

## Meetings of Supervisory Board and Committees in the 2022 Fiscal Year

Member	Supervisory Board	Audit Committee	Executive and Nomination Committee	Finance Committee	Participation rate in %
Jürgen Fitschen	7/7	-	10/10	5/6	96
Burkhard Ulrich Drescher	1/2	1/1	-	-	67
Vitus Eckert	7/7	4/4	-	-	100
Prof. Dr. Edgar Ernst	7/7	4/4	-	-	100
Jürgen Fenk	4/5	2/3	-	-	75
Dr. Florian Funck	7/7	3/4	-	-	91
Dr. Ute Geipel-Faber	7/7	-	-	6/6	100
Matthias Hünlein	5/5	-	6/6	-	100
Daniel F. Just	7/7	-	-	6/6	100
Hildegard Müller	7/7	-	10/10	-	100
Prof. Dr. Klaus Rauscher	2/2	-	4/4	-	100
Dr. Ariane Reinhart	6/7	-	9/10	-	88
Clara-Christina Streit	7/7	-	10/10	6/6	100
Christian Ulbrich	4/7	-	-	5/6	69

### Cooperation Between the Management Board and the Supervisory Board

In the last fiscal year, our Supervisory Board consisted of twelve members. We were on hand to support the Management Board in the various meetings held and also in its key decisions. We also kept a close eye on the company's business development outside of meetings. The Management Board regularly informed us about key events and the company's strategic direction as part of a collaboration based on trust.

As Chairman of the Supervisory Board, I maintained regular and close dialogue with the Chairman of the Management Board in particular, but also with the other Management Board members, even outside of the Supervisory Board meetings. The employee representative bodies were involved in communications on key company matters via the Management Board. The Chairman of the Management Board informed me on company-related topics emerging from the Management Board's discussions with representatives of the Group works council, going into an appropriate level of detail. Other members of the Supervisory Board were notified of any important findings promptly, or at the latest by the next board meeting. In the fiscal year, conflicts of interest involving Management Board or Supervisory Board members, which are to be reported immediately to the Supervisory Board, were reported once at the meeting of the Supervisory Board held on December 8, 2022. The Supervisory Board member did not participate in this meeting of the Supervisory Board, but granted a voting proxy for the topics not affected by the conflict of interest.

### Main Remit

In line with the duties assigned to the Supervisory Board by law, the Articles of Association and the rules of procedure, we once again closely scrutinized the Group's operational, economic and strategic progress in the 2022 fiscal year. The main issues covered included the development of overall conditions on the markets, changes in the capital market environment and their impact on portfolio and new investments. We also discussed the topics of digitalization and portfolio strategy with the Management Board in detail.

Once again, the topic of governance was a key issue for the Supervisory Board. At a further training event, we addressed the Corporate Sustainability Reporting Directive (CSRD) as the new framework for sustainability reporting within the EU. The regulatory requirements also require us to analyze our business activities and the corresponding implementation. We will be providing close support in this matter. We will continue to focus on governance topics in further training events in the current fiscal year.

We also took an in-depth look at the future structure of the Supervisory Board and the Management Board. As far as the Management Board is concerned, we discussed the management structure, including possible succession arrangements. In 2023, the Supervisory Board will be (re)appointing candidates for numerous Supervisory Board mandates. This was intensively discussed and prepared in detail by the Executive and Nominating Committee as part of strategic succession planning. To implement the "Staggered Board", we have set up a nomination process with the involvement

of an independent HR consulting firm to ensure that succession planning takes account of the Board's skills profile. Onboarding measures already in place ensure that new Board members are introduced to the company quickly and effectively.

The Supervisory Board and the committees again worked together efficiently in the past year. An efficiency review is planned for the end of the year, taking into account this year's restructuring of the Board with the assistance of an experienced moderator.

The Chairman of the Supervisory Board maintains dialogue with the relevant investors on governance issues as part of a regular governance roadshow, which was last held at the end of February 2023.

### Meetings

In the 2022 fiscal year, the easing of the COVID-19 pandemic meant that meetings could once again be held as face-to-face events or in hybrid format. The Supervisory Board met a total of seven times to consult and pass resolutions – once in a face-to-face meeting (September) and four times by means of video conference (twice in March, and in October and December). Two meetings were held as hybrid events (July and December). The Supervisory Board made decisions using the written procedure in three cases (twice in January and in May).

Any individual members absent from the seven meetings had always been excused and, especially in the case of the extraordinary committee meetings, were absent for work-related reasons. The absent members reviewed the meeting documents in detail and participated in the decisions met by issuing voting instructions to the Chairman of the Supervisory Board.

The attendance rate for Supervisory Board and committee meetings averaged 92%. No member of the Supervisory Board took part in less than half of the meetings during their term of office. The same applies to participation in committee meetings. In preparation for the meetings, the Management Board submitted timely, comprehensive and valid written reports and resolution proposals to us.

### Information on the Individual Meetings and Their Content as well as Written Resolutions

At the beginning of 2022, the ongoing pandemic meant that it appeared to make sense to hold the Annual General Meeting on April 29, 2022 as a virtual event in order to protect everyone involved. On **January 18, 2022**, the Supervisory Board approved this decision by the Management Board using the written procedure.

On **January 24, 2022**, the Supervisory Board made a decision, using the written procedure, to nominate Jürgen Fenk and Matthias Hünlein for election to the Supervisory Board at the Annual General Meeting on April 29, 2022.

On **March 1, 2022**, the Supervisory Board passed a resolution reappointing Rolf Buch as Chairman of the Management Board for a further five years with effect from March 1, 2023. The extraordinary meeting was held as a video conference.

On **March 17, 2022**, the Supervisory Board met to adopt the balance sheet. It approved the company's annual and consolidated financial statements as of December 31, 2021. The agenda and the resolution proposals for the Annual General Meeting were discussed and adopted. The Supervisory Board approved the proposal for the appropriation of profit to be made to the Annual General Meeting as well as the proposal that the dividend be paid either in cash or in the form of shares. Furthermore, the Supervisory Board approved the Non-financial Declaration. It passed a resolution engaging KPMG to conduct the business audit of the Non-financial Declaration for the 2022 fiscal year, the ESG report as well as the 2022 Sustainability Report. The Supervisory Board approved the proposed resolution to appoint KPMG as auditor for the annual financial statements and consolidated financial statements for the 2022 fiscal year, as well as to appoint PricewaterhouseCoopers as auditor of the interim financial report for the first quarter of the 2023 fiscal year. The Supervisory Board approved the remuneration report for the 2021 fiscal year prepared by the Management Board and the Supervisory Board, and decided to publish it on the company's website with the audit report issued by KPMG.

The Supervisory Board approved the fundamental resolution of the Management Board on the partial use of authorized capital 2021 in connection with the scrip dividend and transferred to the Finance Committee the powers required to take further steps. The update of the EMTN prospectus, involving an increase from € 30 billion to € 40 billion, and the issue of euro-denominated bonds with ESG elements (Green, Social or Sustainable) as part of the EMTN program in the amount of € 2.0 was also approved by Supervisory Board.

The consultations also focused on the report submitted by the Management Board on the process involved in integrating Deutsche Wohnen, and the reports by the Management Board members on the course of business in individual segments.

Under the "HR-related matters" agenda item, the Supervisory Board discussed remuneration issues relating to the Management Board (including target agreements, short-term and long-term incentive plans, the target achievement level under the 2021 short-term incentive plan, payment of

# Corporate Governance

In the corporate governance declaration (also known as the Corporate Governance Report), we report on the principles of management and corporate governance for the last fiscal year in accordance with Sections 289f and 315d of the German Commercial Code (HGB) and Principle 23 of the German Corporate Governance Code (GCGC, in the current version published on April 28, 2022).

The declaration contains the Declaration of Conformity, information on corporate governance practices, a description of how the Management Board and Supervisory Board work and key corporate governance structures. The declaration is also available to the public on our [website](#). Pursuant to Section 317 (2) (6) HGB, the disclosures pursuant to Sections 289f and 315d HGB are not included in the audit performed by the auditor of the annual financial statements.

## Fundamental Information

### Fundamental Understanding

In order for a company to be successful, its business model has to be accepted by all relevant stakeholder groups, from its customers through to civil society and the public, investors or business partners. Managing with integrity, the sustainability of business models and the extent to which a company is perceived as living up to its social responsibilities are playing an increasingly important role. This applies no less to the real estate sector.

