

Non-financial Group Declaration

Explanatory Information on the Content of the Report and the Framework

Vonovia SE (hereinafter referred to as Vonovia) is continuing on its path towards more integrated reporting on the company's sustainability topics. Before reporting switches over to the framework set out in the European Sustainability Reporting Standards (ESRS) for the 2024 fiscal year, the report for the 2023 fiscal year is being published for the last time in accordance with the requirements set out in the Non-financial Reporting Directive (NFRD, Directive 2014/95/EU) in the form of this Non-financial Group Declaration. It has its legal basis in Sections 315b, 315c in conjunction with Section 289c to 289e HGB.

When preparing this report, we use the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD), which we describe in the section entitled [→ Environmental Issues](#) and take into account the Global Reporting Initiative (GRI) framework for sustainability reporting in particular when it comes to describing the material topics and management approaches. Explanatory information on the provisions of the delegated act for Regulation (EU) 2020/852, subject to application of Articles 8 and 10 (EU taxonomy), is provided in the [→ EU Taxonomy Regulation](#) section of this Non-financial Group Declaration.

The integrated approach taken by the Non-financial Group Declaration reflects our understanding of sustainability, which is also 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, in the risk assessment or in our corporate governance structure. 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](#)).

The merger with Deutsche Wohnen SE (hereinafter referred to as Deutsche Wohnen) had been completed by the beginning of the 2023 fiscal year. Since this date, Vonovia and Deutsche Wohnen have been operating using joint systems and structures (see [→ Fundamental Information About the Group](#)). Deutsche Wohnen is therefore fully 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 2023 fiscal year, as it is exercising its rights under the simplifying provision for CSR reporting pursuant to Sections 289b (2) and 315b (2) HGB.

The company's activities in Austria and Sweden are also covered by this Non-financial Group Declaration. This includes a full qualitative presentation of the non-financial information of the business entities. Due to the ongoing integration of the corresponding processes, the Group-wide 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.

One exception is the independent Care segment, which was integrated into the Group as a whole by the Deutsche Wohnen subgroup. This segment was classified as a discontinued operation at the end of 2023 as a result of a strategic review (see [→ Management System](#)). We provide content on this segment as part of the corresponding material topic (see Social Issues: Homes That Meet People's Needs and Demographic Change). The key figures presented in this Non-financial Group Declaration are largely collected and presented excluding the Care segment. This is based on materiality aspects (particularly with regard to the environment), processes that are not consistently established and definitions of key figures with a focus on the real estate sector. The presentation of the key figures in the context of the EU Taxonomy Regulation matches the disclosures in the Notes.

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.

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, and in terms of the remuneration for, our sustainable activities. The SPI represents the leading non-financial performance indicator for the Vonovia Group (see → [Management System](#)).

Sustainability reporting for the reporting year is supplemented by other formats outside of this management report:

- > Relevant key figures and data on the individual non-financial aspects for the fiscal year will be presented in an ESG Factbook, which is scheduled for publication in the second quarter of 2024.
- > We will also once again be publishing a report in accordance with the requirements of the Sustainable Best Practice Recommendations (sBPR) of the European Public Real Estate Association (EPRA) and a reconciliation of our reporting to the Real Estate Sustainability Accounting Standard of the Sustainability Accounting Standards Board (SASB).
- > On our Group website (www.vonovia.com), which was revamped in the reporting year, you can find further information on our sustainability strategy and topics – such as commitments and guidelines – as well as examples of implementation.
- > The final aspect of sustainability reporting is participation in numerous ESG ratings.

The Non-financial Group Declaration is subjected to a separate limited assurance → [audit](#) conducted by PwC GmbH Wirtschaftsprüfungsgesellschaft, Essen, in accordance with ISAE 3000. All references to content outside the Non-financial Group Declaration are further information and are not covered by the audit performed by the auditor of the annual financial statements. 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 Understanding of Sustainability

Our business model – the development and rental of high-quality, modern and affordable living space – 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**. Vonovia's understanding of sustainability is published on our Group website.

With the launch of the non-financial performance indicator SPI in 2021, the strategy is 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 CO₂ intensity of our housing stock
- > Energy efficiency of new buildings
- > The proportion of accessible (partially) modernized newly let apartments
- > Increased customer satisfaction
- > Increased employee satisfaction
- > The proportion of women in top management

The SPI for Vonovia achieved an index value of 111% 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.

In terms of the direction of its sustainability strategy, Vonovia is also **guided by international standards and frameworks**, such as the Sustainable Development Goals (SDGs), the UN Global Compact and the United Nations Guiding Principles on Business and Human Rights. As a company with international operations, we aim to contribute to achieving these goals with our business in Germany, Austria and Sweden. To this end, we have identified **eight central SDGs that guide our actions** (see also the SDG policy on our [Group website](#)).

Key SDGs for Vonovia



Sustainability Organization

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 Strategy, Finance and Sustainability Committee, as well as the Audit Committee (for reporting) perform the corresponding control function.

Central coordination of sustainability activities is the responsibility of the Sustainability/Strategy department. 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 prepara-

tion of the ESG Factbook 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 and to evaluate the company's sustainability performance. The committee comprises the entire Management Board as well as the heads of Sustainability, Corporate Communications, Controlling, Accounting and Investor Relations. This ensures that decisions on the implementation of our sustainability strategy are borne by all relevant divisions and all the way through to local implementation levels.

The operational implementation of sustainability aspects takes place in all relevant departments and in our local neighborhoods in the various regions.

In Austria and Sweden, sustainability coordination is embedded in the relevant staff positions. They coordinate the interaction between the Sustainability/Strategy department and the individual countries, as well as the country-specific sustainability strategies pursued by the Austrian BUWOG companies and the Swedish company Victoriahem.

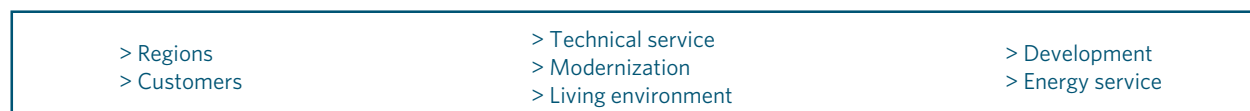
Sustainability in Vonovia's Organizational Model



Sustainability Initiatives

> Projects > Dialogue platforms > Initiatives/cooperation projects > Research assignments

Operating Areas



Central Functions/Specialist Departments



Risk Assessment Based on Sustainability Aspects

The analysis and assessment of risks, taking into account sustainability considerations, have become a key component of risk management for Vonovia. We not only analyze the risks in relation to business operations (outside-in perspective), but also in relation to the possible impacts on the environment and society (inside-out perspective). We provide information on these risks in our → [Risks and Opportunities report](#).

In the Non-financial Group Declaration, material risks associated with the Group's own business activities – and business relations or products and services of the Group – which are very likely to occur and which could have very challenging negative effects on non-financial topics must be reported. On the basis of the risk analyses performed and in the opinion of Vonovia's management, there are **no non-financial risks** subject to a reporting requirement that meet the materiality criteria pursuant to Section 289c (3) Nos. 3 and 4 HGB following application of the net method and taking risk mitigation measures into consideration.

Key Materiality Aspects at Vonovia

A home is a basic human need. We meet this basic need by creating new living space and letting existing living space. We do so responsibly and sustainably by paying attention to the environmental footprint of our buildings and by having committed to the goal of virtually climate-neutral housing stock by 2045 (see → [Environmental Issues](#)), but also by living up to our social responsibility and offering residential units at fair prices for all different groups within society. We do so through a governance structure that meets high value benchmarks and that is suited to being perceived as trustworthy and reliable by our stakeholders.

Vonovia systematically manages the main sustainability topics for the company based on the **double materiality** concept on the basis of two dimensions:

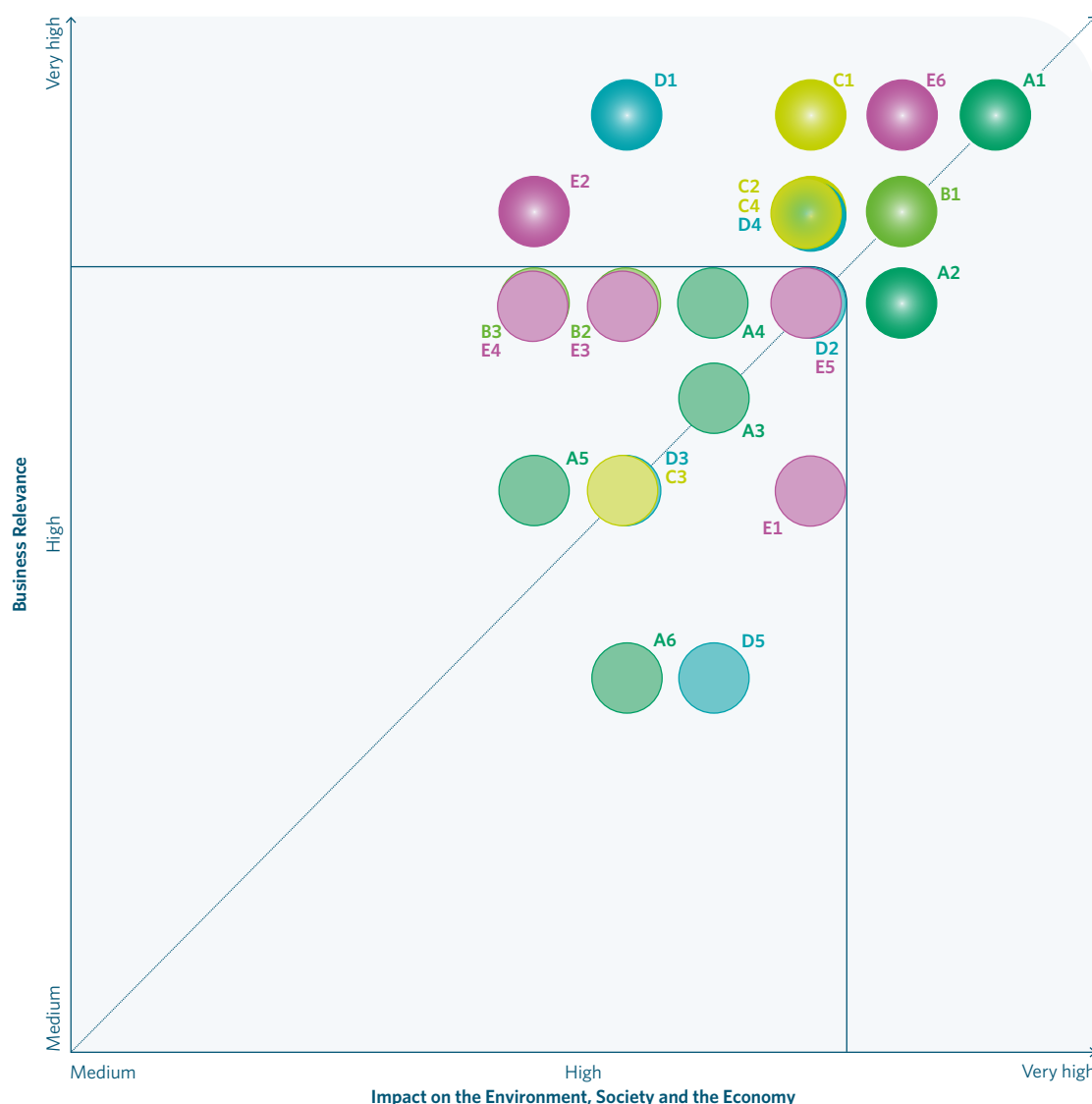
- > The relevance of social and environmental changes on the business and on value creation (outside-in perspective)
- > The impact of the business model and company activities on the environment, society and the economy (inside-out perspective)

We consider the perspectives of all of our relevant stakeholder groups in the materiality analysis.

The **materiality matrix**, which builds on this, categorizes (1) ten topics that have been identified as material – which will be explained in more detail in the subsequent chapters of this Non-financial Group Declaration – and (2) 14 further important sustainability topics within five areas for action.

In the 2023 reporting year, we once again performed a critical review of all topics against the backdrop of integration and consolidated reporting, as well as new regulations and changes in general conditions. This did not result in any changes as against the prior year's assessment.

The materiality analysis of sustainability topics that is presented here applies to the entire Group and represents the leading system for the non-financial topics.



Action Area A: Environment and Climate

- A1** CO₂ reduction in the housing portfolio
- A2** Sustainable construction and refurbishment
- A3** Sustainable materials and products
- A4** Protecting biodiversity
- A5** Water, effluents and waste
- A6** Resource and climate protection in business operations

Action Area B: Society and Contribution to Urban Development

- B1** Neighborhood development and contribution to infrastructure
- B2** Inclusion, diversity and social cohesion
- B3** Dialogue with tenants and participation

Action Area C: Homes and Customers

- C1** Living at fair prices
- C2** Homes that meet people's needs and demographic change
- C3** Maintenance for health and safety
- C4** Customer satisfaction and service quality

Action Area D: Corporate Culture and Employees

- D1** Appeal as an employer
- D2** Training and personal development
- D3** Remuneration and flexible working models
- D4** Diversity and equal opportunities
- D5** Promoting health and safety

Action Area E: Sustainable Governance and Responsible Business Practices

- E1** Sustainable corporate strategy
- E2** Governance and compliance
- E3** Digitalization and data security
- E4** Human rights due diligence and supply chain
- E5** Contribution to socio-political dialogue
- E6** Appeal on the capital market

Material topics are defined by their high significance for the following dimensions: impact on the business and value creation, and impact of the business model on the environment, society and the economy.
Material topics are marked in bold.

EU Taxonomy Regulation

Identification and Categorization of Economic Activities Eligible for Taxonomy

In accordance with the EU Taxonomy Regulation, we disclose the share of our taxonomy-eligible and taxonomy-aligned turnover, capital expenditure and operating expenses.

Vonovia has identified taxonomy-eligible activities under EU environmental objective 1 (climate change mitigation, CCM) in its business model. Some of these activities would also be taxonomy-eligible under EU environmental objective 4 (transition to a circular economy, CE). In order to avoid double counting, Vonovia allocates these in full to EU

environmental objective 1. With regard to EU environmental objective 2 (climate change adaptation, CCA), we do not report any taxonomy-eligible activities, because we do not generate any turnover from eligible activities and do not allocate any separate CapEx (or OpEx) to this EU environmental objective in order to prevent double counting.

