

UNLOCKING POTENTIAL

SUSTAINABILITY REPORT 2019



TAG

Immobilien AG

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DEAR READERS,

(GRI 102-14)

Long before futurologists declared sustainability to be a megatrend, it was on TAG's daily agenda. As a large housing company, we bear a responsibility to society, and we want to fulfil it. This is only possible if we embrace sustainable conduct. And so, a holistic understanding of sustainability forms the basis of our business decisions. Our aim is to reconcile the triad of economic, ecological, and social interests.

We welcome the fact that the topic of sustainability has now become a higher priority for many decision-makers in business and politics as well. Questions about sustainability goals, the impact of business activities on the environment and society, and long-term strategy are changing the perspective on companies and on how the public perceives them. For an increasing number of investors, sustainable business management is becoming a decisive prerequisite for investment.

Sustainability reporting has become much more important as a result. In this – our eighth Sustainability Report – we once again present our commitment in accordance with the internationally established GRI Standards. In other words, we systematically document our sustainability strategy as well as our targets and activities. This enables us to compare our results over a multi-year timeline, and to review and present developments according to objective criteria. At the same time, this standardised reporting system enables us to continuously monitor our business activities and actions under the various aspects and criteria of sustainability.

With this report, we have further optimised our own ability to manage matters of sustainability. For the first time we are publishing a table of key indicators. Overall, we made good progress this year on sustainability. For example, we made adjustments to focus on action areas and re-weighted our material topics. Since responsible corporate governance forms the framework for our sustainable corporate development, the key topic of compliance/governance has become even more of a focus. We have also re-prioritised the overarching topics of stakeholder dialogue and supply chain. For the first time, they will be treated as separate material topics.

We see protecting the climate as one of the greatest challenges facing our society. To make a tangible contribution to this, we actively work to reduce CO₂ emissions by practicing efficient management, reducing own emissions, and increasing the energy efficiency of our buildings.

To ensure that climate-friendly housing nevertheless remains affordable, we develop our portfolios with a sense of proportion – because satisfied tenants are crucial for our commercial success and TAG's future viability. Accordingly, customer focus and service quality are material topics in this Sustainability Report. Our aspiration is to create affordable housing for broad sections of the population. This is why we are systematically orienting our offerings to the needs of our customers. For example, before we install technical innovations such as smart home solutions, we ask our tenants whether they are interested in such modernisation. Dialogue with our tenants is very



important to us and takes place on a number of channels, from in-person conversations to chats via smart-phone apps. It goes without saying that we comply with the prescribed quality and safety standards in equipping our flats, and that we are fair in our treatment of one another. In line with the age structure of our tenants, we are increasingly offering disabled-access flats to support long-term independent living. And because life does not take place exclusively within the home, we are committed to a well-maintained environment in our neighbourhoods, work to strengthen social interaction, and promote community life.

Without our employees' commitment, it would be impossible to achieve our sustainability goals. It is therefore important for us to be an attractive employer. At the heart of this is our appreciative corporate culture with regular feedback, the opportunity for dialogue, and flat hierarchies. We know what employees want in our digitalised and urbanised world – so we meet the need for a healthy work-life balance with flexible working time models and health promotion offers. Safety in the workplace is just

as much a given for us as ongoing qualification and up-skilling through further training and education. It is also important to us that the diversity of society be reflected among our employees as well, because our customers also benefit from this.

In addition to numerous other projects, we intend to further fine-tune our sustainability goals in 2020, and expand and sharpen our key performance indicators.

Finally, we would like to thank our stakeholders for their trust in us and our decisions. With this report, we invite you to engage in dialogue and collaboration. We welcome all feedback and are open to suggestions on how we can improve, together. Please contact us directly or write to us at nachhaltiger@tag-ag.com.

We wish you a stimulating and enjoyable read!

Martin Thiel

Claudia Hoyer

Dr. Harboe Vaagt

WHO WE ARE

OUR BUSINESS MODEL: AFFORDABLE HOUSING AND SERVICE WITH QUALITY

(GRI 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-10, 103-1, 103-2, 103-3, 201)

TAG Immobilien AG (hereinafter referred to as TAG) is one of the largest private residential real estate companies in Germany. Sustainable action forms the basis of our business strategy – it is the prerequisite for the secure future of our Company (see ‘Our sustainability strategy’ section).