Any misconduct by a company's management also tends to result in the corporate governance regulations being tightened up, as was the case with the Financial Market Integrity Strengthening Act (FISG). The government's stated aim is to use the FISG to ensure that confidence in the German financial market is strengthened.

This objective is to be achieved, among other things, by the statutory obligation to establish an appropriate and effective internal control system (ICS) as well as a corresponding risk management system (RMS) for listed stock corporations and by mandating the establishment of an audit committee for public interest entities. The aim is also to strengthen the impartiality of the auditor, to tighten up the rules governing the auditor's liability and to considerably expand the auditing powers granted to the Federal Financial Supervisory Authority (BaFin).

This is why, here at Vonovia, we see corporate governance as the responsible management and supervision of a company. The Management Board and the Supervisory Board have made a comprehensive commitment to the principles of corporate governance as set out in the German Corporate Governance Code and in the Code of Conduct of the Institute for Corporate Governance in the German Real Estate Industry.

### Standards of Corporate Governance

These principles are the basis for the sustainable success of the company and therefore serve as guidelines for conduct in the company's daily management and business. Good corporate governance strengthens the trust of our shareholders, business associates, customers, employees and the general public in Vonovia SE. It increases the company's transparency and strengthens the credibility of our group of undertakings.

With balanced corporate governance, the Management Board and the Supervisory Board wish to safeguard Vonovia SE's competitiveness, strengthen the trust of the capital market and the general public in the company and sustainably increase the company's value. Corporate governance, acting in accordance with the principles of responsible management aimed at increasing the value of the business on a sustainable basis, is an essential requirement for the Vonovia Group, embracing all areas of the business.

As a major real estate company, we are aware of the particular significance of our entrepreneurial actions for society at large. As a result, we are committed not only to the general principles of corporate governance but also to all the main aims and principles of the Institute for Corporate Governance in the German Real Estate Industry, which we have been a member of since November 14, 2003. The institute supplements the corporate governance principles to include housing-specific aspects and is committed to even greater transparency, an improved image and a more competitive real estate sector.

Our corporate culture is founded on transparent reporting and corporate communications, on corporate governance aimed at the interests of all stakeholders, on fair and open dealings between the Management Board, the Supervisory Board and employees as well as on compliance with the law.

The Code of Conduct provides the ethical and legal framework within which we act and want to ensure our commercial success. The focus is on dealing fairly with each other but also in particular on dealing fairly with our customers, business partners and investors. The Code of Conduct specifies how we assume our ethical and legal responsibility as a company and is the expression of our company values.

#### **Information on the Company's Governing Constitution**

The designation Vonovia comprises Vonovia SE and its Group companies. Vonovia is a European company (SE) in accordance with the German Stock Corporation Act (AktG), the SE Act and the SE Regulation. Its registered headquarters are in Bochum. It has three governing bodies: the Annual General Meeting, the Supervisory Board and the Management Board. The duties and authority of those bodies derive from the SE Regulation (SE-VO), the German Stock Corporation Act (AktG) and the Articles of Association. Shareholders, as the owners of the company, exercise their rights at the Annual General Meeting.

According to the two-tier governance system, Vonovia SE has a Management Board and a Supervisory Board. In the two-tier governance system, the management of business and the monitoring of business are strictly separated from each other, meaning that individuals cannot be members of both bodies at the same time. The duties and responsibilities of the bodies are clearly specified by law in the German Stock Corporation Act. In accordance with the governing laws, in particular the SE Regulation and the German SE Employee Participation Act (SEBG), the Supervisory Board is only made up of representatives of the shareholders. The highest representative body of the employees is the Group works council. An SE works council was also set up at the level of Vonovia SE.

The Management Board and Supervisory Board of a company listed in Germany are obliged by law (Section 161 of the German Stock Corporation Act) to report once a year on whether the officially published and relevant recommendations issued by the government commission German Corporate Governance Code, as valid at the date of the declaration, have been, and are being, complied with. Companies affected are also required to state which of the recommendations of the Code have not been, or will not be, applied and, if not, why. The most recent Declaration of Conformity is valid for at least the next five years and the Declarations of Conformity that are no longer valid can be found on the company's website. If the auditor finds the Declaration of Conformity to be incorrect, the Supervisory Board is informed and this is also noted in the audit report.

The Management Board reports in its declaration, also on behalf of the Supervisory Board, on important aspects of corporate governance pursuant to Section 289f of the German Commercial Code (HGB) and Principle 23 of the German Corporate Governance Code (GCGC) 2022.

#### **Declaration of Conformity to the GCGC Pursuant to Section 161 of the German Stock Corporation Act (AktG)**

On December 9, 2022, the Management Board and the Supervisory Board of Vonovia SE declared that, since the last Declaration of Compliance was issued on 1 December 2021, with the exception of G.13 sentence 1 and sentence 2, the company has complied with all the recommendations of the Government Commission on the German Corporate Governance Code as amended on 20 March 2020, published by the German Federal Ministry of Justice in the official section of the Federal Gazette, and will comply in future with all the recommendations of the Government Commission on the German Corporate Governance Code as amended on 27 June 2022 (the "Code"), with the exception of G.13 sentence 2.

According to G.13 sentence 1 of the Code, any payments made to a Management Board member due to early termination of their Management Board activity shall not exceed twice the annual remuneration (severance cap) and shall not constitute remuneration for more than the remaining term of the employment contract. All Management Board employment contracts comply with the recommendation in G.13 sentence 1 of the Code. However, when extending existing contracts and concluding future contracts, the Supervisory Board reserved the right to conclude contracts providing for a severance pay of up to 150% of the severance cap upon a change of control (as it had been recommended in Section 4.2.3 para. 5 of the 2017 Code), so that it can consider any grandfathering rights as well as any specific circumstances

of individual cases. When concluding future Management Board employment contracts or extending existing ones, the Supervisory Board intends to limit severance payments upon a change of control to two annual remunerations.

G.13 sentence 2 of the Code specifies that, if post-contractual non-compete clauses apply, the severance payments shall be taken into account in the calculation of any compensation payments. Even before the 2020 Code came into force, post-contractual non-compete clauses were partly agreed in a way that does not provide for such an offset regulation. When extending existing contracts and concluding future contracts, the Supervisory Board continues to decide on a case-by-case basis whether to offset severance payments against compensation payments; this may be required in the interest of flexibility and/or due to grandfathering rights. We therefore declare that Vonovia SE will not comply with the recommendation in G.13 sentence 2 of the 2022 Code.

## Shareholders and Annual General Meeting

**Shareholder Information:** Shareholders can obtain full and timely information about our company on our website and can access current as well as historical company data. Among other information on its website, Vonovia regularly posts all financial reports, important information on the company's governing bodies (including current resumes), its corporate governance documentation (declaration of conformity and governance-related guidelines and voluntary commitments), information requiring ad hoc disclosure and press releases.

**Directors' Dealings:** Information on directors' dealings/managers' transactions notifiable pursuant to Article 19 of the Market Abuse Regulation is published by Vonovia without delay in accordance with the Regulation and is made available on the company's website, with information also being provided on the shares held by each member of the company's executive bodies.

**Financial Calendar:** Shareholders and interested members of the financial community can use the regularly updated financial calendar on the website to obtain information on publication, conference and information dates, roadshows and the timing of the Annual General Meeting early on.

**Annual General Meeting and Voting:** The Annual General Meeting decides in particular on the appropriation of profit, the ratification of the acts of the members of the Management Board and of the Supervisory Board, the appointment of the external auditor, amendments to the Articles of Association as well as specific capital measures and individually elects the shareholders' representatives to the Supervisory Board.

Our shareholders can exercise their voting rights at the meeting or instruct a proxy of their choice or one of the proxies provided for that purpose by the company. Our shareholders are also able to submit a postal vote. The details regarding the postal voting procedure are in the respective shareholder's invitation to the Annual General Meeting.

The entire documentation for the Annual General Meeting and opportunities to authorize, and issue instructions to, the company's proxies as well as to submit a postal vote are available to shareholders at all times on the Vonovia website.

Due to the coronavirus pandemic, the 2022 Annual General Meeting was held as a virtual event, as was the case in 2021. Vonovia believes that this concept has proven to be very successful. In the spirit of digitalization and sustainability, the legislator also considers this Annual General Meeting format to have future potential, as is evidenced by the amendment to the German Stock Corporation Act.