The new EU environmental objectives result, to a small extent, in additional taxonomy eligibility for Vonovia under EU environmental objective 4. EU environmental objectives 3 (sustainable use and protection of water and marine resources, WTR), 5 (pollution prevention and control, PPC) and 6 (protection and restoration of biodiversity and ecosystems, BIO) do not result in any further taxonomy eligibility. Accordingly, we have identified the following activities as being taxonomy-eligible:

EU Taxonomy Criteria		Activities undertaken by Vonovia	Turnover	Capital Expenditures	Operating Expenses
CCM 7.1/CE 3.1	Construction of new buildings	Turnover from Development to sell	<input checked="" type="checkbox"/>		
CCM 7.2/CE 3.2	Renovation of existing buildings	Investments for energy modernizations (7.2), Investments for refurbishments without energy-related effects (e.g., vacant apartment renovation) (3.2)		<input checked="" type="checkbox"/>	
CCM 7.3	Installation, maintenance and repair of energy efficiency equipment	Investments for measures that are not covered by 7.2 (e.g., heating modernization, insulation, window replacement)		<input checked="" type="checkbox"/>	
CCM 7.4	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Investments for charging stations and wallboxes		<input checked="" type="checkbox"/>	
CCM 7.5	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	Investments for metering technology and smart metering		<input checked="" type="checkbox"/>	
CCM 7.6	Installation, maintenance and repair of renewable energy technologies	Investments for photovoltaic facilities		<input checked="" type="checkbox"/>	
CCM 7.7	Acquisition and ownership of buildings	Turnover from rental income and recurring sales, investments for acquisitions, Development to hold and capitalized internal expenses without energy-related effects (e.g., major maintenance measures and vacant apartment renovations), operating expenses for non-capitalized maintenance (e.g., minor maintenance)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
CCM 4.1	Electricity generation using solar photovoltaic technology	Turnover from the sale of self-generated electricity to tenants and/or feed-in to the grid	<input checked="" type="checkbox"/>		
CCM 3.3	Manufacture of low carbon technologies for transport	Investments for fleet		<input checked="" type="checkbox"/>	
CE 1.2	Manufacture of electrical and electronic equipment	Investments for IT hardware equipment and other electronic operating and business equipment		<input checked="" type="checkbox"/>	

As in the previous year, turnover from the condominium administration business, energy sales from energy trading activities, and multimedia are not taxonomy-eligible. The Care segment is no longer reported under turnover for the 2023 fiscal year, but rather separately as a discontinued operation.

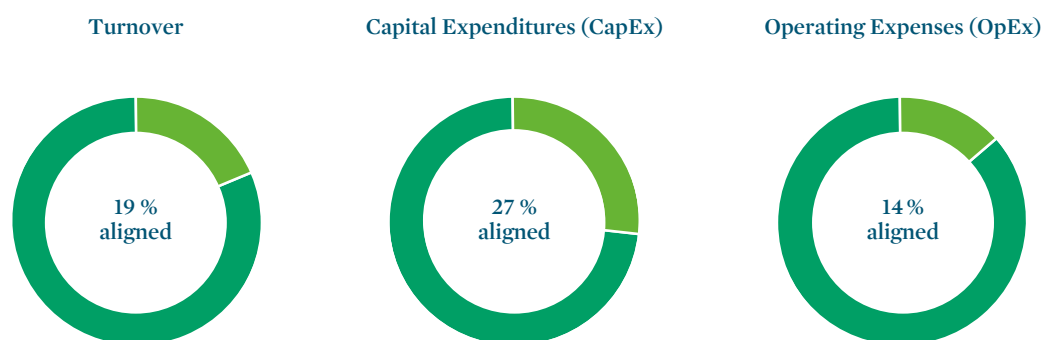
Vonovia is not affected by any economic activities related to energy generation from fossil gas or nuclear energy. As a result, Vonovia does not submit the specific reporting forms for these activities.

Procedure for Determining Taxonomy Alignment

At Group level, the following key figures are obtained from the taxonomy-aligned shares of turnover, capital expenditure and operating expenses for the 2023 reporting year, reported under EU environmental objective 1 (climate change mitigation) as in the previous year.

The largest share of taxonomy-aligned turnover can be attributed to rental income from taxonomy-aligned buildings (activity 7.7). A large share of taxonomy-aligned capital expenditure is accounted for by the renovation of existing buildings (7.2) and investments in the portfolio and Development to hold (7.7 Acquisition and ownership of buildings), in particular.

Taxonomy-aligned Shares of Vonovia's Business Activities



Review of Substantial Contribution

The obligation to review taxonomy alignment for the 2023 reporting year extends exclusively to activities relating to EU environmental objectives 1 and 2.

Turnover associated with **new construction (activity 7.1)** is deemed taxonomy-aligned if the relevant buildings have a primary energy demand that is at least 10% below the national standard for nearly zero-energy buildings. Vonovia checks compliance by obtaining an energy performance certificate for each building. The relevant buildings undergo the thermal integrity and airtightness test. Where required to do so, Vonovia determines the global warming potential for each phase of the building life cycle (for buildings with an area of > 5,000 sqm) using a model calculation of life cycle emissions based on emission factors that have been determined for different types of construction.

Turnover generated from the **acquisition and ownership of buildings (activity 7.7)** is deemed taxonomy-aligned if the buildings constructed before December 31, 2020, have been assigned energy efficiency class A (or better) or, alternatively, are among the top 15 percent of regional or national housing stock in terms of primary energy demand in operation. Vonovia checks compliance by obtaining an energy performance certificate for each building. We base our assessment of the top 15 percent on relevant threshold values for primary energy demand for Germany, Austria and Sweden, which were determined in a recent benchmark study. For buildings constructed after December 31, 2020, the same criteria for substantial contribution to climate change mitigation apply as for new construction (activity 7.1).

Turnover from **electricity generation using solar photovoltaic technology (activity 4.1)** is treated as a direct climate change mitigation measure in the EU Taxonomy Regulation.

In accordance with Vonovia's business model, the **relevant criteria** for determining taxonomy-aligned capital expenditure stem from activities 7.2, 7.3, 7.4, 7.5, 7.6 and 7.7:

At Vonovia, capital expenditure associated with the **renovation of existing buildings (activity 7.2)** always relates to energy-efficient modernization. Vonovia verifies the required 30% reduction in primary energy demand through energy-efficiency assessments or based on energy certificates. Capital expenditure as part of energy-efficient modernization projects is allocated to activity 7.2. Capital expenditure on heating modernization, charging stations and wall boxes, metering technology and smart metering, and photovoltaic systems is generally treated as a direct climate protection measure and is allocated to activities 7.3, 7.4, 7.5, and 7.6.

Activity 7.7 "Acquisition and ownership of buildings" includes capital expenditure from acquisitions, Development to hold, investments not including energy efficiency measures (e.g., vacant apartment renovations) or other internal expenses that can be capitalized. These qualify as taxonomy-aligned if the building-related technical valuation criteria are met.

The relevant criteria for determining **taxonomy-aligned operating expenses** stem from activity 7.7. This is non-capitalized maintenance (usually minor maintenance). In addition to maintenance services provided by third parties,

this also includes services provided internally by the company's own craftsmen's organization.

Capital expenditure on the fleet (3.3) is not subject to any detailed alignment review. Vonovia's fleet is gradually being switched to alternative drive systems; at present, only a small number of vehicles meet the required threshold for CO₂ emissions. Capital expenditure in connection with the purchase of electrical and electronic goods (1.2) is not subject to any mandatory alignment review in the 2023 reporting year.

Assessing Significant Harm on One or Several EU Environmental Objectives ("Do No Significant Harm")

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 2023), 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 for residential building units.

The requirements for **transitioning to a circular economy** (EU environmental objective 4) are set out in the German Circular Economy Act (KrWG)/national legislation, and are passed on to business partners by Vonovia through the Business Partner Code and the General Terms and Conditions of Contract for Construction Services, as well as being included in framework agreements with waste disposal companies. This ensures that the requirements are implemented for each project. The selected building and construction technology strengthens resource efficiency, adaptability and dismantling capacity, taking into account the requirements set out in the ISO 20887 standard. 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 (Appendix C to Annex 1 to the Supplement to EU Regulation 2020/852). 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. Substances of very high concern (SVHC) cannot generally be found in the construction materials used. If these substances are identified in very small quantities in individual cases, Vonovia looks into options for replacing them on an ongoing basis.

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 and with a building permit.

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, the ILO Core Labour Standards and the UN Guiding Principles on Business and Human Rights.

Vonovia adopts a Group-wide approach to meeting minimum safeguards that address the issues of corruption and bribery, fair competition and taxation in addition to respect for human rights: 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**).

A due diligence process to avoid scenarios in which business activities have negative impacts on people and the environment forms the core of compliance with the minimum safeguards. Taking the OECD Guidelines as a basis, Vonovia has implemented all of the recommended due diligence steps. In the reporting year, we conducted a human rights and environmental risk analysis for our own business area and the supply chain. Further information on the implementation of human rights due diligence at Vonovia can be found in the section → **Respect for Human Rights**.

Performance Indicators

Definition and Calculation Method

In order to determine the key figures (KPIs) that are to be reported, the taxonomy-eligible and taxonomy-aligned net turnover, capital expenditure and operating expenses are calculated as a share of the total net turnover, capital expenditure and operating expenses that are to be taken into account in accordance with EU taxonomy requirements. Duplicate counting is avoided by means of direct allocation of the taxonomy-eligible or taxonomy-aligned turnover, capital expenditure and operating expenses to a taxonomy-eligible or taxonomy-aligned economic activity.

Turnover

The **Group's consolidated** turnover is taken into account in the denominator (total net turnover). This comprises turnover from property management, income from the sale of properties, income from the disposal of properties held for sale and turnover from the disposal of real estate inventories. For more details on accounting methods, please refer to the accounting and valuation methods within the Notes to the IFRS consolidated financial statements → **[B10] Revenue from Property Management**, → **[B11] Profit on the Disposal of Properties** and → **[B12] Profit on Disposal of Real Estate Inventories**. Taxonomy-aligned net turnover (**numerator**) is comprised of amounts generated through taxonomy-aligned economic activities.

Rental income from the Rental segment accounts for the largest share of taxonomy-aligned turnover (€ 705 million). In this case, compliance is assessed on a building-by-building basis taking into account the technical criteria for activity 7.7. Turnover from completed residential properties for our own use (Development to hold) has been reported under turnover for 7.7 based on the completion date. The increase is due to a larger proportion of aligned buildings. A further approx. € 226 million of aligned turnover under activity 7.7 is based on the sale of aligned investment properties.

The turnover from the Development to sell segment (€ 250 million), which is shown under activity 7.1, is based on the proceeds from the disposal of new builds. These decline due to the current market situation. The taxonomy-aligned share within activity 7.1, however, rose from 60.2 percent to 70.7 percent. The turnover for activity 4.1 (€ 1.9 million) is generated by the feed-in tariff paid for supplying electricity to the grid as well as the direct sale of electricity to tenants. Total turnover → **[C23] Segment Reporting** is down by € 2,886 million year-on-year. In particular, the portfolio sold to the federal state of Berlin (Berlin deal) had increased total turnover in the 2022 fiscal year, reducing overall alignment.

Completed residential property for our own portfolio (Development to hold) is shown in the consolidated financial statements as capital expenditure under 7.7. No turnover is gained from this. The internal turnover of the Value-add companies, e.g., services provided by craftsmen, is eliminated in the course of Group consolidation and is therefore not taken into account in taxonomy-eligible turnover. If the services provided internally are larger projects, e.g., energy-efficient modernization measures, they are capitalized and shown as capital expenditure (CapEx).

Capital Expenditure

In **accordance** with the EU taxonomy, the denominator for capital expenditure (CapEx) is composed of additions to property, plant and equipment and intangible assets. For accounting details, please refer to chapters → **[D26] Intangible Assets**, → **[D27] Property, Plant and Equipment** and **[D28] Investment Properties** in the Notes to the IFRS consolidated financial statements. The individual additions and capitalized modernization costs were taken into account when calculating the denominator.

For projects lasting several years in the areas 7.2, 7.3 or 7.7, the capitalized amount for the relevant reporting year is reported as taxonomy-eligible and, provided the relevant criteria are met, taxonomy-aligned capital expenditure. For activities 7.4, 7.5 and 7.6, the capital expenditure is shown in the year of asset capitalization. When it comes to capital expenditure, the EU Taxonomy Regulation makes a distinction between different categories of capital expenditure.

Due to Vonovia's business model, it largely invests (activity 7.2 and 7.7) in assets or processes associated with economic activities that are taxonomy-aligned (category A). It also makes investments (activity 7.3–7.6) relating to individual measures through which the target activities are carried out in a low-carbon manner or the emission of greenhouse gases is lowered (category C). Capital expenditure for the fleet (3.3) and for the purchase of electrical and electronic goods (1.2) also constitutes taxonomy-eligible capital expenditure under category C.

With regard to developed land, the CapEx for buildings and land has been included as additions, as economic activity 7.7 cannot be performed without the relevant land.

Capital expenditure in the context of Vonovia's capitalized internal expenses is reviewed for taxonomy alignment and allocated to 7.2, 7.3 or 7.7 depending on the type of investment. In order to avoid duplicate counting of capital expenditure, the items are allocated to just one activity in each case. Taxonomy alignment is assessed for each building or project. In addition to capitalized internal expenses, the addition of other property, such as Development to hold

additions or other acquisitions of investment properties, is reported under 7.7.

With regard to economic activity 7.1, the corresponding properties do not constitute fixed assets but rather are reported within current assets in the real estate inventories (see → [D36] Real Estate Inventories) or receivables, and are therefore not included in the denominator of the key figure for taxonomy-relevant capital expenditure.