We are listed on the German Stock Exchange’s MDAX index. Our head office is in Hamburg, with branches in the regions of Berlin, Chemnitz, Dresden, Erfurt, Gera, Hamburg, Leipzig, Rhine-Ruhr, Rostock, and Salzgitter. We acquire, develop, and let residential properties, which are mainly located in Northern and Eastern Germany. Since 2009, we have focused on the long-term maintenance of residential real-estate portfolios. At the end of the reporting year, our portfolio comprised 84,510 units (including 83,188 residential units and 1,155 commercial units located in the housing estates).

One of our goals is to provide tenants from different social groups with affordable housing (see ‘Our social responsibility’ section). It is also important to us to offer secure jobs to our employees and future generations (see ‘Empowering our employees’ section). We want to ensure attractive returns for our shareholders and an ideally low-risk return on their capital for our lenders (see ‘Our path to tomorrow’ section). In addition, we are continuously working to improve our carbon footprint (see ‘Climate and environment’ section).

Through subsidiaries we also offer our customers a range of additional residential services (see ‘Our corporate structure’ section). By doing so, we establish consistent and efficient processes and can operate more independently of third-party service providers. This leads to

planning reliability in calculating prices. We can also actively control quality and timing of execution. This creates added value for our tenants and our Company.

At the end of the reporting year we had 1,255 employees (as of 31 December 2019). More than 1,000 of them manage our properties at our locations. We are actively involved in neighbourhood work locally and help towns and municipalities contribute to the positive development of regions and districts (see ‘Liveable neighbourhoods’ section).

The majority of TAG shares are held by national and international investors with a long-term investment strategy. The largest individual shareholders as at 31 December 2019 were The Capital Group Companies, Inc., USA (12.0%), Massachusetts Financial Services Company, USA (9.9%), BlackRock, Inc., USA (5.8%), Flossbach von Storch AG, Germany (5.4%), BayernInvest Kapitalverwaltungsgesellschaft mbH, Germany (4.9%), and Versorgungsanstalt des Bundes und der Länder, Germany (4.7%).

Strategically, we laid the foundation stone for regional expansion of our Company beyond the German border in the year under review. In November 2019, TAG acquired Vantage Development S.A., headquartered in Wrocław, Poland. Within the next three to five years, our rental portfolio is to be expanded by around 8,000 to 10,000 residential units in Poland. This will allow us to expand our existing business model in line with our strategic alignment (see ‘Developing our portfolio responsibly’ section).

Our Annual Report 2019 contains further information on our portfolio strategy and key economic indicators.

➔ tag-ag.com/annual-report-2019

OUR CORPORATE STRUCTURE: COMBINATION OF CENTRALISED AND DECENTRALISED MANAGEMENT

(GRI 102-2, 102-7, 102-9, 102-10, 102-45, 103-1, 103-2, 103-3, 201)

Our corporate structure is divided into centralised and decentralised functional areas (see chart on page 7). This ensures that we can manage our portfolios efficiently and at the same time respond flexibly to the special aspects of the respective housing market.

Within the Group, TAG acts as a management holding company. The central business units are assigned to it. These include Group Accounting, Finance, Controlling, Legal and Tax, Investor and Public Relations, ERP/Data Management, IT, Human Resources, Compliance and Internal Audit.

Strategic Real Estate Management serves as the interface to our locations. These are assigned to so called 'LIM regions', which are decentrally managed by our Heads of Real Estate Management (Leiter Immobilienmanagement – 'LIMs'). Purchasing and Sales, Facility Management Services, Handyman Services, Central Purchasing and Business Development are managed centrally for all branches. All of the branches' similar processes, such as accounting, are carried out centrally at the Shared Service Centre.

In-house service providers guarantee quality standards

Our decentralised organisation makes it possible for the local LIMs to take specific characteristics and challenges of their locale into account. They report directly to the Management Board and are for the most part autonomously responsible for developing and managing their assigned real estate portfolio in their LIM area within the framework of the approved budgets. Our flat hierarchies and short decision-making paths facilitate independent action (see 'We live our values' section).