**Remuneration Paid to Executive Bodies:** In line with the German Stock Corporation Act and the GCGC, the Supervisory Board presented the remuneration system it had adopted for the Management Board members to the 2021 Annual General Meeting for approval, which was granted with 87.75% of the votes cast.

The Management Board also presented the remuneration report required under the Act Implementing the Second Shareholders' Rights Directive (ARUG II) at the 2022 Annual General Meeting for the first time. The remuneration report for the 2021 fiscal year, which was audited by the auditor, was approved by 84.4% of the votes cast before being published on Vonovia SE's website.

The remuneration system of the Supervisory Board of Vonovia SE is governed by the Articles of Association. It was confirmed by a 99.34% majority by the 2021 Annual General Meeting in accordance with ARUG II. The Annual General Meeting held in the reporting year approved an amendment to the Articles of Association to adjust the remuneration, which had remained unchanged since 2013.

## The Supervisory Board

### Duties and Responsibilities

The Supervisory Board appoints, supervises and advises the Management Board and is directly involved in decisions of fundamental importance to the company. The Supervisory Board performs its work in accordance with the legal provisions, the Articles of Association, its rules of procedure and its resolutions. It consists of twelve members, ten of whom were elected for four fiscal years by the 2018 Annual General

Meeting and two of whom were elected for three years by the 2022 Annual General Meeting.

The Supervisory Board examines and adopts the annual financial statements and the combined management report, which also includes the Non-financial Group Declaration. It assesses and confirms the proposal for the appropriation of profit as well as the consolidated financial statements and the combined management report on the basis of the report prepared by the Audit Committee. The Supervisory Board reports in writing to the shareholders at the Annual General Meeting on the result of its examination.

The Chairman of the Supervisory Board is an independent member. The same applies to the chairs of the committees which the Supervisory Board has set up.

The Chairman of the Supervisory Board chairs the meetings and coordinates communications. The members of the Supervisory Board generally have the same rights and obligations. Supervisory Board resolutions are above all passed in the Supervisory Board meetings but also, if necessary, using the written procedure or by other communication means. At least two meetings are held every six months. In addition, if necessary and on the basis of the rules of procedure of the Supervisory Board, a meeting of the Supervisory Board or its committees can be convened at any time at the request of a member or the Management Board.

The Supervisory Board is composed in such a way that its members as a group have the knowledge, ability and specialist experience, also in those sustainability matters that are significant to the company, required to properly complete its tasks. All of them are familiar with the real estate sector as the segment in which the company operates. At least one member of the Supervisory Board has expertise in the field of accounting and another member has expertise in the field of auditing.

Each Supervisory Board member shall ensure that they have enough time to carry out their mandate.

At the time at which this declaration was prepared, no Supervisory Board members exercised directorships or advisory tasks for important competitors of the company (see → [Avoidance of Conflicts of Interest](#)).

Since 2020, a standard process for related party transactions has been firmly established within the company. This includes reporting on a regular basis to the Annual General Meeting as part of the Supervisory Board report. The Supervisory Board receives information twice a year in the compliance report on the recording of related party transactions in accordance with the German Stock Corporation Act. Members of the Supervisory Board, for their part, immediately report any transactions that they or parties related to them

conclude with the company. The relevant data is also collected at the end of the fiscal year. The Supervisory Board reserves the right to make a decision itself on any transaction requiring approval or to delegate the decision to one of its committees in line with the statutory requirements. No such transactions were recorded in the reporting period.

#### **Supervisory Board Self-Assessment**

The Supervisory Board performs regular efficiency reviews that are performed, in alternation, as self-evaluations using a written survey conducted among the members and with the involvement of an independent and experienced moderator in the form of personal interviews. The most recent regular evaluation, supported by a moderator and conducted in the fourth quarter of 2019, revealed that the Supervisory Board performs its work efficiently (see → [Report of the Supervisory Board](#)).

#### **Supervisory Board Committees**

The Supervisory Board sets up an Executive and Nomination Committee, an Audit Committee and a Finance Committee from among its members. Further committees are formed as required. Committees are made up of at least four members of the Supervisory Board (see → [Report of the Supervisory Board](#)). The committees prepare subjects which are to be discussed and/or resolved by the Supervisory Board. In addition, they pass resolutions on behalf of the entire Supervisory Board. The basis for committee work was the transfer of tasks and responsibilities within the scope of the legal provisions.

The **Executive and Nomination Committee** is made up of the Chairman of the Supervisory Board and at least three other members to be elected by the Supervisory Board. The Chairman of the Supervisory Board is the Chairman of the Executive and Nomination Committee. The tasks of this committee are, in particular, to prepare the appointment of Management Board members and propose candidates for election as Supervisory Board members, to advise on the remuneration system, to assign responsibilities and to decide in cases of legal and loan transactions with members of the Management Board and conflicts of interest.

The Supervisory Board appoints one of the members of the **Audit Committee as the Chairman of the Audit Committee**. When electing the committee members, the Supervisory Board shall ensure that the Chairman of the Audit Committee has specialist knowledge and experience in the application of accounting principles and internal control and risk management systems and/or in audits. The Committee Chairman should be independent and not be a former member of the company's Management Board whose appointment ended less than two years before their appointment as Chairman of the Audit Committee. The Supervisory Board Chairman should not be the Chairman of the Audit



Committee. As a result of the FISG provisions, one committee member must have experience in accounting and the other in auditing. With Prof. Dr. Edgar Ernst as the long-standing President of the German Financial Reporting Enforcement Panel and Dr. Florian Funck as the Chief Financial Officer of Haniel & Cie GmbH responsible, among other things, for accounting, the Audit Committee is composed of experts in the areas of auditing and accounting (see table → [Supervisory Board Qualifications Profile](#)). The Audit Committee handles, in particular, the monitoring of the accounting process, the effectiveness of the internal control system, risk management system and internal audit system, the audit of the annual financial statements and – unless another committee is entrusted therewith – compliance. Accounting and auditing also include the sustainability report and the auditing of this report. Each member of the Audit Committee can obtain information directly from the heads of those central departments that are relevant to the Audit Committee via the Committee's Chairman.

The Audit Committee prepares the resolutions of the Supervisory Board on the annual financial statements (and, if applicable, the consolidated financial statements), and, in place of the Supervisory Board, reaches the agreements with the auditor (in particular the issuing of the audit mandate to the auditor, the determination of strategic audit objectives and the fee agreement). The Audit Committee takes suitable action to assess and monitor the independence of the auditor and the audit quality and is responsible for discussing the assessment of the audit risk, audit strategy, planning and results with the auditor. The Audit Committee also makes decisions on behalf of the Supervisory Board on the approval of contracts with auditors for non-assurance services.

The **Finance Committee** consists of the Supervisory Board Chairman or the latter's Deputy Chairman and at least three other members. The Finance Committee prepares the resolutions of the Supervisory Board on the following matters:

- > Financing and investment principles, including the capital structure of the Group companies and dividend payments.
- > Principles of the acquisition and disposal policies, including the acquisition and disposal of individual shareholdings of strategic importance.

In place of the Supervisory Board, the Finance Committee adopts resolutions in particular on general guidelines and principles for the implementation of this financial strategy, including the handling of currency risks, interest, liquidity and other financial risks, the handling of credit risks and the implementation of external financing principles, and also on important transactions regarding the acquisition and disposal of properties and shares in companies as well as corporate financing.

## The Management Board

### Duties and Responsibilities

The Management Board members are jointly accountable for independently managing the company in the company's best interests while complying with the applicable laws and regulations, the Articles of Association and the rules of procedure. In doing so, they must take the interests of the shareholders, the employees and other stakeholders into account.

The Management Board is monitored and advised by the Supervisory Board. It has adopted the rules of procedure in consultation with the Supervisory Board. The Management Board has a Chairman who coordinates the work of the Management Board and represents it in dealings with the Supervisory Board.

The Management Board informs the Supervisory Board regularly, in due time and comprehensively in line with the principles of diligent and faithful accounting in accordance with the law and the reporting duties specified by the Supervisory Board.

The Management Board develops the company's strategy, coordinates it with the Supervisory Board and implements it. It ensures that all statutory provisions and the company's internal policies are complied with. The Management Board also ensures appropriate risk management and risk controlling in the company. The Chief Executive Officer is responsible for the social and environmental factors to be taken into account in this process, as well as for the associated risks, opportunities and impacts.