The taxonomy-aligned capital expenditure (numerator) comprises additions to investment properties (€ 285 million). These comprise aligned Development to hold additions (€ 141 million/7.7), capitalized modernization measures (€ 97 million, with € 95 million in 7.2 and € 2 million in 7.7), additions of purchased real estate (€ 36 million/7.7) and aligned individual measures pursuant to activity 7.3 (€ 11 million). Additions relating to property, plant and equipment came to € 36 million in total. These relate to photovoltaic technology (€ 30 million/7.6), metering technology (€ 5 million/7.5) and charging stations (€ 1 million/7.4). There was an addition to right-of-use assets (€ 5 million) for metering technology (€ 3 million/7.5) and heating systems (€ 2 million/7.3). There were no additions resulting from business combinations during this reporting year.

Compared to the previous year, CapEx fell significantly overall (from € 2,483 million to € 1,203 million). The aligned share fell from € 774 million to € 326 million. This can be traced back to the overall reduction in the investment strategy due to the tense interest rate situation. A large number of development projects were sold as opposed to added to the company's own portfolio. This means that the aligned share of additions to investment properties (7.7) fell from € 443 million to € 141 million. The capitalization of modernization measures (7.2) also fell accordingly from € 239 million to € 97 million. There was also a downward trend in the area of heating modernization (7.3) from € 80 million to € 11 million. By contrast, there was a significant increase from € 6 million to € 30 million in activity 7.6 due to a strong commitment to the expansion of photovoltaic systems.

We have issued green bonds on the capital market based on the [Vonovia Sustainable Finance Framework 2022](#). 2023 also saw us take out a green loan. The proceeds from these issues are used exclusively to (re)finance real estate that has been confirmed to be green. We use a portfolio-based approach, which means that funds cannot be allocated to specific properties. As a result, it was not possible to make adjustments for the taxonomy-aligned capital expenditure financed using these bonds or debentures, or corresponding turnover from environmentally sustainable buildings for the purposes of reporting the taxonomy-aligned performance indicators.

Operating Expenses

The operating expenses (OpEx) **denominator** is an addition to the performance indicator of the recognized capital expenditure values rather than a full presentation of the operating expenses of Vonovia, as shown under → [B15] **Cost of Materials** in the Notes to the consolidated financial statements.

Pursuant to the requirements, we include expenses for upkeep and repair (maintenance) when defining the denominator. At Vonovia, maintenance measures are mainly carried out by the internal craftsmen's organization, which is why we also include these items (technicians' and administrative costs) in the denominator. Duplicate counting is avoided due to the fact that capitalized shares, as capital expenditure, reduce maintenance costs accordingly. As a result, the denominator reflects the non-capitalized maintenance expenses. These maintenance costs and, in particular, the personnel costs associated with the company's own staff cannot be allocated separately to the individual buildings when posting expenses. In addition, the operating expenses incurred for the individual activities 7.2 to 7.7 cannot be attributed individually. Vonovia thus allocates all maintenance costs to activity 7.7. To determine the taxonomy-aligned data, we use an allocation factor for maintenance expenses based on the area of the building (in sqm). This share is multiplied by the taxonomy-eligible operating expenses to calculate the numerator. The non-taxonomy-eligible shares, e.g., condominium administration maintenance expenses, are not taken into account. The share of green sqm in relation to the total area is 14.6%. The increase as against the previous year (12.9%) is due to a higher proportion of taxonomy-aligned buildings.

In this case, operating expenses are comprised of € 534 million for maintenance (see → [B15] Cost of Materials), less € 385 million for the capitalized share and € 267 million from our own craftsmen's organization. € 17 million of the maintenance expenses is attributable to condominium administration. This activity is not taxonomy-eligible. As a result, the numerator is calculated as 14.6% of € 396 million.

EU Taxonomy Regulation Reporting Forms

Turnover

	Code(s)	Turnover	Proportion of Turnover, year 2023	Substantial contribution criteria					
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems
Economic Activities		€ million	%	Y; N; N/EL**	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)*									
Construction of new buildings	CCM 7.1	250	4.1	Y	N/EL	N/EL	-	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	931	15.3	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Electricity generation using solar photovoltaic technology	CCM 4.1	2	0.0	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1,184	19.4	19.4	0.0	-	-	-	-
of which Enabling		0	0.0	0	0	-	-	-	-
of which Transitional		0	0.0	0	0				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL***	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Construction of new buildings	CCM 7.1/CE 3.1	104	1.7	EL	N/EL	N/EL	EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	4,650	76.3	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		4,753	78.0	78.0	0	0	0	0	0
A. Turnover of Taxonomy eligible activities (A1.+A2)		5,937	97.4	97.4	0	0	0	0	0
B. Taxonomy-non-eligible activities									
Turnover of Taxonomy-non-eligible activities		159	2.6						
Total		6,096	100.0						

* With regard to EU environmental objectives 3 to 6, the disclosure obligation for the 2023 reporting year extends exclusively to taxonomy eligibility.

** "Y": Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant EU environmental objective; "N": No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant EU environmental objective; "N/EL": Taxonomy-non-eligible activity for the relevant EU environmental objective.

*** "EL": Taxonomy-eligible activity for the relevant EU environmental objective; "N/EL": Taxonomy-non-eligible activity for the relevant EU environmental objective.

	DNSH criteria ("Does Not Significantly Harm")								Category	
	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and eco-systems	Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) Turn-over, year 2022	Category enabling activity	Category transitional activity
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
	Y	Y	Y	Y	Y	Y	Y	3.9		
	Y	Y	Y	Y	Y	Y	Y	6.6		
	Y	Y	Y	Y	Y	Y	Y	0.0		
	Y	Y	Y	Y	Y	Y	Y	10.6		
	Y	Y	Y	Y	Y	Y	Y	0.0	E	
	Y	Y	Y	Y	Y	Y	Y	0.0		T
								2.6		
								82.5		
								85.1		
								95.7		

CapEx

	Code(s)	CapEx	Proportion of CapEx, year 2023	Substantial contribution criteria					
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems
				Y; N; N/EL**	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
Economic Activities		€ million	%						
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)*									
Renovation of existing buildings	CCM 7.2	95	7.9	Y	N/EL	N/EL	-	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	13	1.1	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	1	0.1	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	8	0.7	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	30	2.5	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	179	14.9	Y	N/EL	N/EL	N/EL	N/EL	N/EL
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		326	27.1	27.1	0.0	-	-	-	-
of which Enabling		52	4.4	4.4	0	-	-	-	-
of which Transitional		95	7.9	7.9	0				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL***	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Renovation of existing buildings	CCM 7.2/CE 3.2	187	15.6	EL	N/EL	N/EL	EL	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	577	47.9	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of low carbon technologies for transport	CCM 3.3	26	2.2	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of electrical and electronic equipment	CE 1.2	8	0.6	N/EL	N/EL	N/EL	EL	N/EL	N/EL
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		798	66.3	65.7	0	0	0.6	0	0
A. CapEx of Taxonomy eligible activities (A1.+A2)		1,124	93.4	92.8	0	0	0.6	0	0
B. Taxonomy-non-eligible activities									
CapEx of Taxonomy-non-eligible activities		79	6.6						
Total		1,203	100.0						

* With regard to EU environmental objectives 3 to 6, the disclosure obligation for the 2023 reporting year extends exclusively to taxonomy eligibility.

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*** "EL": Taxonomy-eligible activity for the relevant EU environmental objective; "N/EL": Taxonomy-non-eligible activity for the relevant EU environmental objective.

	DNSH criteria ("Does Not Significantly Harm")								Category	
	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022	Category enabling activity	Category transitional activity
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
	Y	Y	Y	Y	Y	Y	Y	9.6		T
	Y	Y	Y	Y	Y	Y	Y	3.2	E	
	Y	Y	Y	Y	Y	Y	Y	0.0	E	
	Y	Y	Y	Y	Y	Y	Y	0.3	E	
	Y	Y	Y	Y	Y	Y	Y	0.2	E	
	Y	Y	Y	Y	Y	Y	Y	17.9		
	Y	Y	Y	Y	Y	Y	Y	31.2		
	Y	Y	Y	Y	Y	Y	Y	3.7	E	
	Y	Y	Y	Y	Y	Y	Y	9.6		T
								10.3		
								0.0		
								0.0		
								0.0		
								0.0		
								0.0		
								54.7		
								-		
								-		
								65		
								96.2		

OpEx

	Code(s)	OpEx	Proportion of OpEx, year 2023	Substantial contribution criteria					
				Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems
				Y; N; N/EL**	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
Economic Activities		€ million	%						
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)*									
Acquisition and ownership of buildings	CCM 7.7	58	14.0	Y	N/EL	N/EL	N/EL	N/EL	N/EL
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		58	14.0	14.0	0.0	-	-	-	-
of which Enabling		0	0.0	0	0	-	-	-	-
of which Transitional		0	0.0	0	0				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL***	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Acquisition and ownership of buildings	CCM 7.7	338	81.9	EL	N/EL	N/EL	N/EL	N/EL	N/EL
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		338	81.9	81.9	0	0	0	0	0
A. OpEx of Taxonomy eligible activities (A1.+A2)		396	96.0	96.0	0	0	0	0	0
B. Taxonomy-non-eligible activities									
OpEx of Taxonomy-non-eligible activities		17	4.0						
Total		412	100.0						

* With regard to EU environmental objectives 3 to 6, the disclosure obligation for the 2023 reporting year extends exclusively to taxonomy eligibility.

** "Y": Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant EU environmental objective; "N": No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant EU environmental objective; "N/EL": Taxonomy-non-eligible activity for the relevant EU environmental objective.

*** "EL": Taxonomy-eligible activity for the relevant EU environmental objective; "N/EL": Taxonomy-non-eligible activity for the relevant EU environmental objective.

[illegible]

Proportion of turnover/Total turnover

	Aligned per objective	Eligible per objective
CCM	19%	97%
CCA	0%	0%
WTR	0%	0%
CE	-	6%
PPC	0%	0%
BIO	0%	0%

Proportion of CapEx/Total CapEx

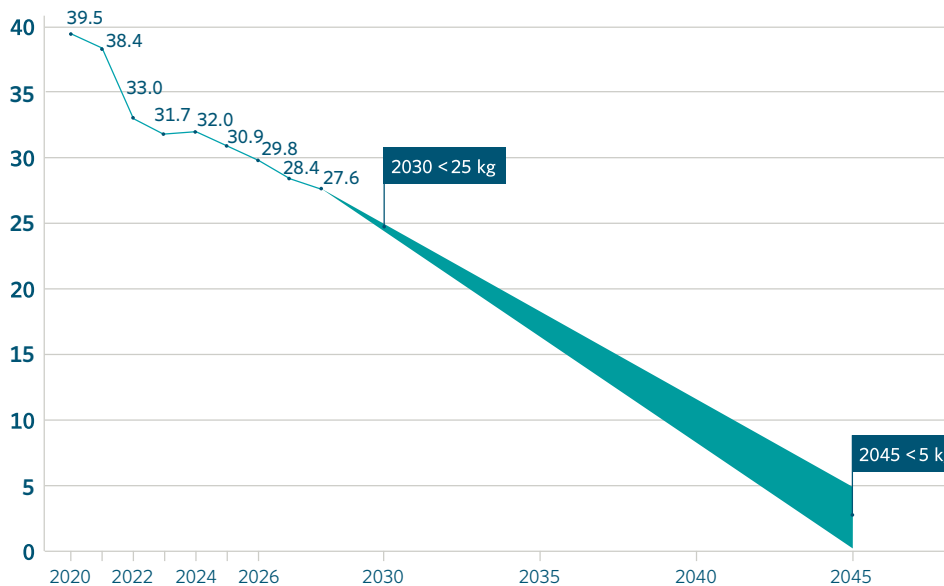
	Aligned per objective	Eligible per objective
CCM	27%	93%
CCA	0%	0%
WTR	0%	0%
CE	-	24%
PPC	0%	0%
BIO	0%	0%

Proportion of OpEx/Total OpEx

	Aligned per objective	Eligible per objective
CCM	14%	96%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Vonovia Climate Path: Strategy for Decarbonizing the Housing Stock

CO₂ intensity in kg CO₂e/m²a*



The 3 elements of the climate path

- 1**
 - > Increase energy efficiency through **energetic renovation**
- 2**
 - > **Replace conventional heating** with heat pumps
 - > **PV** on all suitable roofs
 - > Increase **district heating** and own local **heating networks** powered with renewable energy
- 3**
 - > **Transformation of the energy sector** towards carbon-free district heating and green electricity

* Includes Scopes 1 and 2 as well as Scope 3.3 "Fuel- and energy-related activities upstream"; referring to German building stock. Development of energy sector according to Scenario Agora Energiewende KNDE 20245; For comparison: CRREM pathway MFH 1.5° DE 2045=4kg CO₂e/sqm per year (07/2021); Climate pathway development supported by Fraunhofer ISE.

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.

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

- > Environmental issues: Reducing CO₂ in the real estate portfolio, sustainable new construction and refurbishment
- > Social issues: Neighborhood development and contribution to infrastructure, fairly priced housing, homes that meet tenant 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 CO₂ 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 545,919 residential units and our development activities, we possess significant levers for protecting the environmental and climate. Here, our main concern is greenhouse gas emissions that can be largely influenced directly in connection with supplying our buildings with heat and warm water, known as Scope 1 and 2

emissions. Greenhouse gas emissions from the upstream value chain (Scope 3 emissions) and other environmental aspects are also relevant for us, meaning that we are increasingly collecting data on them.

Vonovia has set itself the target of achieving a **virtually greenhouse gas-neutral housing stock by 2045, with carbon intensity of less than 5 kg of CO₂ equivalents per sqm** of rental area (in terms of Scope 1, 2 and 3.3). By 2030, our housing stock in Germany is to have a CO₂ intensity of less than 25 kg CO₂e per sqm. Binding interim targets have been defined for the next five years so that we can achieve this goal.

