breach of compliance is punished appropriately, regardless of the position of the parties concerned (zero tolerance). The principle of equal treatment also applies, i.e. the same breaches are treated in the same way.

There are various internal regulations within the LEG to ensure compliance. This also includes measures to combat corruption and bribery, in particular an anti-corruption directive. All essential anti-corruption measures covered by the UN Convention are implemented at LEG. LEG employees are regularly trained on the subject of combating corruption and bribery. In person trainings are held once a quarter for new employees. In addition, all employees must undergo an annual online refresher training course on the LEG training platform. Further training courses are offered if required or on an ad hoc basis. Employees are kept informed of the latest topics via the intranet or via information sheets. The Compliance Officer is available to answer questions or discuss relevant issues.

All reports are investigated. All reports received undergo structured processing, which is set out in the rules of procedure for the compliance whistleblower system and on the complaints procedure according to the German Supply Chain Due Diligence Act.

Whistleblowers do not have to fear any negative consequences or sanctions as a result of submitting information. They are protected by the Whistleblower Protection Act and the LEG Code of Conduct. Reports or complaints will only be processed by selected, specially trained employees (need-to-know principle). Reports or complaints, particularly if it is possible to draw conclusions about the identity of a person, are treated confidentially. Information can be submitted anonymously via the whistleblower system.

Discrimination, intimidation or bullying of whistleblowers by LEG employees or other reprisals against the whistleblower by employees will not be tolerated by LEG and will be treated as a potential breach of compliance.

The significance of whistleblowing and how such cases are handled are addressed on the Internet, intranet, in company documents and in training sessions.

Notifications received via the digital whistleblower system are received by a small team of employees from these departments and are processed by them. The Compliance Officer is responsible for conducting the investigation. The Compliance Officer operates independently and is not bound by any instructions. The Compliance Officer and employees in the whistleblower team are bound to confidentiality.

Reports are investigated immediately and in compliance with legal requirements. Employees involved with investigating such reports must, and are authorised to, process all such information in accordance with the principles of independence, impartiality, freedom from instructions, due diligence and confidentiality. They are sworn to secrecy. Within a fair process, all relevant facts must be addressed and included and the principle of proportionality maintained.

LEG employees receive regular training on Business Code of Conduct through their compliance training. New employees receive in-person compliance training once a quarter. Furthermore, all employees participate in an annual online refresher course on the LEG training platform. If required, further training may be offered, including on an ad-hoc basis. Employees are kept informed of the latest topics via the intranet or via information sheets. The Compliance Officer is available to answer questions or discuss relevant issues.

Employees involved in rentals are particularly at risk of corruption and bribery. There is a risk that interested tenants or brokers may offer payments to employees working in rental for awarding a rental contract. LEG never uses intermediaries.

4.1.2.2 DR G1-3: Prevention and detection of corruption and bribery

Some of the prevention measures include various training sessions, information on the intranet, information sheets and advice provided by the Compliance Officer. Measures aimed at detecting corruption and bribery are the (electronic) whistleblower system and routine audits by Internal Audit. All reports are investigated. They undergo structured processing, which is set out in detail in the rules of procedure for the compliance whistleblower system and on the complaints procedure according to the German Supply Chain Due Diligence Act. If a breach has been identified, proportionate preventive and remediation measures are taken in order to deal appropriately with the violation. This may include special training measures, for example.

If a breach of compliance is suspected, the information is investigated by Internal Audit or an external third party so that there is a separation between the roles of management/Compliance Officer and the senior management involved in preventing and detecting corruption and bribery.

The Management Board informs the Supervisory Board and Risk, Audit and ESG Committee about any breaches of compliance through its “Governance, Risk and Compliance” reporting as per Section 107 III German Stock Corporation Act (AktG).

The Supervisory Board and Risk, Audit and ESG Committee are also informed about event-driven compliance audits in accordance with fixed criteria.

The Compliance Officer regularly reports on compliance-related cases as part of the regular meeting with the responsible member of the Management Board. The Management Board is informed at least once a year by the Compliance Officer about major incidents involving compliance.