The CEO submits the corporate planning for the coming fiscal year to the Supervisory Board as well as the midterm and strategic planning, which also includes sustainability targets. The Chairman of the Management Board informs the Supervisory Board Chairman without delay of important events that are essential for the assessment of the situation and the development of the company or for the management of the company as well as of any shortcomings that occur in the monitoring systems.

**Vonovia's roots** and those of its predecessor companies extend back into the 19th century and lie in not-for-profit housing and housing for factory workers. Deutsche Annington and GAGFAH have their roots in housing construction companies that built low-cost homes for workers, salaried employees and civil servants. Many of the housing developments and neighborhoods built in that era were model projects of the time and are now covered by preservation orders. Living in neighborhoods known as "workers' settlements" was about much more than just affordable living space. The residents were colleagues and neighbors; they worked and lived together. The approximately **780 neighborhoods** (including Deutsche Wohnen) that the company has today are one of Vonovia's USPs and a focal point of the answers to the megatrends facing us. The story of Vonovia's roots continued in 2021 with the merger with the Deutsche Wohnen Group. Deutsche Wohnen's roots go back to 1863, with the real estate held by the pension fund of the company Hoechst. Via the non-profit company GEHAG, which was established in 1924, Deutsche Wohnen has properties that are exceptional examples of architectural history from the Bauhaus and expressionist movements. These included new housing concepts that helped to shape the idea of a neighborhood and were even listed as UNESCO world heritage sites. Examples include the "Hufeisensiedlung", "Wohnstadt Carl Legien", "Weiße Stadt" and "Ringsiedlung Siemensstadt" developments. BUWOG, which created by the Austrian government as a housing company for civil servants and was eventually privatized, represent the company's roots in Austria. It was in this time that BUWOG evolved into a leading real estate developer in Germany and Austria. The Swedish properties originate from the "Million Program" public housing program of the 1960s and 1970s, the aim of which was to create simple, low-rent homes. A need for modernization and development meant that selected properties in and around Stockholm, Malmö and Gothenburg were ultimately acquired by Victoria Park and Hembla as investors. Vonovia operates under the name Victoriabem in Sweden.

The integration of **Deutsche Wohnen's** systems and processes into Vonovia's structures was one of the key tasks on the management agenda in 2022. This process was consistent with Deutsche Wohnen's decision to work with Vonovia to achieve harmonization effects and economies of scale. As there is no control agreement between Vonovia SE and Deutsche Wohnen SE, the requirements of a de facto group, as a result, minority rights were always to be upheld. This was supported by corresponding contractual agreements.

## Corporate Structure

**Vonovia SE**, the parent company of the Vonovia Group, is organized in the legal form of a dualistic European company (SE). Vonovia SE is directed by a Management Board, which is responsible for conducting business and defining the Group's strategy. The strategy is implemented in close coordination with the Supervisory Board, which is regularly briefed by the Management Board regarding the development of business, strategy and potential opportunities and risks. The Supervisory Board oversees the activities of the Management Board.

Vonovia SE has its **registered headquarters** in Germany. Since 2017, its registered office has been in Bochum. The head office (principal place of business) is located at Universitätsstrasse 133, 44803 Bochum.

As of December 31, 2022, 654 legal entities/companies (of which 429 in Germany) formed part of the Vonovia Group. A detailed list of Vonovia SE shareholdings is appended to the Notes to the consolidated financial statements.

Vonovia SE performs the function of the **management holding company** for the Group. In this role, it is responsible for determining and pursuing the overall strategy and implementing the company's goals. It also performs property management, financing, service and coordination tasks for the Group. Furthermore, it is responsible for the management, control and monitoring system as well as risk management system of the Group.

In order to carry out management functions, Vonovia SE has established a series of **service companies**, particularly for commercial and operational support functions, which are centralized in shared service centers. By pooling the corporate functions on a uniform management platform, Vonovia achieves harmonization, standardization and economies of scale objectives, and the other Group companies thus do not need to perform such functions themselves. This bundling is a prerequisite for the efficient and effective management of a portfolio of more than 548,000 apartments and also provides the basis for the successful digitalization of Vonovia's process chains. The development business is largely managed via **project companies**.



## Strategy

### Foundation for our sustainable strategy

The strategy Vonovia introduced **at the time of its IPO** has reached a high **degree of maturity** and has proven its viability and flexibility. It achieved sustainable improvements in customer satisfaction, addressed new demands and successfully established new business models. This strategy still consists of the four basic approaches: the property management strategy, the financing strategy, the portfolio management strategy and the Value-add strategy. The **two additional approaches**, making acquisitions as and when opportunities present themselves and pursuing internationalization, continue to support and round off the four basic approaches. The nursing care activities are currently being subjected to a strategic review by Deutsche Wohnen.

Not only the increasingly dynamic development of **mega-trends**, but also the ever louder calls made by various stakeholder groups for a **sustainable business model** mean that the focal points of the company's strategy have to be reviewed on an ongoing basis and, in particular, the **sustainability aspects** of this strategy, which has proven so successful to date, have to be given even greater attention and be enhanced in a targeted manner to ensure the **future viability of Vonovia's strategy** and business model.

The strategy, which will continue to have a **commercially successful business model at its core** in the future as well, explicitly addresses the following sustainability issues:

- > Contribution to climate protection and reducing CO<sub>2</sub> (E).
- > Social responsibility for our tenants, customers and employees (S).
- > Trustworthy, reliable and transparent corporate governance based on the best-practice guidelines set out in the Corporate Governance Code (G).

The strategy also specifically addresses the UN's Sustainable Development Goals (SDGs) as well as the specific ESG targets set by European and national standard setters. With this in mind, Vonovia has defined its own climate path. The integration of sustainability into the strategy is also reflected in the expansion of the management system to include non-financial key figures, in particular in the form of the introduction of the Sustainability Performance Index.

Vonovia has an **organizational unit** reporting to the CEO to coordinate and drive sustainability aspects in the context of the strategy and the business model. A steering group, the Sustainability Committee, has also been set up. It includes the entire Management Board as well as the individuals responsible for sustainability, corporate communications, investor relations, controlling, accounting and business innovation.

In order to calibrate its sustainability endeavors correctly, Vonovia conducts a regular **materiality analysis** or reviews this analysis to define areas for action and develop a sustainability roadmap based on the results.

Solutions for climate protection in the housing industry using innovations and new technologies will be largely implemented in our **neighborhoods** in a cost-effective manner to allow us to continue to design urban, environmentally friendly and affordable housing in a socially responsible manner. Another way in which Vonovia lives up to its social responsibility is via its neighborhood development projects.

Trustworthy, reliable and transparent **governance** is supplemented by ESG risk management that takes the opportunities and risks derived from the action areas and the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD) into account.

Greater attention is also being paid to effects on sustainability-related impacts.

### Highly Developed 4+2 Strategy

The 4+2 strategic approaches already in place can be briefly summarized as follows:

The **property management strategy** is based on the sophisticated **management platform**, which allows for the efficient management of the portfolio and the successful scaling of the property management business. In this respect, Vonovia makes use of a mix of regional and local services and the Group-wide bundling of services in central service centers. Vonovia also applies this expertise to the property management business in Austria and Sweden in line with the requirement profiles that apply in those markets. The property management strategy is being enhanced, in particular, by digitalization measures in the underlying business processes and at the customer interface.

# Non-financial Group Declaration\*

## Explanatory Information on the Content of the Report and the Framework

Sustainability reporting is experiencing a period of upheaval. Due in particular to increasing requirements at a European level – as a result of the EU taxonomy and the adoption of the Corporate Sustainability Reporting Directive – we are now increasingly seeing reporting on sustainability-related topics featured in the annual report.

For Vonovia, this integrated approach aligns well with our understanding of sustainability, which is a key component of our corporate strategy and business processes. Consequently, information on sustainability is not limited to the Non-financial Group Declaration, but can be found throughout this annual report, such as in the description of our business model or in the risk assessment. Corresponding references point to chapters in the management report in which the required disclosures are reported. As such, we are underscoring our understanding of a sustainable business model in which all three dimensions of sustainability (ESG) are embedded within our sustainability strategy (see → [Fundamental Information About the Group](#)).

Vonovia SE's (hereinafter referred to as Vonovia) corporate reporting includes a Non-financial Group Declaration, which has its legal basis in Sections 315b, 315c in conjunction with Section 289c to 289e HGB.