We had our climate pathway's compatibility with the Paris Agreement target calculated using the XDC model from right.based on science in 2022. The XDC model converts CO₂ 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. The 1.5° target path of the Carbon Risk Real Estate Monitor (CRREM) for multifamily residences in Germany (as of July 2021) was used as a benchmark. This calculation revealed that, taking into account long-term sales that are already planned and Recurring Sales, **Vonovia's climate pathway is compatible with global warming of 1.4° Celsius.**

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. In continuing to develop and implement our climate pathway, we maintain an overview of the risks, e.g., those resulting from future increases in prices for causing greenhouse gas 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.

Since 2022, Vonovia has been using an IT tool in accordance with EU taxonomy requirements in order to analyze the **physical risks** associated with climate change. This tool enables physical climate risks to be identified and evaluated for the Group-wide portfolio on a continuous basis using the prescribed climate scenarios (RCP2.6, RCP4.5 and RCP8.5).

This climate risk tool covers Vonovia's portfolio and development projects in Germany, Austria and Sweden and allows material negative impacts on our business activities due to the effects of climate change to be analyzed at portfolio and property level. The climate risks examined using this tool are heat, drought, increases in precipitation, wind and storms,

snow loads and flooding. Depending on the granularity of the available data source, we measure climate risks at the building or neighborhood level and are able to identify the climate risks for each building in the portfolio and, as a result, its vulnerability.

The risk assessment at company level is based on scenario RCP4.5, which, according to the United Nations (UNEP Emissions Gap Report 2023), represents an increase of around 2 to 3 degrees Celsius 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 at portfolio level has been identified for any of the climate-related hazards up to 2045.

Relevant risks could arise at the level of individual neighborhoods or buildings. As part of Vonovia's modernization strategy, potential adaptations are to be defined at portfolio level in the future and then implemented individually for the properties or neighborhoods concerned. **Adaptation measures** include, in particular, insulating buildings and replacing windows to provide protection against heat and cold, creating shade using blinds and shutters, and installing suitable equipment designed to handle the infiltration and absorption of larger amounts of precipitation. In the future, the individual findings from the climate risk analysis will be incorporated into the specific neighborhood profiles that provide the guidelines for managing and developing a neighborhood.

Implementation of the TCFD Recommendations at Vonovia

Content of the Recommendations	Implementation at Vonovia	Additional Information
Governance	<ul style="list-style-type: none"> > The entire Management Board bears responsibility for sustainability and climate protection, as well as climate-related risks and opportunities. > In its Strategy, Finance and Sustainability Committee, the Supervisory Board addresses climate protection and relevant risks and opportunities, among other topics. > The Sustainability Committee – comprising the entire Management Board and representatives of the central functional departments Sustainability/Strategy, Controlling, Communication, Investor Relations and Accounting – determines the strategy and targets and monitors progress. > The central department Sustainability/Strategy, within the executive division of the CEO, coordinates and spearheads the development and implementation of relevant measures. > Climate-related risks are calculated and collated on a half-yearly basis as part of the company-wide risk management process; the process is coordinated by Controlling, with the Management Board taking the final decision on the risk assessment. > Energy efficiency modernization and the expansion of renewable energies for heating and powering the existing portfolio in Germany is the responsibility of the CRO (Regions and Portfolio Management); for Austria, the CDO is responsible, for Sweden the CEO of Victoriahem. 	<p>2023 Annual Report: → The Company → Corporate Structure → Sustainability Management at Vonovia → Management System → Environmental Issues → Opportunities and Risks</p>
Organizational structure of the company regarding climate-related risks and opportunities	<ul style="list-style-type: none"> > The non-financial performance indicator used in the management system is the Sustainability Performance Index (SPI). It includes the carbon intensity of the housing stock in Germany and the average primary energy consumption for development projects. 	<p>2022 Sustainability Report: 🔗 Environment and Climate 🔗 Management of Opportunities and Risks</p>
Strategy	<ul style="list-style-type: none"> > As key drivers of long-term business success, climate protection and CO₂ reduction are fundamental components of the corporate strategy. > A binding climate pathway, taking into account various scenarios, defined in cooperation with the scientific community. > The climate pathway and scenarios for the portfolio are stored in the decarbonization tool. > An extensive modernization program to increase energy efficiency, as well as the use of heat pumps and connections to heating networks (fuel switch). > No material physical risks currently determined; transitory risks including through legislation in Germany (CO₂ pricing) and the European Union, as well as through a lack of cost-effectiveness of energy efficiency modernization and the development of renewable energy generation in the current regulatory framework (balance between investments and capacity for passing on costs/affordability for tenants). > Opportunities can be found, in particular, in optimization at neighborhood level and our own decentralized energy generation for supplying heat and providing tenants with electricity from renewable energy sources, especially photovoltaics. 	<p>2023 Annual Report: → Strategy → Sustainability Management at Vonovia → Environmental Issues → Risk Assessment Based on Sustainability Aspects</p> <p>2022 Sustainability Report: 🔗 Environment and Climate 🔗 New Construction and Conversions</p>
Actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy and financial planning		
Risk Management	<ul style="list-style-type: none"> > Climate-related risks form part of the company-wide risk management process; half-yearly evaluation of all risks by the management. > Physical risks are analyzed in a separate climate risk tool using various IPCC scenarios. Material risks are addressed in the further development of the neighborhoods and in the planning for development projects, and appropriate potential adaptations are defined and implemented. > The climate risk analysis performed using the climate risk tool does not indicate any material physical risks for Vonovia's housing stock. 	<p>2023 Annual Report: → Environmental Issues → Risk Assessment Based on Sustainability Aspects → Opportunities and Risks</p> <p>2022 Sustainability Report: 🔗 Management of Opportunities and Risks</p>
How the organization identifies, assesses, and manages climate-related risks		
Metrics and Targets	<ul style="list-style-type: none"> > Extensive data on greenhouse gas emissions based on the GHG emission protocol > GHG emissions in the portfolio (in Germany) in 2023: 973,255 metric tons of CO₂e (Scopes 1, 2, 3[*]). > Expansion of renewable energies using photovoltaics (PV): 1,353 installations with a nominal output of 53.1 MWp <p>Targets:</p> <ul style="list-style-type: none"> > Virtually greenhouse gas-neutral housing stock by 2045 (<5 kg CO₂e per sqm rental area). > Reduction of CO₂ intensity to less than 25 kg CO₂e per sqm of rental area by 2030 in Germany. > Installation of photovoltaic systems with a nominal output of around 300 MWp by 2026. > Reduction in average primary energy consumption in completed new buildings to 27 kWh per sqm by 2025. 	<p>2023 Annual Report: → Strategy → Management System → Environmental Issues</p> <p>2022 Sustainability Report: 🔗 Environment and Climate 🔗 Sustainable Construction and Development 🔗 Environmental Key Figures</p>
Metrics and targets used to assess and manage relevant climate-related risks and opportunities		

* Scope 3.3: "Fuel and energy-related activities upstream".

CO₂ Reduction in the Real Estate Portfolio

The CO₂ intensity of the building portfolio represents the central indicator of our climate performance management. It is also an extremely important component of the Sustainability Performance Index (SPI) and therefore of the Management System and the remuneration paid to senior management. In the reporting year, the CO₂ intensity for our housing stock in Germany was 31.7 kg CO₂e per sqm of rental area, down by around 3.9% year-on-year (2022: 33.0 kg CO₂e per sqm). In addition to the modernization measures implemented in the reporting year despite the lower

investment volume, this development can also be traced back to numerous energy certificate updates. As the economic conditions remain challenging, for example the increased cost of capital and construction costs and the uncertain subsidy conditions, we have nevertheless kept the medium-term targets of our climate pathway unchanged. For 2024, this equates to a figure that is roughly on a par with the previous year. If, however, we manage to implement our reduction levers successfully, we are confident that we will once again report figures that are below those set out in our climate pathway.

Material performance indicator - SPI

Category	Unit	2022	2023	Target for 2024
Carbon intensity of the housing stock Vonovia SE (in Germany)*	kg CO ₂ e/ m ² rental area	33.0	31.7	roughly same level as the previous year

* Total portfolio excl. Care segment, based on final energy figures from energy performance certificates, in some cases including specific CO₂ factors from district heating suppliers.

The transformation plan for our housing stock, our climate pathway, consists of three levers:

- 1. Saving energy through energy-efficient modernization of the building envelope
- 2. Increasing the share of renewable energies in the neighborhood
- 3. Fundamental transformation of the energy sector

In order to operationalize this transformation plan, Vonovia uses the decarbonization tool (DCT), which maps its housing stock with all of the relevant ecological and economic characteristics. The DCT provides an overall plan showing how the housing stock needs to be modernized in detail in order to meet the Group's overall target and the time frame in which this must be done. Individual solution plans are identified for all buildings which are then set out in more specific detail in the plans for energy-efficient modernization and the energy concepts.

In doing so, we adopt a holistic view at neighborhood level, examining both the modernization of the building envelope (insulation of facades, basement ceilings and attics, and replacement of windows) and the conversion of the energy supply to climate-friendly systems in their wider context. We believe that many integrated solutions for energy provision with renewable energies and CO₂ optimization can often be implemented in a more technically feasible and economically viable way within larger neighborhoods. Our approach is shaped by the concept of sequential development. This means that, depending on the efficiency class

and existing energy supply, the measures to enhance the individual buildings and advance towards the 2045 targets set in the climate pathway are staggered in some cases. When it comes to the specific implementation process, tailored and economically viable concepts are developed for scalable solutions that focus on linking the heat, electricity and mobility sectors.

Public-sector subsidy programs are being used for many of the modernization measures in order to minimize the costs for our tenants. Here, federal subsidies for energy-efficient buildings (BEG) play a particularly crucial role. Planning in the real estate sector involves long timescales and is complex, especially in a neighborhood context. Uncertainty surrounding the continuation of subsidy programs that have been initiated, or surrounding the structure of programs that have been announced, is currently making it much more difficult for us to plan.

We achieved an overall refurbishment rate of 1.2% in the reporting year. The year-on-year decline (2022: 1.8% excluding Deutsche Wohnen) can be traced back to the fact that the 2023 investment volume was lower owing to the sharp rise in the cost of capital. Nevertheless, we exceeded our target corridor of between 0.3% and 0.8%. This was due to numerous modernization projects implemented by Deutsche Wohnen that had already been commenced before the reporting year and were completed in 2023. Looking ahead to 2024, we expect the refurbishment rate to be roughly on the same level as 2023.

Material performance indicator

Category	Unit	2022	2023	Target for 2024
Refurbishment rate (in Germany)*	%	1.8	1.2	same level as the previous year

* Change of the calculation basis to completions per calendar year, corresponding correction of the figure for 2022. 2023 actual incl. Deutsche Wohnen (excl. Care segment).

In order to make energy-efficient building refurbishment even more cost-effective in the medium and long term, we continued to forge ahead further with serial refurbishment in the reporting year. Following on from a pilot project implemented in Bochum in 2022, another refurbishment project based on the Energiesprong principle was carried out in the reporting year. In Witten, four and, for the first time, eight-story apartment buildings including six to 24 apartments were fitted with prefabricated, glass-faced facade elements featuring a honeycomb structure that allows solar radiation to be used to generate heat. Heat is also generated by a highly efficient heat pump powered by green electricity generated by photovoltaics on the roof and facades. The windows have integrated blinds and allow for living area ventilation. Overall, the project will upgrade the buildings from energy efficiency class E to A+ after the refurbishment. The project is cost-neutral for tenants in the medium and long term. Preparations for further serial refurbishment projects are currently underway.

Since as early as 2022, we have been accelerating the electrification of heat generation through our heat pump initiative, a key component in our quest to implement our climate pathway. Based on a pilot batch of 50 heating networks involving 108 buildings in Dortmund, primarily implemented in the reporting year, key challenges related to use of the technology in apartment buildings were identified and addressed with relevant stakeholders. In addition to the installation of the air-to-water heat pumps, the focus was also on replacing radiators wherever this was necessary in

order to further reduce the supply temperature to enable efficient heat pump operation. The measure will reduce the carbon emissions from the 50 heating networks by 40%. The findings will be used to expand the initiative to cover other regions.

Another aspect of implementing the climate pathway is increasing energy generation from renewable sources. Vonovia continued the program it had launched back in 2021 to expand electricity generation using photovoltaics in the reporting year. The focus is on ensuring that the electricity generated is used directly in the neighborhood – to supply our tenants and to operate heat pumps. The installation of these systems is therefore also closely interlinked with the heat pump initiative and the modernization program.

At the end of the reporting year, Vonovia owned 1,353 photovoltaic systems with an installed output of 53.1 MWp. This outstripped the target of 43.3 MWp by far (+22.6%). Starting in 2024, the pace of PV expansion is to be accelerated significantly again: Instead of our original plan of having around 280 MWp of installed capacity by 2030, we are aiming to install around 300 MWp of capacity by the end of 2026. We are aiming for additional capacity of 80 MWp in the 2024 fiscal year. In the long term, we intend to fit all suitable roof spaces in the German portfolio with PV panels by 2050.

Material performance indicator

Category	Unit	2022	2023	Target for 2024
Number of photovoltaic plants*	number	527	1,353	
Installed output	MWp	19.1	53.1	133.1

* Photovoltaic systems (feed-in points) owned by the Group as of Dec. 31; adjustment of the figures for FY 2022 (exclusion of six contracting systems in Austria).

The reporting year saw Vonovia set up an integrated system for housing-related infrastructure services under the "Quartierwerk" umbrella. This encompasses activities relating to renewable energies and energy sales, as well as metering services, multimedia and the Internet of Things (IoT).

Vonovia is offering its customers the opportunity to purchase electricity from renewable energy sources via its own energy distribution company (VESG). By providing green energy that has been generated or certified in the neighborhood, we are supplying 45,000 households with around 50 GWh of low-cost electricity and helping them to reduce greenhouse gas emissions. Our objective is to maximize the share of energy we produce ourselves for the benefit of our customers and the environment, and also to use it for our housing-related services, e.g., e-mobility. The purchase of certified green electricity to supply communal areas makes a further contribution to our climate strategy.

Vonovia is also forging ahead with digitalization in the field of heat supply. In the reporting year, more than 1,450 gas-fired heating systems had already been connected to a digital solution developed in collaboration with the start-up Othermo, which detects heating system failures in real time and supports optimized adjustments to the system technology. This system offers the potential to save around 15% in energy and CO₂, with direct benefits for tenants.