LEG has implemented a compliance management system (CMS) that aims in particular to prevent, identify and respond appropriately to corruption and bribery across all business areas:

The Code of Conduct defines clear standards of behaviour for all employees and business partners. It includes specific regulations for dealing with potential conflicts of interest, accepting gifts and invitations, and the prevention of corruption and bribery. The anti-corruption policy specifies the stipulations of the Code of Conduct and contains clear specifications on preventing bribery, corruption and undue influence on business decisions. The policy applies to all employees.

A Business Partner Code of Conduct is binding for all business partners and contains the relevant information on avoiding bribery, corruption and undue influence. All employees and senior management receive regular training on the risks of corruption. This is supplemented by in-person training on sensitive topics and after compliance-relevant events. A secure, anonymous whistleblower system is available for employees and external third parties to report potential cases of corruption or bribery. Suspected cases are investigated using a fixed procedure. Confirmed breaches of the anti-corruption policy result in clear sanctions ranging from disciplinary measures to criminal prosecution. Regular risk assessments help to identify potential weak points with regard to corruption. The Compliance Officer reports regularly to the Management Board and Supervisory Board with regard to compliance-relevant issues and developments. Corruption risks and the way they are handled are part of our company-wide risk management process and are documented accordingly.

Regulations and policies are published on the intranet's Compliance page, and some are also published on the Internet. LEG draws its employees' attention to this information via special emails and/or notifications on the intranet. At the same time, we also refer to these regulations and policies in our in-person and online training.

Compliance training is offered to new employees once a quarter. All employees must also complete annual online refresher courses. All training courses address the topic of fighting corruption and bribery in detail. For employees in particularly high-risk positions (rentals), special training may also be conducted on an ad-hoc basis.

New members of the Supervisory Board and Management Board receive training in the topic of compliance. Members of the Management Board must also complete online training once a year.

Group of participants	Topic of seminar	Type of seminar	Duration	Period for implementation
Management Board	Compliance Areas of focus: - Code of Conduct - Internal policies and guidelines - Corruption - Conflicts of interest - Discrimination	E-learning	90 mins	Annually
New members of the Management Board	Compliance	In-person	60 mins	When starting in this role
All employees	Compliance	E-learning	90 mins	Annually
All employees	Data protection	E-learning	90 mins	Annually
New employees	Compliance	Onboarding webinar (Teams)	60 mins	Every quarter
New employees	Data protection	Onboarding webinar (Teams)	60 mins	Every quarter
Sales employees	Money laundering	Webinar (Teams)	60 mins	At least every 2 years, generally annually
Rental employees	Corruption, conflicts of interest	Webinar (Teams)	60 mins	At least every 2 years, generally annually
Individual departments / groups of employees	Compliance / data protection	Webinar (Teams)	60–90 mins	Event-driven, as required

TSP employees have their own training system and also undergo data protection (personal instruction, onboarding), compliance (personal instruction, onboarding) and cyber security training (online). These training courses must be completed online once a year. In addition, there are online training courses on data protection basics, first aid, safety in the office and road traffic, and further safety instructions are taught for each trade. On their first day of work, all new employees receive personal training on data protection and compliance.

For employees in high-risk functions, such as sales or rental, training on money laundering and corruption is mandatory in addition to the annual compliance training. Thus, 100 % of the risky functions are covered by appropriate training programs.

4.1.3 Metrics

4.1.3.1 DR G1-4: Incidents of corruption or bribery

Some of the measures implemented to minimise compliance risks relating to tenants include the Code of Conduct, which sets out clear standards of behaviour, as well as regular employee training on preventing corruption and on data protection, as well as the anonymous whistleblower system, which enables us to identify and remedy violations early. These measures are an integral part of LEG and are to be understood as ongoing and are continuously adapted in the business model.

At LEG, there were no convictions or fines for violations of corruption and bribery regulations in the 2024 reporting year.