The frameworks provided by the Global Reporting Initiative (GRI) for sustainability reporting and the UN Global Compact were taken into account when preparing this declaration. These standards also serve as a guide for the separate sustainability report. We also use the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), which we describe in the section entitled → [Environmental Issues](#).

The provisions of the delegated act for Regulation (EU) 2020/852, subject to application of Articles 8 and 10 (EU taxonomy), are explained in the → ["Taxonomy"](#) section of this Non-financial Group Declaration and also include the

subgroup Deutsche Wohnen SE (referred to in the following as Deutsche Wohnen).

Vonovia acquired control of Deutsche Wohnen on September 30, 2021. The subsequent integration process began at the end of 2021 and encompasses the consolidation of concepts, applied due diligence processes, and targets and outcomes relating to the non-financial topics pursuant to Section 289c of the German Commercial Code (HGB) determined in the Vonovia materiality process. The operational go-live date on January 1, 2023 marked the successful completion of this process. As of this date, Vonovia and Deutsche Wohnen shall operate using joint systems and structures in line with the Vonovia organizational and process model (see → [Fundamental Information About the Group](#)).

Deutsche Wohnen is therefore included in the consolidated financial statements and the Non-financial Group Declaration of Vonovia. Deutsche Wohnen will not be issuing its own non-financial declaration for the 2022 fiscal year, as it is exercising its rights under the simplifying provision for CSR reporting pursuant to Sections 289b (2) and 315b (2) HGB.

In preparation for the integration process, the materiality assessments of the two companies were merged in 2021 and their validity was reviewed once again in the reporting year. Due to the high degree of concordance between the identified → [material sustainability topics](#) and the non-financial key performance indicators, the selection of indicators already used by Vonovia and their definitions have been adopted by Deutsche Wohnen. This also applies to the description of concepts and their implementation.

\* The content of the Non-financial Group Declaration is not covered by the audit of the annual and consolidated financial statements, but rather are subjected to a separate limited assurance audit conducted by KPMG AG Wirtschaftsprüfungsgesellschaft in accordance with ISAE 3000.

The main relevant non-financial performance indicators are reported – together with information on the underlying concepts and objectives – in the individual chapters covering the content in question. These are allocated to the legally mandated aspects – environmental issues, social issues, employee issues, combating corruption and bribery, and observance of human rights. Consolidated reporting with Deutsche Wohnen is not possible for a few selected key performance indicators, as the company-wide criteria for determining these key figures will only be fully implemented in the course of the complete integration from the start of the 2023 fiscal year onwards. We refer to any existing differences in the disclosure for the key figure concerned. Deutsche Wohnen is included in the reported objectives for the 2023 fiscal year.

Six of the key figures listed in the Non-financial Group Declaration are non-financial performance indicators within the meaning of GAS 20, Paragraph 101 in conjunction with Paragraph 106. These are the key figures that together constitute the Sustainability Performance Index (SPI) since its introduction in 2021. The SPI, which is derived from the material sustainability topics, is a vital instrument in terms of managing our sustainable activities. It represents the leading non-financial performance indicator applicable for the Vonovia Group. For the 2022 fiscal year, the reported SPI does not include Deutsche Wohnen. This will only be reported on a consolidated basis for the 2023 fiscal year following full integration (see → [Management System](#)).

The company's activities in Austria and Sweden are also covered by this Non-financial Group Declaration. This initially concerns the qualitative presentation of the non-financial information of the business entities. Due to the ongoing integration of the corresponding processes, the full consolidation of a few of the key performance indicators is still in the implementation phase. With respect to each key performance indicator, we make reference to the degree of KPI integration.

Sustainability reporting is supplemented by a separate sustainability report. This contains further extensive information and key figures for individual non-financial topics as well as examples of implementation. The sustainability report for the 2022 reporting year will be published in the second quarter of 2023. Further information on [commitments and guidelines](#), for example, can be found on the website of the Investor Relations department. The final aspect of sustainability reporting is participation in numerous ESG ratings.

Both the Non-financial Group Declaration and the additional quantitative disclosures in the sustainability report are audited by → [the auditor of the annual financial statements](#). All references to content outside the Non-financial Group Declaration are further information and are not covered by

the audit performed by KPMG. An exception to this rule applies to references to further chapters of the management report. These are covered by the audit.

## Sustainability Management at Vonovia

Our business model means that our relationship with social and environmental change processes is one of great interdependence. Sustainability is thus a key component of our corporate strategy. In recent years, we have made great progress in integrating **sustainability into the company's business processes**.

With the launch of the → [non-financial performance indicator](#) SPI in 2021, these are linked to clear and remuneration-relevant targets for the Management Board and senior management (the first tier below the Management Board).

The SPI comprises six sub-indicators based on the material topics of Vonovia. They include the carbon intensity of the housing stock, the energy efficiency of new buildings, the share of accessible (partial) modernization measures in relation to newly let apartments, the increase in customer and employee satisfaction and proportion of female managers in the company's top management team. The SPI for Vonovia achieved an index value of 103% in the reporting year (see → [Report on Economic Position](#)). For a more detailed description of our **sustainable business model**, please refer to the chapter entitled → [Fundamental Information About the Group](#).

Vonovia's understanding of sustainability illustrates how we interpret sustainability at the company. It is published on our [Investor Relations website](#).

At Vonovia, sustainability lies at the very top level of management. The individual responsible for the issue of sustainability is the Chief Executive Officer. On the part of the Supervisory Board, the Audit Committee, in particular, performs the corresponding control function.

Central coordination of sustainability activities is the responsibility of the Sustainability/Strategy department. This department reports directly to the Chief Executive Officer. Its core duties include, in particular, the further development of the sustainability strategy, the definition and monitoring of sustainability targets, the providing of impetus and the implementation of sustainability projects. It also handles sustainability reporting, which includes not only sustainability reporting within the annual report, but also the preparation of the sustainability report and the management of numerous ESG ratings.

A **sustainability committee** meets three to four times a year – as required – to discuss the overall strategic direction

### Assessing Significant Harm of an Economic Activity on One or Several EU Environmental Objectives (“Do No Significant Harm”)

In the following, we explain which “do no significant harm” criteria apply to our economic activities that have been identified as taxonomy-eligible and how we meet these criteria. Generally the criteria are EU regulations or directives that have been transposed into national law in Germany, Austria and Sweden.

In order to avoid significantly compromising **adaptation to the effects of climate change** (EU environmental objective 2), the EU taxonomy requires that a robust climate risk and vulnerability assessment be carried out for all taxonomy-aligned economic activities. Vonovia uses an IT tool to identify and evaluate physical climate risks for the Group-wide portfolio on a continuous basis using the prescribed climate scenarios (RCP2.6, RCP4.5 and RCP8.5) (see → [Environmental issues](#)). The risk assessment is based on scenario RCP4.5, which, according to the United Nations (UNEP Emissions Gap Report 2022), represents the probable increase in the global average temperature that will result from the national contributions to climate change mitigation that have currently been defined and implemented. In this scenario, no material risk has been identified for any of the climate-related hazards up to 2045. Therefore, no adaptation plan is required in accordance with the EU Taxonomy Regulation. As part of the neighborhood strategy, potential adaptations are to be defined at portfolio level in the future and subsequently implemented individually for the properties or neighborhoods for which there are material risks at the corresponding level.

With regard to the **sustainable use and protection of water and marine resources** (EU environmental objective 3), no criteria need to be assessed for the taxonomy-eligible economic activities, as these do not apply to **residential building units**. At Vonovia, the review of taxonomy alignment is limited to residential building units.

The requirements for the recycling and reuse of non-hazardous construction and demolition waste generated by new construction and renovation work for **transitioning to a circular economy** (EU environmental objective 4) are met through the implementation of the German Circular Economy Act (KrWG) or by means of other national legislation. The photovoltaic systems installed by Vonovia also meet the requirements for preventing significant harm to EU environmental objective 4 on account of their design and service life.