The energy innovation team, which is part of the Innovation & Business Building department, actively works to help ensure that climate pathway targets are met by analyzing and testing innovative technologies. Projects in the reporting year focused on the introduction of a simulation tool that allows even complex energy systems and flows in the neighborhood to be mapped in various configurations in a short space of time. This allows the technical and commercial design of new technologies to be analyzed directly in detail, allowing for faster and better decisions in the context of specific neighborhood development. Preparations were also under way for a pilot project for the selection and introduction of an energy management system in the reporting year. The aim is to make a central technical system operational for efficient operational control and optimization as well as flexible marketing of electricity generation from photovoltaics. The energy management system is designed

to control energy flows, especially electricity flows, at portfolio level and also prepare forecasts of electricity demand and electricity production depending on user behavior and weather data in order to make optimum use of the spot market for surplus or required electricity. The pilot projects will start at the beginning of 2024. Vonovia is also partnering in two funded research projects. The EU-funded Neutralpath project in Dresden is looking into how the district heating supply temperature can be reduced and the formation of legionella prevented at the same time. Seven different technological systems are being tested are part of the project. The ReFaTEk project is researching what is known as the energy clinker, a technology in which the facade is to serve as an additional heat source for a heat pump via a brine pipeline in the clinker.

A further key lever for our climate pathway is the supply of sufficient quantities of CO₂-free district heating and electricity by the energy sector. This requires the energy sector to implement the targets set by policymakers for phasing out coal and increasing the share of renewable energies in energy or electricity generation. We consider the mandatory municipal heating planning process to be an important step towards this goal. This can provide long-term planning security with respect to the availability of district heating within the municipalities. The German Heat Planning Act (Wärmeplanungsgesetz) also features mandatory targets for the decarbonization of heating networks. One good example in practice is the Bochum heat transition project that Vonovia is involved in. One key element of this project involves adopting an integrated view of heat and electricity generation that takes all stakeholders in the municipality into account. District heating is always an important lever for us where it is economically viable to connect additional properties to a district heating network while making consistent progress in decarbonizing heat generation by public utilities companies. As a result, Vonovia is examining the decarbonization strategies of the most important district heating providers and, based on these conclusions, drawing up potential courses of action for incorporating them into its long-term neighborhood strategy.

The Portfolio Management department, which reports to the Chief Rental Officer (CRO), is responsible for coordinating the energy-efficient modernization activities. The neighborhoods and buildings to be modernized are selected in a

targeted manner in cooperation with the regions, and the optimal degree of modernization and modernization road-map for each building is defined. The investments for the modernization programs and PV expansion are approved by the Management Board. The newly established “Quartierwerk” unit is also part of the Chief Rental Officer’s (CRO) executive division, meaning that it is closely linked to the management of the portfolio. Innovation & Business Building with the energy innovation team falls under the CEO’s executive division.

In Austria, energy efficiency modernization measures are, just like overall business operations in Austria, the responsibility of the Chief Development Officer (CDO) under the BUWOG umbrella, where they are led by the Real Estate Management division. Since 2011, BUWOG has been a partner of the “Klimaaktiv Pakt” climate protection initiative launched by the Austrian Federal Ministry for Climate Action, Environment, Energy, Mobility, Innovation and Technology. As part of this initiative, BUWOG has defined the goal of achieving a reduction in greenhouse gas emissions of 55% and an increase in energy efficiency of 35% by 2030 compared to the baseline year of 2005. Both targets are likely to be met ahead of time. The highest share of the CO₂ reduction will be accounted for by modernization and improvements to existing stocks, particularly energy-efficient refurbishment, improvements in the efficiency of heating systems and conversion to more environmentally-friendly energy sources, in particular district heating. Furthermore, all oil heating systems are to be replaced by 2030, five years earlier than required by law. BUWOG has had a certified energy management system that is consistent with ISO 50001 standards in place in Austria since 2013/2014 and in Germany since 2018. The system is a tool used voluntarily to systematically manage energy performance and improve it continuously. The corresponding establishment of processes that reflect this policy in the company and clear objectives serve to increase energy efficiency, reduce energy consumption and cut energy costs. The regular review audit was completed successfully in the reporting year.

In Sweden, around 90% of existing Victoriahem buildings are supplied with district heating, the generation of which already produces extremely low CO₂ emissions. Therefore, the road to climate neutrality at Victoriahem will primarily be shaped by further decarbonization of heating supply, coupled with ongoing improvements in energy efficiency. Heat pumps are also being installed in selected buildings during modernization work to support the heat supply and make it more flexible. The aim is to reduce energy consumption (electricity and heat) by 30% per sqm by 2030 compared to 2015. The current reduction level is around 25%. In 2022, Victoriahem also joined the Swedish housing association’s “Allmännyttans klimatinitiativ”, which aims to

achieve an energy supply that does not feature any fossil fuels by 2030.

Sustainable Construction and Refurbishment

Vonovia’s new construction activities are helping to create urgently needed new and affordable homes, especially in metropolitan areas. The development business operating under the BUWOG brand is active in both the development of attractive, sustainable and diverse residential neighborhoods in Germany and Austria, and the densification of buildings as part of the development of existing neighborhoods. The activities of the BUWOG development business in Germany and Austria are the responsibility of the Chief Development Officer (CDO), and the individual development projects are approved by the Management Board.

By taking a holistic neighborhood-based approach to developments, we bring together planning expertise and construction. Our focus is on the development of large, inner-city properties in major cities (known as **brownfield projects**) that require a whole range of requirements to be taken into account. This allows us to create additional homes and avoid additional sealing, for example by converting sealed industrial areas into state-of-the-art residential neighborhoods. Our approach is complemented by our Building Information Management (BIM) strategy, which allows us to identify effective measures on the basis of data from across the entire life cycle of our neighborhoods. This reflects our commitment to long-term sustainability, which takes a close look at every stage of a building’s life – from finding plots of land through to handing over the keys and demolition – in order to minimize its emissions, the impact it has on the environment and the amount of resources that it consumes.

The average primary energy demand of newly constructed buildings, in relation to rental area, is the most important **non-financial performance indicator** in development. This performance indicator is part of the Sustainability Performance Index (SPI) and planning process and must be made transparent as part of all Management Board approvals of new-build and development projects. In 2023, the average primary energy demand was 25.3 kWh per sqm per year, down considerably on that of the previous year as planned. We anticipate higher primary energy demand for 2024 due to a number of projects resulting from the merger with Deutsche Wohnen.

Material performance indicator - SPI

Category	Unit	2022	2023	Target for 2024
Average primary energy demand - new construction*	kWh/m ² p. a.	37.7	25.3	33.7
* Based on energy performance certificates, excluding commercial projects and extensions.				

In the reporting year, BUWOG prepared a sustainability strategy for development that is to be implemented starting in 2024. Guides, specifications and tools have been developed in 14 topic areas to address the full range of sustainability aspects in new construction. These include optimized heat supply in the neighborhood, the use of ecological building materials and designs for open spaces. The strategy is based on the use of the German efficiency house standard or the basic criteria of Austria's "klimaaktiv" initiative.

Numerous results from the previous year's "Perspectives on the Future of Construction" dialogue process, in which Vonovia had, among other things, made a commitment to give greater consideration to life cycle assessments and to increase the use of sustainable building materials and the recyclability of constructions, were also incorporated into the elaboration of the Development sustainability strategy. The reporting year saw BUWOG become a member of the Timber Construction Coalition (Koalition für Holzbau), an initiative that brings together academics, planners, architects and project developers with the aim of improving acceptance of, and overall conditions for, timber construction in Germany. Timber construction is already playing an increasingly important role at Vonovia: with the "Hygge Höfe" residential neighborhood that is currently under construction, BUWOG is in the process of building a timber construction neighborhood in Berlin-Kaulsdorf, featuring 166 residential units using an innovative timber hybrid construction method. The method saves around 64% in CO₂ compared to conventional concrete construction. The method also involves unsealing the soil: A site that was previously fully sealed will be largely unsealed and landscaped as part of the neighborhood development plans.

Designing the residential environment and preserving biodiversity are top priorities for us. Numerous buildings feature green spaces that serve as natural habitats for flora and fauna at ground level, on roofs or on facades. In addition to the optical effects, these green spaces also offer a practical added value, for example, by slowing the flow of rainwater into the partially overburdened municipal sewage system and by making a considerable contribution to the microclimate, especially by preventing urban heat islands in built-up areas. We also take care to conserve resources and protect the environment during construction. We also take the neighborhood criteria of the DGNB (German Sustainable Building Council) for biodiversity (ENV2.4) and water cycle

systems (ENV2.2) into consideration and already meet these standards in various neighborhoods.

Social Issues

Within the context of the statutory requirements in the Non-financial Group Declaration, social issues include the following material topics: "Neighborhood development and contribution to infrastructure," "Fairly priced housing," "Homes that meet people's needs and demographic change" and "Customer satisfaction and service quality" (see → [Materiality Matrix](#)).

Neighborhood Development and Contribution to Infrastructure

The social megatrends of climate change, urbanization and demographic change continue to determine the framework conditions within which housing providers must develop their services and solutions. Whether it is climate-neutral housing stock (see → [Environmental Issues](#)), the provision of sufficient affordable housing in large metropolitan areas (see → [Fairly Priced Housing](#)) or services for an aging society (see → [Homes that Meet Tenant Needs and Demographic Change](#)) – the requirements are wide-ranging and call for integrated solutions.

Thinking and acting in terms of neighborhoods is our answer to these crucial megatrends – it is also the approach we adopt to find solutions for the economic, environmental and social development of our urban housing portfolios, which are largely located in urban quarters. We understand a neighborhood – as per the definition of the Association of German Housing and Real Estate Companies (GdW) – as a visually coherent urban development structure that is seen by its residents as a distinct area and that represents an area for action in which the residential real estate company can make a difference and see positive effects. It comprises at least 150 apartments (see → [Portfolio Structure](#)).

This **neighborhood-based, holistic view of the portfolio** expands our spectrum of measures for designing our portfolio using networked approaches and new technical capabilities, thereby helping us to develop places of shared living with a socially and environmentally viable future. This is

particularly evident in the further development of heat supply, where we are moving away from looking only at individual buildings (wherever possible) and generating synergies via integrated heating networks in order to find the most ecologically and economically viable solution. This process sees us work with stakeholders on location to develop the right concepts. Our neighborhood developments are designed to comply with clear climate protection requirements (see → [Environmental Issues](#)).

Environmental and social aspects go hand in hand as part of the neighborhood approach. Vonovia is equally committed to both aspects and to promoting social interaction in the local community. Measures to strengthen shared living only become manageable and effective through the neighborhood approach. This is a process involving city and municipal authorities, local stakeholders and our tenants in order to jointly develop solutions for the neighborhood. We use a range of participatory processes, instruments and cooperation initiatives to achieve this, e.g., by making premises available, establishing services, neighborhood meet-ups and day care centers hand in hand with cooperation partners that focus on the greater good. With our “freiRaum” concept, we also offer free, low-threshold locations for local initiatives and groups to allow people to get involved in social events in our neighborhoods. These flexible neighborhood space concepts are already in place in Dresden, Bremen and

Hamburg and are designed to serve as a blueprint for the establishment of more central meeting spaces in various Vonovia neighborhoods.

The investment program for neighborhood development defines the scope for operational implementation of Vonovia’s neighborhood approach. In 2023, **17 neighborhood developments across Germany, accounting for around 9,500 residential units**, were involved in this program, which is set to run for a period of several years. In response to the gloomy investment climate, we are currently taking a more differentiated approach to our neighborhood development measures, and dividing packages of measures into smaller chunks. For example, we are adapting modernization measures to take account of the limited investment opportunities and reflect demand, without losing sight of the neighborhood as a management level. Our urban quarters are also reaping increasing benefits from further measures from other Vonovia programs (modernization/heating replacement/photovoltaics).

Nevertheless, we are trying to forge ahead with our plans for further multi-year neighborhood developments and are sticking to our commitment to our long-term goal of using modernization measures to optimize all urban quarters in the portfolio in line with our binding climate pathway.

Material performance indicator

Category	Unit	2022	2023	Projection for 2024
Investment volume for neighborhood development in Germany (fiscal year)*	in € million	78.5	28.3	14.9

* 2022 excl. Deutsche Wohnen, from 2023 incl. Deutsche Wohnen (excl. Care segment).

Due to the deterioration in the investment climate and resulting adjustments to this specific investment program, we were only able to use part of the € 62.8 million that had been earmarked for investment in neighborhood developments in Germany for the 2023 fiscal year in full. Depending on how interest rates developed, we also expect a reduced investment volume for this part of the program in 2024 as well.

For us, neighborhood development also means being an **active driver of the infrastructure transition**. By way of example, we are taking targeted measures to upgrade our neighborhoods by establishing key local amenities, building playgrounds and designing green spaces and communal areas. We are also supporting the expansion of the fiber optic network in order to boost digital networking.

One key component is **promoting state-of-the-art mobility concepts**. Our measures support the mobility transition

towards lower-emission and less car-heavy mobility in our neighborhoods. When designing new construction projects, we pay attention to good public transport connections, focus increasingly on bicycle parking spaces and consider providing charging facilities for electric mobility from the planning stages.

While the options available to us are more limited in our existing buildings, we want to make an important contribution to greener mobility here, too – e.g., by installing charging infrastructure for electric vehicles. With this aim in mind, we are planning to install 100 neighborhood charging stations in our existing neighborhood in 2024. Car and bike sharing services (including for electric vehicles) round off our offering. We are also working on ideas for similar concepts in Sweden.

In order to do an even better job of integrating affordable and sustainable mobility into our neighborhoods, we are

placing particular emphasis on strengthening cycling-related services. We are aiming to gradually connect our neighborhoods to municipal cycle path networks and are seeing increasing demand among our customers for bicycle-related mobility solutions. With the establishment of the Group's own start-up NEARBYK (<https://nearbyk.de>) in 2023, we are offering e-bikes for purchase or hire as well as service points for bike repairs and maintenance. We will be testing this new service for a period of around 16 months, initially at three locations in Essen, Dresden and Bremen. Freely accessible repair stations and the rental of cargo bikes round off our range of services in selected other neighborhoods.