Confirmed corruption or bribery cases	
Total number and type of confirmed cases of corruption or bribery	0
Number of confirmed cases in which own workers were dismissed or disciplined for corruption or bribery	0
Number of confirmed cases relating to contracts with business partners terminated or not renewed due to breaches related to corruption or bribery	2

No court proceedings were opened.

4.1.3.2 DR G1-5: Political influence and lobbying activities

The type, scope and content of the political positioning are determined by the company's full Management Board – if necessary in consultation with the Supervisory Board. This includes the following: As part of its statutory task of developing and implementing the strategic direction of the company, the Management Board also takes into account regulatory and political requirements and framework conditions that are part of the market conditions for business activities.

Members of the Management Board must comply with the company's legal requirements and internal guidelines and ensure an appropriate risk management system. This includes the assessment of political and regulatory risks. The board decides on memberships and sponsorship of interest groups and campaigns. It names the company's managers and employees who represent LEG vis-à-vis representatives of politics and society. The Management Board and Supervisory Board pay particular attention to sustainability issues in order to meet the corresponding political and regulatory requirements.

The company underlined this with the publication and gradual implementation of its sustainability and decarbonisation strategy, by establishing its own ESG unit and the formation of an ESG committee within the Supervisory Board in the 2022 financial year.

The company sets store by directly representing its interests via dialogue at a communal, national and EU level, as well as by drawing on a range of external bodies in order to promote its interests. For example, in the 2024 financial year, LEG was a member of the GdW/VdW (federal/regional association of German housing and real estate companies) and the ZIA (German Property Federation) industry associations. The CEO also holds the chairmanship of the Bundesfachkommission Bauen, Immobilien, Smart Cities in the Wirtschaftsrat der CDU e.V. (German federal expert commission for construction, real estate and smart cities in the CDU party's Council of Economic Advisers). In addition, in 2024, LEG was also a member of the regional business coalition Initiativkreis Ruhr, as well as a range of topic-specific and professional associations and initiatives, such as the IW 2050 climate initiative, the Institute for Corporate Governance in the Property Industry (ICG) and – due to the increasing significance of energy-related topics since 2023 – the German Association of Energy and Water Industries (BDEW).

The general positioning and visibility of LEG in politics and society at the national and EU level is the responsibility of the company's CEO. Maintaining contacts at the regional and communal level, as well as in the field of green innovations, is primarily the domain of the COO, who maintains regular and institutional contact with leading community representatives, as well as downstream operational units, right down to the local offices, who are in regular dialogue with the relevant local authorities. Issues relating to financial market regulation and reporting requirements fall under the remit of the CFO.

The political communication and association work is coordinated by Corporate Communication and Public Affairs, which intensively deals with political matters and stakeholder management.

The internal Politics and Social Engagement guideline, which came into effect in 2021, prohibits direct or indirect monetary donations and donations in kind to political parties, politicians, candidates for a political mandate or political action groups. It is published on the company website and is reviewed annually.

As such, a table listing donations to various parties would make no sense.

However, it is permitted for the company to become involved in political associations and think tanks, provided they are legally and financial independent, with no political affiliation. The company may also sponsor political events.

During the 2024 financial year, this included the membership of the CDU party's Council of Economic Advisers and the commitment within the Bundesfachkommission Bauen (German federal expert commission for construction in the Council of Economic Advisers) and the sponsored presentation of LEG projects as part of an event for the Seeheimer Kreis (working group of SPD party representatives) and the CDU in North-Rhine Westphalia.

The LEG publishes its expenses incurred in connection with the representation of political interests in the lobby register of the German Bundestag under the register number R002757. The annual financial expenses and indirect contributions in the area of interest representation amounted to EUR 140,000 to 150,000 in 2024. This includes the relevant personnel and material costs.

Material topics related to this that LEG addressed during the reporting year were issues relating to reporting and disclosure requirements, adjustments to the rental price regulations, climate change mitigation policies and heating/energy supply in the property sector at the national and EU level, building standards and joint initiatives to strengthen neighbourhoods and communities.