In order to avoid and prevent environmental pollution (EU environmental objective 5), compliance with certain EU directives must be ensured (listed in Appendix C to Annex 1 to the Supplement to EU Regulation 2020/852). This is regulated by law in Germany, Austria and Sweden. Vonovia only purchases and uses finished construction products that are approved within the EU, bear the CE mark, meaning that they have an EU declaration of conformity, which is consistent with the applicable EU legislation. Compliance with statutory requirements is defined in Vonovia’s Business Partner Code that all subcontractors and suppliers have to sign. Vonovia has established a toxic materials management system to ensure the safe handling of toxic materials. Among other measures, safety fact sheets and operating instructions are kept for affected products and the company’s own employees are trained on how to handle these products correctly from an occupational safety perspective. Given the shortage of housing, new construction is crucially important for society. The same applies to energy-efficient building refurbishment, as well as to the installation, maintenance and repair of energy-efficient systems. These measures to decarbonize the real estate portfolio and to continually improve energy efficiency help, for example, to save heating costs, taking pressure off tenants and at the same time improving the quality of housing and life for society.

Vonovia’s economic activities do not significantly harm the achievement of EU environmental objective 6 (**protection and restoration of biodiversity and ecosystems**), as Vonovia only builds in designated areas. Relevant aspects are taken into account by the competent authorities in the approval procedures preceding such activities.

### Compliance with Minimum Standards at Group Level (“Minimum Social Safeguards”)

We are committed to our human rights due diligence obligations and align our conduct with internationally recognized frameworks such as the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights.

Vonovia adopts a Group-wide approach to meeting minimum safeguards: comprehensive procedures forming part of the compliance management system, including Group-wide guidelines and complaints mechanisms, have been put in place to prevent and uncover violations (see → [Combating Corruption and Bribery](#)).

## Reporting on Aspects of the Non-financial Group Declaration

The Non-financial Group Declaration sets out the relevant concepts, the accompanying due diligence processes, the results of the concept and the status of implementation of the measures for each material topic.

Vonovia has prepared Group guidelines for describing the concepts and their implementation, which Deutsche Wohnen has adopted in the course of its integration. As such, the Group's regulations, concepts and processes are thus also adapted to the new business activities.

Unless stated otherwise, the concepts presented for the 2022 reporting year still apply to the Vonovia Group excluding Deutsche Wohnen.

Nine out of the ten topics that are material for Vonovia can be allocated to the aspects covered by the German Commercial Code (HGB) in the context of the Non-financial Group Declaration:

- > Environmental issues: reducing CO<sub>2</sub> in real estate portfolio/sustainable new construction and refurbishment
- > Social issues: Neighborhood development and contribution to infrastructure/fairly priced housing/homes that meet people's needs and demographic change/customer satisfaction and service quality
- > Employee issues: Appeal as an employer/diversity and equal opportunities
- > Combating corruption and bribery: Governance and compliance

"Appeal on the capital market" has been identified as an additional material topic for Vonovia. Information on the "Respect for human rights" aspect, which is a requirement under the German Commercial Code (HGB), is also reported in the Non-financial Group Declaration.

## Environmental Issues

Environmental issues include the following material topics for Vonovia: "Reducing CO<sub>2</sub> in the real estate portfolio" and "Sustainable new construction and refurbishment" (see → [Materiality Matrix](#)).

The mitigation of global warming and the protection of natural resources for life on earth are some of the most important challenges facing society as a whole in our time. As such, environmental and climate protection is accorded paramount importance within our sustainability strategy. Targets set at international level, such as the Paris Agreement and the European Union Green Deal, as well as those

set at national level, such as the goal set by the German Federal Government to achieve climate neutrality by 2045, are of high significance for Vonovia in this regard.

As Europe's housing industry market leader with our own real estate portfolio of 548,524 residential units and our development activities, we possess significant levers for protecting the environment and climate. Here, our main concern is greenhouse gas emissions that can be largely influenced directly, known as scope 1 & 2 emissions. These are produced by supplying heat and hot water to our buildings, with the majority of our housing stock being located in Germany. Greenhouse gas emissions from the upstream value chain and other environmental aspects are also becoming increasingly important to us.

Vonovia has set itself the target of achieving a virtually climate-neutral housing stock by 2045, **with carbon intensity of less than 5 kg of CO<sub>2</sub> equivalents per sqm of rental area**. By 2030, our housing stock in Germany is to have a CO<sub>2</sub> intensity of less than 25 kg CO<sub>2</sub>e/sqm. These targets remain unchanged following the merger with Deutsche Wohnen and were confirmed in 2022. Binding interim targets for the next five years have also been defined.

During the reporting year, we had the Vonovia climate pathway's compatibility with the Paris Agreement target calculated using the XDC model from right.based on science. The XDC model converts CO<sub>2</sub> emissions based on our climate pathway into a number of degrees that shows by how much the earth's temperature would increase if the entire world's climate performance were identical to that of Vonovia. This calculation reveals that, taking into account sales that are already planned, **Vonovia's climate pathway is compatible with global warming of 1.4° Celsius**. The 1.5° target path of the Carbon Risk Real Estate Monitor (CRREM) for multifamily homes in Germany (as at 07/2021) was used as a benchmark.

Defining and implementing the climate pathway is part of our systematic way of tackling climate change – with regard to both Vonovia's contribution to mitigating climate change and the effects of climate change on our company's economic development. Our climate pathway combines grand ambitions for CO<sub>2</sub> reduction with the economic efficiency required to implement them. In continuing to develop this path further, we maintain an overview of the risks, e.g., those resulting from future increases in prices for causing CO<sub>2</sub> emissions or the impact of climate change on our buildings, as well as the opportunities, e.g. in the form of climate-resilient and particularly competitive neighborhoods. The recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD) constitute important guidance in this regard.

Austria, we were not only awarded the equalitA certification for the internal promotion of women in 2021. BUWOG has

also held state certification as a family-friendly company since 2017, being most recently recertified in 2020.

### Material Performance Indicator – SPI

Category	Unit	2021	2022	Target for 2023
Proportion of women in management positions (first and second levels below the Management Board)*	%	28.0**	25.1	28.6
<p>* Excluding Care segment and SYN VIA.</p> <p>** Excluding Deutsche Wohnen.</p>				

At the top level of management, the diversity concept for the composition of the management and control bodies is set out in detail in the corporate governance declaration.

### Establishment in the Company

At Vonovia, the CEO is responsible for HR work, which is established centrally as a shared service within the HR department. In 2021, the shared service approach was transformed into an HR business partner model that continues to be developed on an ongoing basis. From January 1, 2023, this will also include the Deutsche Wohnen subgroup.

Austria and Sweden have their own HR departments. Austria reports to the HR department in Germany via dotted-line reporting, whereas Sweden is still not firmly established in the reporting line. Here, monitoring and reporting takes place as and when required. The Head of HR discusses developments with the CEO on a regular basis. The objectives and focus of HR work are developed in collaboration with the Management Board and are then cascaded down throughout the organization. With the exception of the SYN VIA group and the companies in the Nursing and Assisted Living business area, the organizational integration of Deutsche Wohnen was completed by January 1, 2023 (see → [Nursing and Assisted Living](#)).

### Combating Corruption and Bribery

Within the context of the statutory requirements in the Non-financial Group Declaration, this aspect includes one material topic: "Governance and Compliance" (see → [Materiality Matrix](#)).

### Governance and Compliance

The foundation of our business model is based on reliable, transparent and trustworthy corporate governance, which the company manages and monitors responsibly and independently. Its function as a role model is decisive in terms of building and cementing credibility – and therefore trust among our stakeholders. This also applies with respect

to legally compliant conduct. Trust can be built through reliability if all rules are followed systematically – both those set out by law and, in particular, also those that we impose on ourselves. By contrast, any abuse of trust can damage the reputation and the business success of the company.

As a result, our governance endeavors are geared toward the establishment and implementation of, and systematic compliance with, a transparent and modern system of rules. Group-wide [guidelines and business principles](#) act as a framework in this regard: Our business philosophy, our Code of Conduct, the Business Partner Code, and our Management Board's Declaration of Respect for Human Rights act as the maxims guiding us in our actions. We live up to this attitude with our independent supervisory board and [our commitment to the principles of the German Corporate Governance Code](#).

The [compliance management system](#) (CMS) supports the corporate governance's direction and guards the company against misconduct. At Vonovia, the **CMS is based on three pillars: prevention, detection and response**. These pillars are underpinned by an extensive system of measures and processes as part of the compliance program. The basis takes the form of the Compliance Guidelines, which follow the Principles for the Proper Performance of Reasonable Assurance Engagements Relating to Compliance Management Systems (IDW PS 980). The CMS is subject to a periodic audit, which is carried out by an external auditor.