Thanks to the Neighborhood Academy, an internal training and networking format, Vonovia employees are trained as neighborhood development experts, promoting the skills required for a holistic neighborhood approach among our own workforce.

Neighborhood development is planned and managed on a decentralized basis via the regions. The Chief Rental Officer (CRO) is the Management Board member responsible for the property management business as well as for customer service and portfolio management. We are increasingly using our own neighborhood developers for on-site implementation. This allows us to address any specific issues as and when they arise.

The investment and participation formats are also the responsibility of, and are managed by, the regions, just like Vonovia's social commitment. This approach is supplemented, also from a quality assurance perspective, by centrally managed supporting measures via corporate communications.

Living at Fair Prices

As a responsible company, we are committed to providing affordable housing that meets people's needs. As such, we meet the basic human need for housing. In this context, the needs and life circumstances of our customers – as a reflection of society – differ in all kinds of ways. There are also differences in the situations on individual housing markets. In metropolitan areas, in particular, shortages of available housing often go hand in hand with strong demand.

This already high demand resulting from the megatrend of urbanization is exacerbated further by the ongoing influx of refugees due to Russia's war of aggression on Ukraine. This is corroborated by an investment environment that remains unfavorable due to increased construction and land costs, a volatile subsidy landscape, a lack of skilled labor and rapidly rising interest rates – meaning that the construction of new apartments for more affordable segments is not commercially viable at present.

These developments continue to unfold against the background of high climate protection requirements, the fulfillment of which is particularly cost-intensive in the buildings sector. Particularly with regard to modernization, it is therefore important to balance the economic and ecological perspectives without losing sight of what our tenants and those searching for an apartment can actually afford. The significantly higher energy costs associated with the energy crisis are putting further pressure on housing costs for many people.

For us, it is of fundamental importance to be able to offer long-term housing prospects to as many people as possible. The fundamental challenge involves being able to provide a **broad supply of housing at fair and transparent prices, while at the same time achieving a virtually climate-neutral housing stock**, even in a more challenging environment.

As development activities throughout Germany are currently not at a level that is able to alleviate the pressure on demand due to the unfavorable investment environment, our core business – providing homes – is extremely important from a social perspective. Our rental prices are based on the usual local rents and – if available – on qualified rent indices. Rents are only adjusted in line with the statutory parameters. Nevertheless, the average rent including ancillary expenses in our portfolio remains below 30% of the average disposable household income in Germany. We are in favor of regulatory intervention in the housing markets, as we believe that it helps to ensure social balance and creates a stable business environment as a result. When letting, we always observe the applicable country-specific legislation.

In Sweden, rents are generally set as part of a binding, consensual process involving negotiations between tenants' associations and landlords. This means that prices are fixed. Increases tend to occur annually and after modernization to a higher standard. All of our apartments in Sweden are price-controlled.

Material performance indicator

Category	Unit	2022	2023
Average rent	€/m ²	7.49	7.74

When passing on modernization costs, we are always mindful to ensure that the burden placed on our tenants is socially just, and offer individual solutions as part of our social management system. That said, reasonable compromises must be made in favor of additional climate change mitigation measures. In the 2023 reporting year, an **average of €1.32 per sqm in modernization costs was passed on.**

In numerous cities and municipalities, we also offer subsidized – in Germany around 38,000 of our homes are currently price-controlled – and independently financed homes for people on low incomes and are responding to location-specific challenges with services tailored to people's needs. The supplementary voluntary agreements that we conclude with municipal authorities include, for example, provisions governing fair rental conditions, the construction of new apartments or the strengthening of municipal housing construction companies and joint neighborhood development. The fundamental concept on which all agreements are based is Vonovia's desire to work in partnership with politicians and society to tackle municipal challenges and that the company takes specific societal and social challenges present within cities into account within its planning.

Individual support programs constitute a further supplementary component of our work to enable fairly priced housing. The aim is to ensure that the people living in our homes have a safety net so that they can stay in their homes for a long time and housing remains affordable for them. We support them in this matter and offer personalized assistance to all tenants who are actively working with us to find a solution. These forms of assistance range from deferring rent and allowing payment to be made in installments, to offering help with housing allowance applications and other dealings with the authorities, relocation assistance and other practical forms of help.

As part of our **established social management system**, we apply uniform standards to hardship cases in the event of modernization work and follow guidelines based on those of charitable associations. These standards and guidelines were agreed with the Tenants' Association and other residential real estate companies in 2021. As such, we are contributing to greater reliability and transparency in cases of hardship.

Also still in place are our special vested rights for people aged over 70 and our active support for people who have fallen into payment difficulties as a result of the coronavirus pandemic.

Energy costs, and heating costs in particular, have shown very dynamic development over the past two years. The heating index published for 2022 estimates that the annual year-on-year increase in costs for consumers in Germany

came to 81%. Households with gas-fired heating systems were particularly hard hit. This means that many tenants are worried about high additional heating costs and ancillary expenses. Even though we are generally not the energy supplier ourselves, but rather only pass on the costs charged by the energy providers concerned, we consider it our responsibility to support our tenants. With this in mind, we have developed a comprehensive package of measures to counteract the increase in costs caused by the energy crisis and inflation to the extent that we have the power to do so. These include reducing the nighttime temperature in our properties by one degree Celsius to save energy. Energy-saving tips help with claiming government benefits and individual solutions when tenants find themselves unable to cover energy costs. We provide our tenants with information in various languages, also on our website, about ways of saving energy (see <https://www.vonovia.de/en/mein-zuhause/saving-energy>).

Energy prices have also risen dramatically in Sweden since the start of Russia's war of aggression against Ukraine. Due to the Swedish model of rents that already include ancillary costs, however, tenants only have to bear the price effect associated with electricity themselves, while landlords' ancillary costs are on the rise due to the higher heat supply costs. This also, however, provides incentives for energy-efficient building refurbishment at the same time. We did not identify any critical changes affecting rental or for tenants due to energy prices in the reporting year.

People who are homeless or at risk of becoming homeless are a particularly vulnerable group in society when it comes to housing. Vonovia therefore makes this target group a key focus of its social commitment efforts. As such, we continued to engage in a number of projects and measures in this area in the reporting year. We pursue the **"Housing First"** approach that ensures that homeless people are provided with a standard tenancy agreement with all of the normal rights and obligations, regardless of any mental or physical health conditions that they might have. It is only after this that they are offered help in order to get some stability into their lives. Vonovia provides homes for this purpose across Germany as part of numerous cooperative initiatives.

Rent structures and agreements with municipalities are managed in a decentralized manner via the regions. The individual measures are planned and coordinated in the Portfolio Management department.

Homes That Meet People's Needs and Demographic Change

Our aging society, a result of demographic change, means that our customers' needs are changing, too. This poses new

challenges for the real estate market. The demand for senior-friendly housing is expected to outstrip supply in Germany by around two million by 2035.

We are adapting our offering in response to these changing housing needs. Our aim is to ensure that our tenants can stay safe, healthy and independent in their homes over the long term. We want to keep existing customer groups in our properties for as long as possible and attract new ones.

We are already planning to make a large share of our newly built apartments accessible and/or wheelchair-friendly. More important, however, is the **low barrier for equipping and refurbishing apartments for people with impaired mobility**. Homes that are completely barrier-free, according to German industry standard DIN 18040-2, are only necessary in very rare cases. Rather, a small number of measures, such as the fitting of non-slip flooring or flush-to-floor showers, are often sufficient to significantly increase the level of living comfort in old age. New leases in particular

offer us a good window of opportunity to carry out appropriate renovation measures without inconveniencing tenants with construction work.

We therefore aim to modernize around 30% of newly rented apartments every year so that they meet the demands of an aging society. To this end, we review existing buildings to determine their potential for accessibility. Due to the limited investment opportunities available, we were only able to (partially) modernize around 6,550 apartments (or 17.5% of newly let apartments) in 2023 to make them fully accessible. We have, however, clearly outstripped our original 2022 forecast of around ten percent for 2023. As far as 2024 is concerned, we expect to be able to return to the original level of around 30%.

The modernization program relates to the German portfolio – there are no equivalent programs in Austria or Sweden, although making homes more accessible is also a consideration there under the relevant building regulations.

Material performance indicator - SPI

Category	Unit	2022	2023	Target for 2024
Proportion of accessible (partially) modernized newly rented apartments (in Germany)*	%	32.4	17.5	≈30

* Includes both measures in the event of a change of tenant and modernizations at the request of the tenant; number of new lettings based on like-for-like analysis excluding newly constructed living space. Excl. Care segment.

The Care segment comprises Deutsche Wohnen's nursing care and nursing care properties business segments. As of December 31, 2023, we employed a total of 3,825 people in care service or care home management within this segment. Care business operations are based on an independent system and process landscape. 39 retirement and care homes are operated under the brands KATHARINENHOF and PFLEGEN & Wohnen HAMBURG, 38 of which are owned by Deutsche Wohnen. There are also an additional 33 nursing care properties run by other agencies. The nursing care activities are currently being subjected to a strategic review and market tests by the Management Board of Deutsche Wohnen (see → [Care and Assisted Living](#)).

These facilities provide full residential care, the aim being to maintain an active lifestyle and residents' independence to the greatest possible extent. Demand remained at a consistently high level in the reporting year. Senior citizen-friendly services are also provided within the context of assisted living. With its Care segment, Deutsche Wohnen makes a substantial contribution to addressing demographic change.

In addition to structural measures, the social infrastructure in the neighborhood also plays a key role. Vonovia also works with cooperation partners that focus on the greater

good to offer special forms of housing, such as senior-friendly apartments, services and neighborhood meet-ups, for example.

Responsibility for the senior-friendly housing programs lies with the Management Board (CRO). The structure of the renovation program is managed centrally and is implemented via the regions.

Customer Satisfaction and Service Quality

Customer satisfaction is instrumental in the success of a company. For us, this is mainly associated with the question of whether our tenants feel at home in their apartments and neighborhoods and whether they feel that they are treated fairly by us as their landlord.

The challenge facing Vonovia lies in achieving high levels of customer satisfaction and service quality against the backdrop of a large residential portfolio, low vacancy rates – and, as a result, strong demand for homes – and a wide variety of customers with a whole range of different concerns. This requires a good deal of availability and speed, as well as employees who have been trained accordingly. This is both an opportunity and a risk, as the quality of customer care

and services plays a central role. Our experience shows that accessibility, speed and transparency in service are decisive factors for achieving customer satisfaction.

Our central, multilingual customer service department acts as the first port of call, whereas our caretakers and craftsmen look after the needs of tenants on location. This allows us to ensure fast and reliable service. We run our own customer service centers in Essen, Dresden, and Berlin. Our employees undergo continuing professional development thanks to a centralized knowledge and training management program. Regular dialogue formats ensure performance and quality. The aim is to be able to guarantee the same level of quality for the entire portfolio in Germany. Our customers can reach our staff of more than 1,100 employees through a variety of channels.

In addition to personal contact, the **digitalization of our services that address customer concerns** is an important field for us in order to make accessibility even faster, more convenient, and flexible. This is why we are continuing to expand self-service functions such as our “My Vonovia” and “DeuWo Digital” tenant apps. Together, the two apps have already been downloaded more than 745,000 times and are actively used by around 215,000 users. We can use the apps

to map the full customer journey: from the apartment search process, including arranging viewing appointments, to the digital conclusion of contracts and all other issues affecting existing customers, such as ancillary expense bills, through to the concerns of customers moving out of our properties and former customers. In Austria, the BUWOG customer app was added to the app landscape in 2023.

All of our tenants also have access to our whistleblower and complaints channels (see → [Combating Corruption and Bribery](#)).

Customer satisfaction is measured using a quarterly customer survey and is reflected in the **Customer Satisfaction Index (CSI)**. It is incorporated into the Management Board’s remuneration as a direct non-financial indicator and component. In the 2023 fiscal year, the customer survey was extended to the Deutsche Wohnen portfolio (excluding the Care segment). The aim is to consolidate the high level achieved in recent years in the long run within this broader framework. BUWOG in Austria and Victoriahem in Sweden also carry out regular customer satisfaction surveys.

Looking forward, we aim to introduce a harmonized CSI in Germany, Sweden and Austria in order to be able to compare the results of the individual surveys.

Material performance indicator - SPI

Category	Unit	2022	2023	Target for 2024
Increase in customer satisfaction (Customer Satisfaction Index (CSI) in Germany)*	%	+1.3	-3.2	slightly above previous year's level

* Customer Satisfaction Index (CSI) in glossary, 2022 excl. Deutsche Wohnen, from 2023 incl. Deutsche Wohnen (excl. Care segment).

At Vonovia, responsibility for customer service center lies with the CRO. While customer satisfaction is assigned to the customer service center in strategic terms, it affects all customer-facing operating departments and is ensured by each and every Vonovia employee. The design and management of the tenant apps are also the responsibility of customer service.

Employee Issues

Within the context of the statutory requirements in the Non-financial Group Declaration, employee issues include the following material topics: “Appeal as an employer” and “Diversity and equal opportunities” (see → [Materiality Matrix](#)).

Appeal as an Employer

Over the coming years, it is estimated that the number of employees leaving the workforce will exceed the number that can be recruited after completing school by around 400,000. We have to have a robust long-term HR strategy in place to counter risks relating to the availability of skilled staff, which is also a real one for Vonovia – particularly with regard to the blue-collar occupations that are being hit particularly hard by the shortage of skilled workers, for example in landscape gardening and electrical installation. This strategy involves using **levers related to recruitment, talent management and measures of employee retention** and, going forward, to create even stronger, smart links between these aspects using state-of-the-art elements related to **corporate culture**.

Vonovia is also committed to an insourcing strategy. By tapping into the synergy potential created as a result – e.g., by employing specialists in our own business areas such as property management, modernization or green space maintenance – we aim to reduce our reliance on external service providers to a minimum and ensure consistently high levels of quality in the process. This creates a huge opportunity for our business success – at the same time, it creates greater responsibility for a much broader and more diverse workforce, which is why the ongoing further development of an HR strategy that is fit for the future is so important to us.