The company represents the position that further measures to regulate rents would not have any positive effect on the availability of affordable housing and rejects them for this reason. With regard modernisation charge, the company has also made specific recommendations in order to update and simplify the regulations. The relevant legislation is still pending.

With regard to the regulations for the decarbonisation of the building sector (GEG, WPG and European EPBD), LEG is committed to focussing more strongly on emissions efficiency (actual GHG avoidance) in the future, instead of energy efficiency (quality of the building shell and theoretical GHG emissions).

Overall, LEG attempts to contribute its expertise and positions in the public discourse and political decision-making in order to achieve practical, economical and affordable solutions for the company and its tenants.

The company and its key stakeholders in the political dialogue is entered into the lobbying register of the German Bundestag and in the transparency register of the European Parliament.

None of the members of the Management Board or Supervisory Board held a position in public administration in the past two years.

Dusseldorf, 6 March 2025

LEG Immobilien SE, Dusseldorf

The Management Board

Lars von Lackum **Dr. Kathrin Köhling** **Dr. Volker Wiegel**

Annex B

EU Regulation

Disclosure requirement and associated data point	Chapter
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	1.1.3.1
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)	1.1.3.1
ESRS 2 GOV-4 Statement on due diligence paragraph 30	1.1.3.4
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	1.1.4.1
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	1.1.4.1
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	1.1.4.1
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv	1.1.4.1
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	2.2.2.1
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	2.2.2.1
ESRS E1-4 THG- GHG emission reduction targets paragraph 34	2.2.4.1
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	2.2.4.2
ESRS E1-5 Energy consumption and mix paragraph 37	2.2.4.2
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	2.2.4.2
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	2.2.4.3
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	2.2.4.3
ESRS E1-7 GHG removals and carbon credits paragraph 56	-
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	-
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)	-
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)	-
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69	-
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	immaterial
ESRS E3-1 Water and marine resources paragraph 9	immaterial
ESRS E3-1 Dedicated policy paragraph 13	immaterial
ESRS E3-1 Sustainable oceans and seas paragraph 14	immaterial
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	immaterial
ESRS E3-4 Total water consumption in m 3 per net revenue on own operations paragraph 29	immaterial
ESRS 2 – IRO-1 – E4 paragraph 16 (a) (i)	immaterial
ESRS 2 – IRO-1 – E4 paragraph 16 (b)	immaterial
ESRS 2 – IRO-1 – E4 paragraph 16 (c)	immaterial
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	immaterial
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	immaterial
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	immaterial
ESRS E5-5 Non-recycled waste paragraph 37 (d)	immaterial
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	immaterial
ESRS 2 SBM3 – Risk of incidents of forced labour paragraph 14 (f)	3.1.1.1
ESRS 2 SBM3 – Risk of incidents of child labour paragraph 14 (g)	3.1.1.1

ESRS S1-1 Human rights policy commitments paragraph 20	3.1.2.1
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21	3.1.2.1
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	3.1.2.1
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	3.1.2.1
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	3.1.2.3
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	3.1.3.5
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	3.1.3.5
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	3.1.3.7
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	3.1.3.7
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	-
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD Guidelines paragraph 104 (a)	-
ESRS 2 SBM3 – S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	immaterial
ESRS S2-1 Human rights policy commitments paragraph 17	immaterial
ESRS S2-1 Policies related to value chain workers paragraph 18	immaterial
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	immaterial
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19	immaterial
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	immaterial
ESRS S3-1 Human rights policy commitments paragraph 16	immaterial
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or OECD guidelines paragraph 17	immaterial
ESRS S3-4 Human rights issues and incidents paragraph 36	immaterial
ESRS S4-1 Policies related to consumers and end-users paragraph 16	3.2.2.1
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	3.2.2.1
ESRS S4-4 Human rights issues and incidents paragraph 35	3.2.2.4
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	4.1.2.1
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	4.1.2.1
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	4.1.3.1
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	4.1.3.1

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