The Group-wide (excluding Deutsche Wohnen), Web-based compliance risk analysis that was conducted at management level in the 2021 fiscal year had identified potential for improvement in the areas of money laundering prevention and IT security, while performance in the other areas were considered good to very good. One measure resulting from this was the restructuring of the data protection department, which was merged with the central compliance department on January 1, 2022. This serves to simplify internal processes, thus making them easier to safeguard.

Regular training sessions are the cornerstone for preventing misconduct before it happens. A **comprehensive catalog of regular and mandatory training events** is already firmly



established and has been adapted for the various internal

target groups. The procurement department, for which the issue is particularly relevant, receives special training on corruption and criminal law pertaining to corruption, for example. After focusing on the digitalization of training formats in 2021, such as mandatory training on the Code of Conduct and data protection, we were able to add five new formats to the compliance training we offer in the reporting year: Mandatory training on dealing with conflicts of interest and combating corruption is aimed at all employees and is repeated every year. The target group-specific training sessions are also run every year. We are acting on the recommendations made based on the compliance risk analysis by offering a new training format for the sales department on the topic of money laundering prevention. New additions to the program also include training on corruption and detecting fraud, which is aimed at all levels of management, and training on concluding contracts for the development department.

The complaints management and **whistleblower protection system**, expanded in 2021, has been in regular operation since that time. Bolstered by [Group guidelines](#) on preventing and tackling corruption, on preventing money laundering, on the whistleblower system and on compliance, the [anonymous whistleblower hotline](#) is not only available to employees, but also to external parties such as customers and business partners, in both German and English. Up to six additional languages are to be added in 2023 in order to minimize language barriers. The hotline complements and extends the existing system of the independent ombudsman. It is also integrated within the partner portal for business partners. The whistleblower report, prepared externally every six months, is included with the company's compliance report. The various elements of our whistleblowing system mean that we consider ourselves well prepared for the implementation of the Whistleblower Protection Act (Hinweisgeberschutzgesetz), which is due to come into force in Germany in 2023.

Information on potential cases of discrimination can also be submitted anonymously via the whistleblowing system. An additional reporting mailbox has also been set up in the HR department to identify potential violations of the General Act on Equal Treatment (Allgemeines Gleichbehandlungsgesetz). In Germany, this covers four European anti-discrimination directives that have been issued since 2000.

The Chief Executive Officer (CEO) is responsible for implementation of the CMS. A Compliance Committee comprising the Compliance Officer (Legal department), Compliance Managers, the ombudsperson, representatives of the Internal Audit, Risk Management and HR departments, members of the works council and representatives of the companies outside Germany (with Austria joining in 2021 and Sweden in 2022) regularly updates the system in line with current requirements and is responsible for its ongoing development. In this context, the Compliance Officer acts as a central contact point within the company for compliance-related questions and suspicions. The Compliance Officer reports to the CEO on a regular basis, and also on an ad hoc basis when special cases arise. The Compliance Officer's activities are supported by the compliance managers and specialists in the individual departments. The CMS and whistleblowing system apply to the entire Group. Deutsche Wohnen also maintains its own legal and compliance department, which is supported by Vonovia's compliance and data protection department under the terms of the agency agreements. Whenever legislation in Austria or Sweden conflicts with Group-wide rules, a different rule is adopted for the subgroup in the form of a national guideline. Responsibility for this lies with the respective managing directors.

The Supervisory Board regularly receives comprehensive information about compliance issues and corruption along with existing guidelines and processes. The compliance report, which is forwarded to the Audit Committee via the Compliance Officer (following prior consultation with the CEO), provides information about potential breaches, measures and training relating to corruption, as well as relevant data protection issues.

#### Material Performance Indicator

Category	Unit	2021	2022
Total number of proven cases of corruption (in Germany)	number	0	0*

\* Exclusive segment care.

In the 2022 fiscal year, there were individual suspected cases of corruption, which we investigated diligently. None of the cases were confirmed. Furthermore, several other compliance violations or suspected cases were reported, although these can be described as minor in total.

On March 7, 2023, Vonovia SE received information from the public prosecutor's office in Bochum regarding investigations against current and former employees on the basis of a search warrant issued by the Local Court of Bochum. According to the information provided, Vonovia SE or selected affiliated companies are suspected of having suffered damage due to fraud, breaches of trust, anticompetitive agreements in connection with tenders and particularly serious cases of passive and active corruption in business transactions. The extent to which the actual damage may have also resulted in damage incurred by tenants has not yet been clarified with definitive effect. Measures have been taken to clarify the incidents in full. The auditing firm Deloitte has also been engaged to conduct an independent investigation. In this regard, we refer to the explanatory information in the combined management report concerning the → [Disclosures on the "appropriateness and effectiveness of the ICS"](#) and → [subsequent events](#). Given that only fully completed proceedings are presented under key performance indicator "Total number of confirmed cases of corruption (in Germany)" in the reporting year in question, this incident has no impact on the key figures reported for 2021 and 2022.

## Respect for Human Rights

The European legal framework in which Vonovia operates with its business model is strictly regulated and overseen in the markets in Germany, Austria and Sweden. This applies in particular to fundamentally enshrined human rights, to which Vonovia attaches great importance irrespective of the legal framework. Compliance with, and the fostering of, these rights is reflected in our ethos and mission statement. We regularly scrutinize our guidelines and adapt them to reflect changing underlying conditions. Due to the Supply Chain Due Diligence Act and the announced European regulation, the way in which supply chains are structured and the due diligence obligations associated with this are of increasing importance to the company.

In our → [Declaration of Respect for Human Rights](#), we communicate our clear conviction for a pluralistic democratic society and zero tolerance of human rights violations and our commitment to respect human rights in all aspects of our business. We adhere to the core labor standards of the International Labour Organization (ILO), the UN Guiding Principles on Business and Human Rights, and the principles of the UN Global Compact, which we committed to in 2020.

Vonovia's business model includes the construction, maintenance and modernization of homes. From a human rights perspective, compliance with labor and social standards on construction sites in the course of these activities is of particular relevance. Some trade/construction activities in

Germany are carried out by the company's own technical service – and therefore by its own employees. This lessens both dependency on the services of external construction companies and – thanks to the measures established in the company's own business area – the risk of noncompliance with labor and social standards.

Concrete → [cooperation with external partners and contractors](#) is governed by Vonovia through its Business Partner Code, the general terms and conditions of purchasing, the general terms and conditions of Vonovia SE for building services, and individual contractual agreements within the scope of structured supplier management. The Business Partner Code must be signed prior to the conclusion of a contract. In this document, we set out, among other things, all material requirements necessary for compliance with human rights – from legal conformity and the fulfillment of legal standards for working conditions to an assurance of freedom of association and the exclusion of child labor, forced labor and discrimination. It is updated regularly – with the next update scheduled for 2023 – and applies to contractual relations in Germany and Austria. A corresponding separate Code is in place in Sweden.

As part of the regular evaluation of our major suppliers and contractors via our partner portal, we strive to ensure that the criteria stated in the Code are complied with. In the event of incidents and breaches, a structured management of measures is activated, which – once all other means have been exhausted – may result in blocks on orders and termination of contract. In Germany, contractual conclusion is preceded by an automatic check against EU sanctions lists, with the compliance department informed immediately in the event of a hit. In Austria, the procurement department reviews all new creditors and regularly reviews existing ones on a half-yearly basis as part of a compliance check that also includes an inspection of sanctions lists (via KSV1870). We also use long-term cooperation in the spirit of partnership to build a close relationship of trust with our contractual partners. This is largely the responsibility of the procurement department and allows any misconduct to be addressed. The procurement department has been assigned to the Chief Transformation Officer's (CTO) Management Board function since January 1, 2022.

In the reporting year, we revised the Group procurement guidelines to further strengthen compliance with due diligence obligations and internal governance procedures, for example. The new guidelines apply throughout the Group and have been in effect since January 1, 2023. We also began the gradual integration of Deutsche Wohnen's suppliers into Vonovia's partner portal in the reporting year. The structures of Vonovia's central procurement department were transferred to the Deutsche Wohnen subgroup.

As part of its sustainability strategy, Vonovia has made a

clear and explicit commitment to climate protection targets and a virtually carbon-neutral housing stock by 2045. Based on our current knowledge and expectations regarding future developments, this will not have any impact on Vonovia's balance sheet. This relates, among other things, to the fair values of investment properties, specific useful lives and the value of assets, as well as provisions for environmental risks, for which no significant need for adjustment emerges.