We are also using the annual employee satisfaction survey and the internal reorganization initiated in the reporting year with the appointment of Ruth Werhahn as the new Management Board member responsible for Human Resources (CHRO) to provide key impetus that will allow us to meet the diverse needs and demands of our employees in an even more targeted manner going forward, and to offer them an attractive job by creating the best possible overall conditions for their work at Vonovia. As we progress on the path towards our target, issues relating to the further development of our corporate culture, human capital development and remuneration, in particular, are to be given even more strategic emphasis in the future.

As Europe’s biggest residential real estate company, we are particularly reliant on filling our vacancies with individuals from the available applicant pools who meet our requirements and match the relevant skill profiles. This is why our

comprehensive package of measures for successful **recruitment** continues to focus on the further development of our application and recruitment process, our training concept, the recruitment of specialists from abroad, and the targeted further training of technical skilled workers and auxiliary staff. In 2023, we launched a revamp of our employer branding strategy and our image as an employer, and conducted broad-based analyses using industry benchmarks and stakeholder interviews in order to further develop our employer brand in a targeted manner. The first set of focal topics are to be elaborated and corresponding target group-oriented measures developed in the coming year.

Following an initial successful recognition process for the initiative to recruit skilled workers from Colombia, which was launched back in 2021, a total of 17 new colleagues are now working for Vonovia in electrical installation and landscape gardening in Kiel, Lübeck and Berlin. Another 26 electronics technicians were recruited from Colombia as part of another round during the reporting year. The new employees will support the expansion of photovoltaic systems within Vonovia’s technical service in the future.

Our HR strategy focuses on the entire HR process, from recruitment to the point at which employees leave the company: People have complex and varied reasons for leaving. As a result, we want to better understand why our employees ultimately decide to leave Vonovia. With this goal in mind, we have also been carrying out extensive qualitative staff turnover analyses since this fiscal year over and above our established quantitative analyses. We want to be able to use this information to identify even more targeted retention measures in the future.

With regard to **traineeship programs**, we were able to achieve our goal from the previous reporting year of keeping the number of trainees at a consistently high level in 2023 and increasing the number of trainees further from 617 in 2022 to 632 trainees, a new record for Vonovia. This value corresponds to a training rate of 5.3% (for Germany), above the average value of 4.4% for large companies with more than 500 employees calculated in the government’s 2021 Vocational Training Report (Berufsbildungsbericht). To support and create ideal training conditions at Vonovia, we are expanding our training opportunities in 2024, following the merger with Deutsche Wohnen, to include a Berlin-based initial and further training center focusing on vocational training in the trades. Once completed, the building will be equipped in line with state-of-the-art technical and digital standards, and is to serve as a blueprint for the opening of further training sites based on the same model. In 2021, apprenticeship training was newly implemented at our subsidiary BUWOG in Austria, with the very first cohort completing their training in the reporting year. In Sweden,

particular emphasis is placed on local recruiting and targeted outreach measures – in schools and within the neighborhood, for example, with 821 young people taking up temporary employment during their vacation (62 of whom at Victoriahem itself) in the reporting year. These activities were expanded to include other vacation periods in some regions in 2023 due to the positive response.

Retaining existing employees is the third key lever in our human resources strategy, and also helps us shape a modern and attractive corporate culture. In this context, Vonovia seeks to continually improve from within and to individually promote the potential and talents that our employees have to offer – this applies both to our employees and to our senior management. The Vonovia Academy is our central element when it comes to **developing** our staff and creating a professional and respectful corporate culture in the long run. By way of example, some of the suggestions made in the employee survey were incorporated into direct measures to design new courses and digital learning formats to expand the Vonovia Academy's offering. This means that we are developing our employees' skills and knowledge in an even more targeted way with a view to specific roles, functions and requirements in the workforce (e.g., learning formats for junior controllers). Further, we have expanded our offer by including new development packages and formats. On-demand and e-learning services, such as specialized digital training courses for managers and employees, for example change consultation sessions, are designed to make further training and additional qualification at Vonovia an even more flexible and personalized experience in the future. This regular short format allows managers to discuss ideas and receive advice from professional coaches on specific aspects and challenges associated with change processes. As part of the merger with Deutsche Wohnen, which was formally completed in January 2023, over 900 employees were also integrated through team-based onboarding processes and were able to take part in process and system training sessions through the Vonovia Academy.

As part of the extensive development program for managers that was rolled out in 2023, core competencies covering all aspects of good leadership and basic knowledge on innovation topics (e.g., on integrating sustainable action into one's own area of responsibility) are to be taught in line with the new leadership philosophy. At our Swedish subsidiary Victoriahem, the fourth cohort will complete the leadership talent development program in the first quarter of 2024. This program aims to prepare tomorrow's managers, using candidates from the existing employee pool, for their future leadership roles.

The **satisfaction of our employees** is a key concern and thus a decisive indicator for allowing us to assess our appeal as

an employer. Since the 2021 reporting year, changes in the employee satisfaction level have been a component of the Group's key non-financial performance indicator (SPI) and offer a regular indication of the degree to which Vonovia is an attractive employer. The change in survey service provider in the current reporting year came hand-in-hand with a comprehensive revamp of the questionnaire, the aim being to consolidate and clarify the questions, while the questions themselves were tailored even more specifically to suit specific employee groups – for example, for commercial and technical employees. This is directly and positively reflected in a higher participation rate, which, at 84%, has reached a record level compared to all previous surveys and sends out a signal for us as to just how willing our employees are to engage in dialogue. After a year-on-year decline of eight percentage points (-8 pp) for the first time in the past reporting period with regard to an overarching question on general employee satisfaction, the satisfaction score rose again by one percentage point (+1 pp) compared to the last full survey in 2021 and by as much as nine percentage points (+9 pp) compared to the last interim survey in 2022 (excluding Deutsche Wohnen, Care segment and SYN VIA). With regard to the external benchmark prepared by the software service provider Qualtrics, Vonovia outperforms its peers (all Qualtrics companies in Germany) by three percentage points (+3 pp). The current survey now also includes all Deutsche Wohnen employees (including SYN VIA, excluding the Care segment) for the first time. This year's result means that we have already exceeded our target for 2023 ahead of schedule, which is why we are planning to achieve a result for 2024 that is at least slightly below the previous year's figure and remains within the target corridor of our five-year plan in the medium term. In 2023, BUWOG also received the Leading Employer Award in Austria and ranks among the top 1% of Austrian employers among the 87,000 companies included in the evaluation.

We value feedback from our employees and are aware of the huge importance of co-determination, and opportunities to have one's say, for employee loyalty to our company. Following the successful completion of the division-specific evaluation workshops initiated in the reporting year with the involvement of the first and second levels of management below the Management Board, 2024 will focus on the intensive processing and development of targeted follow-up measures.

Material performance indicator - SPI

Category	Unit	2022*	2023**	Target for 2024
Increase employee satisfaction	percentage points	-8.0	+9.0	slightly below last year's level

* Excl. Deutsche Wohnen.

** Incl. Deutsche Wohnen, Austria and Sweden. Excl. Care segment.

2023 was characterized by sustained high inflation and an associated rise in the cost of living. At the start of the 2023 calendar year, our employees at Vonovia saw a significant increase in their salaries thanks to combined regulations regarding a compensatory inflation bonus totaling up to € 3,000 paid out over 24 months and an income-based pay rise. The majority of Vonovia's and Deutsche Wohnen's workforce in Germany are eligible for these benefits. During this process, we focused on income groups that are particularly strongly affected by rising prices. We are using both additional benefits to recognize our employees' good performance.

The company's HR processes also support workplace flexibility through mobile working, made possible thanks to a works agreement, and the gradual expansion and further development of digital processes at Vonovia. These include a wide range of functionalities that are already firmly established, such as reporting absences due to illness via an app or digital banking of working hours, allowing employees in

many of the company's departments to work from a location of their choosing. In order to further develop future collaboration in modern working environments, Vonovia recently launched the "New Work @ Vonovia" project, which focuses on the corporate headquarters in Bochum and aims to offer our employees an attractive working environment that meets their individual needs. The initiative comprises four focal topics that will be used to develop further measures as part of a step-by-step process: structuring various working models, state-of-the-art workplace design, digital tools and technologies, and training concepts for managers and employees alike.

As of December 31, 2023, Vonovia employed a workforce of 15,802 (December 31, 2022: 15,915) as well as 1,017 apprentices (December 31, 2022: 926). Of these, 3,825 employees and 385 trainees belong to the Care segment and 52 employees to SYNIVA. This is not shown in the table below. Further information on the Care segment can be found in the section → "Homes That Meet People's Needs and Demographic Change".

Employee Key Figures*

Category	Unit	2022	2023
Total number of employees	number	12,063	11,925
of which female	number	3,404	3,455
of which permanent	number	11,180	10,692
Nationalities**	number	84	87
Average age (total)	years	43.8***	44.3
People with disabilities**	number	346	358
Total number of trainees**	number	617	632
of which commercial	number	215	190
of which technical trade	number	402	442
Training rate**	%	5.1	5.3

* Total number of employees by headcount, incl. Deutsche Wohnen (excl. Care segment and SYN VIA). The Care segment comprises a further 3,825 employees and 385 apprentices – 52 employees are accounted for SYN VIA.

** Not including Sweden, Germany and Austria taken into account.

*** Change in the calculation method in the year 2023 and therefore adjustment of the 2022 value from 43.3 to 43.8.

Diversity and Equal Opportunities

Our workforce at Vonovia is as diverse and international as our tenants: While people from over 145 nations have found a home in our apartments and neighborhoods, our Group as a whole employs people from over 85 different countries. They represent many different age groups, religions and world views, have a variety of physical disabilities, come from varying socio-economic backgrounds, and live their lives with a range of gender identities and sexual orientations.

We regard this **diversity as a great strength and opportunity**, which we support in a targeted manner and whose potential and competitive advantages we aim to harness. If, on the other hand, we fail to adequately meet the growing diversity demands of our increasingly diverse workforce, we risk falling behind in the competition for skilled workers and not being able to retain existing employees in the long term. As a result, we have incorporated this risk into our risk management system and review it at regular intervals in the context of current developments. We currently measure the risk of not meeting diversity requirements as having only a low potential amount of loss and a very low probability of occurrence (<5%).

Even though we conclude from this figure that we have already achieved considerable equality of opportunity and that we embrace and promote diversity within the company, we continuously implement further initiatives in this context and/or adapt existing measures to reflect changes in underlying conditions. For example, we are updating our seminars on discriminatory behavior (e.g., our mandatory sessions on the Code of Conduct & the German General Act on Equal Treatment, AGG) and continue to focus more closely on the integration of foreign skilled workers and displaced persons

with our process to recruit specialists from Colombia, as well as a high degree of flexibility in working hours (also using a flex-time model/digital working hours account) so that all employees can structure their working time to suit their current phase in life. Since this year, a new e-learning session on “Recognizing and reducing prejudices and stereotypes” has been available to all employees free of charge. In order to also more firmly anchor the issue of diversity at the strategic level of the company in the future, a comprehensive range of management development courses – focusing, for example, on the topic of “unconscious bias” – was rolled out in 2023, and the topic of diversity was firmly established in the management roadmap as a key sub-criterion.

We see the strengthening of women in the company as a special mission, as they – chiefly due to the technical occupations in the field of skilled trades – are considerably underrepresented with a share of 29% of the workforce as a whole (excluding SYN VIA). The SPI indicator “Proportion of women in leadership roles in the first and second level below the Management Board” and our objective of increasing this figure to 30% by 2026 illustrate that we take care to proactively promote women at the management level and give them opportunities to pursue leadership positions and technical occupations. When setting the target – 30% by 2026 – we were guided by the representation of women in the Group as a whole. In Austria, we were awarded the equalitA certification for the internal promotion of women in 2021 and it remains valid to this day. BUWOG has also held state certification as a family-friendly company since 2017, being most recently recertified in the 2023 reporting year.

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. In addition, until further notice, all new appointments at the first and second management levels below the Management Board will have to be approved by the Chief Human Resources Officer as a mandatory requirement.

The gradual harmonization of social or non-salary benefits aims to ensure corresponding equal rights for all employees. For example, our employee stock ownership plan (ESOP) and a works agreement on mobile working are also in place in Austria. Following the introduction of a new, standardized

company pension scheme in 2021, this offer is also available to all Vonovia employees in Germany (including Deutsche Wohnen, excluding SYN VIA and the Care segment). Reconciling one's family life and professional life is another important issue at BUWOG in Austria, which offers its employees a variety of ways to achieve work-life balance. In 2023, BUWOG successfully achieved recertification as a family-friendly company by the Austrian Federal Ministry for Labor, Family and Youth.

Material performance indicator - SPI

Category	Unit	2022	2023	Target for 2024
Proportion of women in management positions (first and second levels below the Management Board)*	%	25.1	24.2	29.1

* Excl. Care segment and SYN VIA.

Establishment in the Company

The new Chief Human Resources Officer (CHRO) role created in the reporting year has been responsible, since October 1, 2023, for Vonovia's human resources work. The latter has been established centrally as a shared service within the HR department. In 2021, the shared services approach was transformed into an HR business partner model, which is further developed on an ongoing basis. Since the 2023 reporting year, this has also included the Deutsche Wohnen subgroup.

Austria and Sweden have their own HR departments. Austria reports to the HR department in Germany in functional terms, 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 CHRO 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.

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. 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 policies and business principles serve as a framework: Our [Business Philosophy](#), our [Code of Conduct](#), the [Business Partner Code](#) and the [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.

In order to acknowledge the increasing significance of compliance topics, the existing Compliance office became an independent Compliance and Data Protection department in April 2023. The role of Chief Compliance Officer, reporting directly to the Chief Executive Officer at least once a month, was created to head the department. In the reporting year, preparations were also made to establish an additional decentralized compliance structure from 2024. In relevant business areas, individual employees are being trained as local contacts for compliance issues in order to be able to answer initial questions directly on location and provide quick and straightforward support. The Compliance and Data Protection department is training the local contacts, providing technical advice and is maintaining constant contact with them.