In the year under review, our locations were assigned to ten LIM regions which each handle their own customer support, rentals, investments in the portfolio (maintenance and modernisation), and receivables management. They also offer our tenants additional services and support through our subsidiaries.

Part of our corporate strategy to provide as many services as possible ourselves. This enables us to better assert product and quality standards and thus optimise service for our tenants. From our latest tenant survey we know that more than 80% of our tenants are satisfied with these additional services.

TAG comprises several service companies. TAG Immobilien Service GmbH has been our caretaker company since 2012. Around 430 caretakers, cleaners, and grounds maintenance staff ensure that the residential buildings and outdoor facilities are well maintained at all our major locations. Our caretakers also assist our customer service staff in monitoring traffic safety in and around our housing estates.

TAG Handwerkerservice GmbH handles handyman services in our residential properties in the greater Brandenburg area, Nauen, Chemnitz, Döbeln, Dresden, Leipzig, and Magdeburg. This enables us to prepare residential units for new lettings more quickly and efficiently.

A well-functioning energy supply and efficient energy management are ensured by our subsidiary Energie Wohnen Service GmbH. In this way, we also take responsibility for the environment and help to save energy and conserve resources (see 'Maintenance and modernisation as needed' and 'Climate and environment' sections).



operative divisions

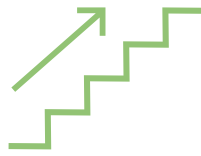
Our subsidiary Multimedia Immobilien GmbH specialises in the organisation, commercial and technical support and operational management of broadband cable networks. Long-term framework agreements with signal suppliers enable us to provide our tenants with cable TV and other multimedia services such as telephone and internet at low cost.

Through Bau-Verein zu Hamburg Hausverwaltungsgesellschaft mbH, we provide real estate services for homeowners (homeowner management), and manage rented residential portfolios on behalf of third parties

(third-party management). In this connection, we make use of existing expertise and generate added value for third parties and TAG.

In addition to the parent company and service companies, our Group is divided into further property companies, each of which is the owner of a property portfolio. Our entire portfolio is managed and administered by TAG Wohnen & Service GmbH. At 31 December 2019, the TAG Immobilien Group comprised 77 fully consolidated companies. In the reporting year, there were no material changes regarding TAG's size or structure, or its supply chain.

TAG Services		Serviced portfolio
TAG Immobilien Service GmbH	Caretaker services, cleaning, yard maintenance (since 2012)	approx. 60,000 units (Expansion to approx. 65,000–68,000 units planned in the long term – approx. 80% of the total portfolio)
TAG Handwerkerservice GmbH	Craftsman/Handyman services, including modernisation, refurbishment of empty flats (since 2015)	7 locations Greater Brandenburg a.d.H., Nauen, Chemnitz, Döbeln, Dresden, Leipzig, Magdeburg
Energie Wohnen Service GmbH	Heat supply, energy management, facility management (since 2016)	approx. 35,500 units (Expansion to approx. 70,000–75,000 units planned in the long term – approx. 90% of the total portfolio)
Multimedia Immobilien GmbH	TV supply and other multimedia services (since 2016)	approx. 59,000 units (Expansion to approx. 70,000–75,000 units planned in the long term – approx. 90% of the total portfolio)
Bau-Verein zu Hamburg Hausverwaltungsgesellschaft mbH	Homeowner management and third-party management (since 2001)	approx. 9,000 units 4 main regions: Berlin, Erfurt, Gera, Hamburg



OUR PATH TO TOMORROW

OUR SUSTAINABILITY STRATEGY

Housing is a basic need. As a large housing company, we are aware of our corporate responsibility. We are aware that our actions have an impact on society, the environment, and the economy.

The provision of affordable housing has always been our core business. In this respect, sustainability has traditionally been anchored in our entrepreneurial activities.

Since 2012, sustainability management at TAG has been directly assigned to the Management Board. In the year under review, the Management Board and Supervisory Board regularly discussed sustainability-related topics.

TAG defines sustainable business development as a holistic system that facilitates positive synergies. Our sustainability strategy therefore takes into consideration current developments such as demographic change, the climate change, and technological progress (see 'Developing our portfolio responsibly' section). We also consider the economic, ecological, and social repercussions of our business activities across the entire value chain.