### Options and Judgments

Options exercised and judgments made by Vonovia's management in the process of applying the entity's accounting policies that may have a significant effect on the amounts recognized in the consolidated financial statements include the following:

- > The group of investments accounted for using the equity method is determined by assessing significant influence.
- > Determining whether the acquisition of investment properties as part of a business combination constitutes the acquisition of a "business" or the acquisition of an individual asset or group of assets can involve discretionary judgments.
- > Vonovia measures investment properties at fair value. If management had opted to use the acquisition costs model as permitted under IAS 40, the carrying amounts of the investment properties as well as the corresponding income and expense items in the income statement would differ significantly.
- > The criteria for assessing in which category a financial asset is to be classified may involve discretionary judgments.
- > Within the scope of revenue recognition in accordance with IFRS 15, discretionary decisions relating to the expected revenue, the total costs of a project and the degree of completion may be necessary. These have an impact on the amount and timing of revenue.
- > When accounting for leases in accordance with IFRS 16, the assessment of the exercise or non-exercise of unilaterally granted termination or renewal options may involve discretionary judgment, particularly if there is no economic incentive for the exercise or non-exercise of options.
- > The need to include information concerning the future in the valuation of expected defaults results in discretionary decisions regarding the impact that changes in economic factors will have on the expected defaults.
- > The decision on how to define a group of cash-generating units to which goodwill is allocated may involve discretionary judgments.

- > Allocating the goodwill to the group of individual cash-generating units may also involve discretionary judgments. The parameters used in the impairment test, such as the determination of undiscounted cash flows, the weighted average cost of capital and the growth rate, may also involve discretionary judgments. Due to a lack of any detailed definition of the term "operation" (IAS 36.86), the disposal of goodwill within the context of real estate sales may involve discretionary decisions.
- > Due to a lack of any detailed definition of the term "a separate major line of business or geographical area of operations" (IFRS 5), a disposal group within the context of real estate sales may involve discretionary decisions.
- > At the moment, there are no definitive provisions on how to reflect a mandatory acquisition of non-controlling interests following the acquisition of control as part of a voluntary public takeover offer. In general, the acquisition of shares as part of a public offer during the second offer period is based on exactly the same conditions as those that applied in the first offer period, and the two acquisitions are closely related in terms of content and timing. This means that, even if it is executed in two offer periods, the acquisition constitutes one and the same transaction (linked transaction). Following the completion of the later acquisition, the original purchase price allocation is to be adjusted with retroactive effect from the acquisition date, resulting in a change in the consideration transferred, the fair value of net assets transferred and, consequently, the resulting goodwill.

### 9 Subsequent Events

On March 7, 2023, Vonovia SE received information from the Bochum public prosecutor's office regarding investigations against current and former members on the basis of a search warrant issued by the Local Court of Bochum. According to the information provided, Vonovia SE or selected affiliated companies are suspected of having suffered damage due to fraud, breaches of trust in the form of anticompetitive agreements in connection with tenders and particularly serious cases of passive and active corruption in business transactions. The extent to which the actual damage has not yet been clarified with definitive effect. Measures have been taken to clarify the incidents in full. The auditing firm Deloitte has also been engaged to conduct an independent investigation.

Based on the information currently available, this does not result in any material impact on the net assets, financial position and results of operations of the Vonovia Group.

### Practitioner's Responsibility

It is our responsibility to express a conclusion on the non-financial group statement based on our work performed within a limited assurance engagement.

We conducted our work in the form of a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): "Assurance Engagements other than Audits or Reviews of Historical Financial Information", published by IAASB.

Accordingly, we have to plan and perform the assurance engagement in such a way that we obtain limited assurance as to whether any matters have come to our attention that cause us to believe that the non-financial group statement of the Company for the period from January 1 to December 31, 2022 has not been prepared, in all material respects, in accordance with § 315c in conjunction with §§ 289c to 289e HGB and with the EU Taxonomy Regulation and the supplementing Delegated Acts as well as the interpretation of the wordings and terms contained in the EU Taxonomy Regulation and in the supplementing Delegated Acts by the legal representatives as disclosed in Section "EU Taxonomy" of the non-financial group statement. As the assurance procedures performed in a limited assurance engagement are less comprehensive than in a reasonable assurance engagement, the level of assurance obtained is substantially lower. The choice of assurance procedures is subject to the auditor's own judgement.

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

- > Inquiries of group-level personnel who are responsible for the materiality analysis in order to understand the processes for determining material topics and respective reporting boundaries for Vonovia SE
- > A risk analysis, including media research, to identify relevant information on Vonovia SE's sustainability performance in the reporting period
- > Evaluation of the design and the implementation of systems and processes for the collection, processing and monitoring of disclosures, including data consolidation, on environmental, employee and social matters, respect for human rights, and combating corruption and bribery

- > Inquiries of group-level personnel who are responsible for determining disclosures on concepts, due diligence processes, results and risks, performing internal control functions and consolidating disclosures
- > Inspection of selected internal and external documents
- > Analytical procedures for the evaluation of data and of the trends of quantitative disclosures as reported at group level by all sites
- > Evaluation of local data collection, validation and reporting processes as well as the reliability of reported data
- > Assessment of the overall presentation of the disclosures
- > Inquiries of responsible employees at Group level to obtain an understanding of the approach to identify relevant economic activities in accordance with EU taxonomy
- > Evaluation of the design and the implementation of systems and processes for the collection, processing and monitoring of disclosures on turnover, capital expenditures and operating expenditures for the taxonomy-relevant economic activities for the environmental objectives of climate change mitigation and adaptation
- > Assessment of data collection, validation and reporting processes and reliability of reported data for the taxonomy-aligned economic activities in relation to the assurance on the Technical Screening Criteria (substantial contribution for the environmental objective, DNSH criteria) and minimum safeguards

The legal representatives have to interpret vague legal concepts in order to be able to compile the relevant disclosures according to Article 8 of the EU Taxonomy Regulation. Due to the innate risk of diverging interpretations of vague legal concepts, the legal conformity of these interpretations and, correspondingly, our assurance thereof are subject to uncertainty.

In our opinion, we obtained sufficient and appropriate evidence for reaching a conclusion for the assurance engagement.

### Emphasis of Matter

We refer to the section “EU Taxonomy Regulation” and section “Combating Corruption and Bribery”, in which the legal representatives describe that Vonovia SE was notified on March 7, 2023 by the investigating authorities on the basis of a search warrant issued by the Local Court of Bochum of investigations against current and former employees. The subject matter of the proceedings is the suspicion of gang and commercial fraud, breach of trust, anticompetitive agreements in connection with tenders and particularly serious cases of passive and active corruption in business transactions, in each case also to the detriment of the Vonovia Group or selected affiliated companies. The findings from these investigative proceedings to date were taken into account for the calculation of the taxonomy-aligned key figures. In doing so, the performance indicators of economic activities 7.3 and 7.7 were slightly reduced by the estimated share of turnover or capital expenditure and operating expenses in connection with increased services for the Technical Building Services business area which are the subject of the investigation proceedings.

Our opinion is not modified in respect of this matter.

### Assurance Opinion

Based on the procedures performed and the evidence obtained, nothing has come to our attention that causes us to believe that the non-financial group statement of Vonovia SE for the period from January 1 to December 31, 2022 has not been prepared, in all material respects, in accordance with § 315c in conjunction with §§ 289c to 289e HGB and with the EU Taxonomy Regulation and the supplementing Delegated Acts as well as the interpretation disclosed in Section “EU Taxonomy” of the non-financial group statement.

### Restriction of Use/General Engagement Terms

This assurance report is solely addressed to Vonovia SE, Bochum.

Our assignment for the Vonovia SE, Bochum, and professional liability as described above was governed by the General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 ( [https://www.kpmg.de/bescheinigungen/lib/aab\\_english.pdf](https://www.kpmg.de/bescheinigungen/lib/aab_english.pdf)). By reading and using the information contained in this assurance report, each recipient confirms having taken note of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the attached General Engagement Terms with respect to us.

Düsseldorf, March 16, 2023

KPMG AG  
Wirtschaftsprüfungsgesellschaft  
[Original German version signed by:]

Stauder	Brokof
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]