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. Preparations were made in the reporting year for the external CMS certification, which will be completed in 2024.

The Chief Executive Officer (CEO) is responsible for implementation of the CMS. A Compliance Committee comprising the Chief Compliance Officer, compliance managers, the ombudsperson, representatives of the Internal Audit, Risk Management and HR Management departments, the works council and companies outside of Germany meets on a quarterly basis and updates the system in line with current requirements. In this context, the Chief Compliance Officer acts as a central contact point within the company for compliance-related questions and suspicions. The Chief Compliance Officer’s activities are supported by the compliance managers and specialists in the individual departments. The Supervisory Board receives comprehensive information about compliance issues and corruption along with existing guidelines and processes on a quarterly basis. The compliance report, which is forwarded to the Audit Committee via the Chief Compliance Officer (following prior consultation with the CEO), provides information about potential breaches, measures and compliance training, as well as relevant data protection issues.

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. Deutsche Wohnen already had its own established CMS for the Care segment, including a data protection concept that was tailored to, and appropriate for, this business area, which is why the decision was made to keep it in place. This also applies to the Care segment’s own whistleblower channel. Access to Vonovia’s whistleblower system was also expanded by setting up an additional category for the Care segment.

Regular Group-wide 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 compliance training program includes mandatory training on topics such as data protection, dealing with conflicts of interest, and combating corruption. The sessions are aimed at all employees with annual refreshers. The target group-specific training sessions are also run every year: The procurement department, for which the issue is particularly relevant, receives special training on corruption and criminal law pertaining to corruption, for example. Sales employees take part in anti-money laundering training, while employees in Development receive special training on concluding sales contracts. Another mandatory training course for the entire management level is dedicated to the topic of corruption and detecting fraud.

In the 2023 fiscal year, we once again carried out a compliance risk analysis at the level of senior company executives in Germany. As part of this analysis, information was requested on the topics of active and passive corruption, money laundering, social compliance and IT/data security. In order to meet the requirements under the German Supply Chain Due Diligence Act, the analysis and evaluation of human rights and environmental risks in the company's own business area was also incorporated into the survey. These results are also being incorporated into the update of the Declaration of Respect for Human Rights. The aim of the survey was to systematically evaluate compliance risks and identify potential areas of focus for further development of the CMS. The compliance management team decided to implement a number of measures on the basis of their responses to the survey: Going forward, the frequency of the compliance risk analysis will be adjusted from every two years to every year, and will also include Austria and Sweden on a regular basis. In the reporting year, preparations were also made for the introduction of annual compliance self-assessments in the individual departments within the Group starting in 2024.

The reporting year saw an update to the [Business Partner Code](#), in which Vonovia sets out clear expectations of its business partners, including with regard to respecting human rights and protecting the environment. We expect our business partners to subject their own business partners at all stages in their supply chain to the obligation to comply with the same standards and principles. The Group-wide Guidelines on the Whistleblower System and the Group-wide Guidelines on Approval Thresholds and Decision-Making Powers were also updated. In the 2024 fiscal year, the Anti-Money Laundering Guidelines will also be reviewed to identify any need for updates, and further preventive measures will be implemented in this area. Furthermore, process digitalization continued in the reporting year and preparations were made to introduce a fully digital file management system as of 2024.

Vonovia has a **comprehensive system in place for complaints management and protecting whistleblowers** that is also intended to meet the requirements of the Whistleblower Protection Act (Hinweisgeberschutzgesetz), which came into force in the reporting year. The anonymous whistleblower portal is available not only to employees, but also to external groups, such as customers and business partners. In the reporting year, six additional languages were added in addition to German and English. The portal complements and extends the existing system of the independent ombudsperson and has been integrated into the Vonovia partner portal. The whistleblower report, prepared externally every six months, is included with the company's compliance report. Information on potential cases of discrimination within Vonovia's own business area can not only be submit-

ted anonymously via the whistleblowing system, but can also be reported via a separate reporting mailbox in the HR department so that any potential violations of the German General Act on Equal Treatment can be recorded. In Germany, this covers four European anti-discrimination directives that have been issued since 2000. Suspected cases of discrimination in the process involved in initiating tenancies can be reported via the anonymous whistleblower portal, to the independent ombudsperson or directly to the Compliance and Data Protection department.

Material performance indicator

Category	Unit	2022	2023
Total number of proven cases of corruption (in Germany)*	number	0**	0**

* A case of corruption is considered proven if a court conviction has taken place. Suspected cases of corruption under investigation during the reporting period are not included.
 ** Excl. Care segment.

In the 2023 reporting year, 29 suspected cases of corruption or compliance issues in Germany and Austria had been reported via the anonymous whistleblower portal and carefully investigated. The severity of all reported cases was determined to be minor. The reported cases can be assigned to the following categories, among others: incidents with tenants, conflicts of interest involving employees, information regarding allegations of fraud (involving commission) relating to employees, but also external persons, notifications of material theft and vehicle break-ins. One report involved a possible violation of human rights within Vonovia's own business area, which was not confirmed. In Sweden, seven reports were received via the various reporting channels in the reporting year. None of the suspected cases in Germany, Austria or Sweden led to a court conviction. There were no proven cases of corruption, including in the Care segment.

This currently (up to the editorial deadline) also applies to the suspected cases in connection with the search conducted by the public prosecutor's office. As reported, on March 7, 2023, Vonovia was informed by the public prosecutor's office in Bochum during the course of necessary search measures connected to an ongoing investigation that former and, at that time, current technical employees were being investigated on suspicion of corruption. The persons under suspicion may also have caused damage for Vonovia by overriding and circumventing controls and compliance policies.

Vonovia continues to cooperate fully with the work of the investigating authorities. The auditing firm Deloitte and the law firm Hengeler Mueller have been commissioned to perform a forensic assessment of all the facts of the case.

It is currently not possible to arrive at any conclusive assessment regarding the amount of any damages. For 2022, it is estimated to come to a maximum of 1% of the order volume awarded by Vonovia. At the most, this amounts to a low single-digit million amount. Given that only fully completed proceedings are presented under material 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.

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 overall 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](#), which applies throughout the Group, 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. Our Code of Conduct also takes account of our stance regarding respect for human rights.

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 (available on the [Vonovia website](#)) 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 – most recently in 2023 – and applies for contractual relations in Germany and Austria. A corresponding separate Business Partner Code is in place in Sweden and was also updated in the reporting year. Restructuring measures meant that the procurement department was assigned to the Chief Financial Officer's division in the reporting year.

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 Business Partner 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 or termination of contract. 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. 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). The procurement department in Austria also implemented a partner portal for suppliers and service providers in the reporting year. The portal is based on its German counterpart and has been adapted to reflect national standards.

Furthermore, we addressed the requirements of the Supply Chain Due Diligence Act, which has been applicable in Germany since January 1, 2023. In the reporting year, we completed a comprehensive risk analysis for our own business area and for our supply chain to identify priority risk areas and develop corresponding measures. We describe our approach to risk analysis and the risk areas in our Declaration of Respect for Human Rights. We have also implemented regular online training courses for employees who come into contact with human rights or environmental risks as part of their work within Vonovia's own business area or along the supply chain. We also conducted specific workshops for our procurement employees in relevant business areas in order to further improve awareness of our human rights and environmental due diligence obligations. We initiated a comprehensive supplier survey to further

boost transparency regarding activities in the supply chain and dialogue with our business partners.

The Chief Compliance Officer is also our company's Human Rights Officer and reports to the Management Board at least once a month. He is supported by a committee that brings together due diligence coordinators from relevant departments, namely Procurement, Compliance and Data Protection, Sustainability/Strategy and HR. The committee convened four times in the reporting year and discussed the ongoing fulfillment of Vonovia's human rights and environmental due diligence obligations. Vonovia has set up various procedures to allow potential abuses (such as human rights violations, environmental pollution, other unlawful actions) to be reported by both internal and external parties (see → [Combating Corruption and Bribery](#)). We conduct in-depth investigations into indications of human rights violations within our own business area or in the supply chain that come to our attention via the various reporting channels. No reports of breaches of our human rights due diligence obligations were confirmed in the reporting year.

Appeal on the Capital Market

Inflation, interest rates and views on possible recession scenarios continued to dominate the international capital markets in 2023. Following a marked drop in inflation, given that interest rates have now peaked, at least according to capital market assessments, and in light of the prospect of initial rate cuts in 2024, sentiment brightened considerably and led to broad-based price increases, particularly at the end of the year. Vonovia's shares also benefited from the improved macroeconomic environment, gaining 29.6% over the course of the year. All in all, we nevertheless observed a widening gap between capital market expectations on the one hand, and ongoing robust development on the residential real estate market on the other (see → [Vonovia SE on the Capital Market](#)).

The construction and management of residential real estate is a business with a long-term focus. Our aim in this segment is to bring economic activity hand in hand with environmental benefit, living up to the various expectations of stakeholders. It is important to us to provide relevant information on our company and our economic development as well as on the sustainable direction of Vonovia, thereby providing an accurate picture of Vonovia. We want to generate attractive risk-adjusted rates of return for our investors and achieve sustainable revenue and value increases. This strengthens trust in the Vonovia brand.

We are committed to both the principles of the social market economy and the imperative of profitability. Economic success is the prerequisite for further investments in

environmental and social sustainability. At the same time, we firmly believe that these investments also pay off in terms of our appeal for investors. This is substantiated by the growing demand for sustainable financial products and the ever greater establishment of ESG criteria as a basis for investment decisions.

In line with the targets we have set, Vonovia uses a broad mix of financial instruments, like bonds, promissory notes, secured real estate loans, commercial papers, working capital facilities and loans from development banks like the German government-owned development bank Kreditanstalt für Wiederaufbau (KfW) and the European Investment Bank (EIB), in order to secure good access to the capital market. Our sustainable bonds, seven of which we placed successfully on the capital market in 2022, meet the demand for both green and social bonds – and play a crucial role in our financing strategy. In 2023, we also raised equity by selling minority interests. These joint ventures have given us access to equity in a manner that is much more cost-effective than implementing capital increases via the stock exchange.

The European Union Sustainable Finance Disclosure Regulation (SFDR) is aimed at providers of financial products and financial advisers such as banks, asset managers, institutional investors and insurance companies. Under the SFDR, these groups are required to align their products, processes and strategies with ESG guidelines. We have made our Sustainable Finance Framework – which has applied since February 2022 – consistent with the EU taxonomy, which was confirmed by an independent third party in a Second Party Opinion (SPO). All green bonds that we issue under this framework are environmentally sustainable as defined in the EU taxonomy (environmental objective 1 – climate change mitigation).

With our [Sustainable Finance Framework](#), we have also laid the foundation for the definition and selection of social assets in the real estate sector on the Swedish market. The eligible properties are located in “particularly vulnerable,” “high-risk” and “vulnerable” areas identified by the Swedish police, in which Vonovia has also launched initiatives to promote integration and reduce unemployment among its tenants. The criteria we selected in this context have already been adopted by at least three other issuers on the market.

We have published our Sustainable Finance Framework, the annual impact report evaluating the effectiveness of our measures and further information about our sustainable financing strategy on our [Group website](#).

Our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) are responsible for our capital market activities. The Investor Relations department and the Sustainability

ty/Strategy department report to the CEO. The Corporate Finance and Treasury department, which is responsible for the implementation of our financial instruments, reports to the Chief Financial Officer (CFO). The Head of Corporate Finance and Treasury chairs the Sustainable Finance Committee, which comprises representatives from several different departments and is responsible for managing and further developing our sustainable financing activities. The Sustainability/Strategy department is responsible for our participation in ESG ratings, involving the operating departments in this process.

Involving our stakeholders on the capital market is handled by the Investor Relations (IR) division in close consultation with the Management Board. Transparency is the watchword here. Through formats such as investor conferences and roadshows, we seek out dialogue – including and especially on ESG topics – with our shareholders and potential investors. Face-to-face conversations, additional property tours and the participation in conferences for private investors represent additional communication channels.

At the same time, IR acts in an inward-facing way so that the topics communicated to us by capital market actors come to the attention of the right people within the company.

Sustainability ratings and indices serve as valuable indicators of our sustainability performance and key sources of information for the capital market to help with investment decisions. As a result, they are a top priority at Vonovia. The Sustainability Committee decides which ESG ratings we actively use (see → [Sustainability Management at Vonovia](#)).

The 2023 rating results were influenced, in particular, by their consolidated application for the integrated Group for the very first time – for example through an improved carbon footprint – as well as by the suspected case of bribery involving individual (former) employees in March 2023, which also involved Vonovia’s business premises being searched (see → [Combating Corruption and Bribery](#)). The latter, for example, resulted in an MSCI downgrade. Nevertheless, we once again achieved **good to very good results in all ESG ratings relevant for Vonovia and its investors in 2023**. As such, we continue to be listed on the renowned Dow Jones Sustainability Index Europe (despite the lower number of points in the corresponding S&P rating due to increased requirements and the restructured questionnaire), as well as on sustainability indices such as the DAX 50-ESG or the STOXX Global ESG Leaders, to name but a few examples, and have been awarded Prime status by ISS-ESG. Sustainalytics has assigned us to the lowest risk category and we rank among the top 100 performers of all companies analysed by Sustainalytics (> 15,000 companies worldwide, as of December 31, 2023).

Material Performance Indicator: Performance in relevant ESG Ratings*

Ratings	2022	2023
Sustainalytics ESG risk rating	6.7	7.6
MSCI ESG	AAA	A
CDP Climate Change	B	A-
ISS ESG	C	C
S&P Global CSA	71	63

* 2022 excl. Deutsche Wohnen, from 2023 incl. Deutsche Wohnen (excl. Care segment and SYNZIA).

For 2024, we have set ourselves the goal of maintaining our consistently high performance in the relevant ESG ratings and continuing to present our sustainability performance to the capital market in a comprehensive and transparent way. As well as performing regular checks to see whether we are listed in the relevant indices, we also use the results of the rating process and peer group comparisons to further develop our sustainability measures in a targeted manner.