In practice, however, external factors also lead to conflicts in achieving our sustainability targets. We will keep meeting these challenges in the future. One of the greatest challenges at present is affordable housing that is nonetheless climate-friendly. To ensure its availability, we will continue to develop our portfolios with a sense of proportion. We believe that housing should be affordable for every one of our tenants. By practicing efficient modernisation, we make an effective contribution to climate protection on the one hand, while not exceeding our tenants' budgets on the other.

OUR MATERIAL TOPICS

(GRI 102-15, 102-44, 102-46, 102-47, 102-48, 102-49)

In the reporting year, we reviewed and updated the topics that had been deemed essential for our Company, supplementing some of them, and adding new ones as needed. All topics are now even more stringently categorised according to specific action areas.

Their presentation in the materiality matrix (see page 10) was also revised. The horizontal axis indicates the extent to which TAG's actions have an impact on various economic, environmental, and social topics. Conversely, the size of the topics symbolises their impact on TAG and its business success. As before, the vertical axis sums up the significance of the individual topics for the various stakeholder groups. The rating is based on the assessments we have been able to obtain through our ongoing interaction with our stakeholders.

The revised presentation and the updated rating result in a changed weighting for some topics.

A) Economic stability is the basis for sustainability

Our focus in sustainability management is to safeguard TAG's future viability and competitiveness by working efficiently. By doing this, we create the basis for implementing all other topics.

The successful management and letting of residential property creates the basis for our Company's existence on the market. Our core business is geared towards long-term economic success, solid growth, and stability. This economic stability creates the conditions for our ecological and social commitment and efforts. By the same token, our ecological measures and social commitment are indispensable for our business success.

We will increasingly consider ecological aspects across all areas of the Company. Our tenants' and employees' expectations and concerns are also to be integrated to a greater extent. We will continue to take regional and local particularities into account in our actions.

B) Integrity, fair business conduct, and compliance

Corporate governance forms the regulatory framework for our entrepreneurial activities. Fairness and responsible conduct are essential for us (see 'Compliance and integrity' section). We expect it from our business partners and other market players as well.

We believe ethically and morally correct corporate action goes far beyond individual topics, such as preventing and combating corruption. The Management Board has implemented a compliance programme that steers our corporate culture accordingly. Mutual respect, team spirit, openness, and professionalism characterise the way we interact in everyday work.

MATERIALITY MATRIX



- A) Economic stability
- B) Integrity, fair business conduct, and compliance
- C) Marketable portfolio development for broad sections of the population including reasonable rents
- D) Liveable neighbourhoods
- E) Customer focus and service quality
- F) Company culture of appreciation, transparency, and participation
- G) Employee qualification and training
- H) Work-life balance, family-friendliness, and diversity
- I) Optimising energy efficiency and emissions
- J) Sustainable resource management
- K) Dialogue with tenants, local authorities, and other stakeholders
- L) Supply chain

C) Marketable portfolio development for broad sections of the population

We work together with regional crafts and trade businesses to develop our real estate portfolio in line with market conditions. Ecological requirements and effects play an important role here (see ‘Maintenance and modernisation as needed’ section). In all modernisations, we also consider our tenants’ needs and financial situation.

With this focus, we pursue the goal of maintaining and increasing the value of our properties. We also want to increase our tenants’ satisfaction by providing attractive housing at reasonable prices. We protect their health by observing ecological guidelines and complying with all technical standards. We strive for low fluctuation and good lettable. The current vacancy rate of 4.5% in our residential units at the end of 2019 confirms our tenants’ approval.

D) Liveable neighbourhoods

For us, living means more than just the time our tenants spend in their homes. That is why we take various measures to help create neighbourhoods worth living in (see 'Liveable neighbourhoods' section).

We increase the quality of life in the immediate neighbourhood by providing well-kept green spaces, trees, seating, and playgrounds. We pay attention to a balanced tenant structure to facilitate a harmonious coexistence.

We support neighbourhood initiatives at all our major locations and in connected neighbourhoods and initiate social projects with partners for all target groups. To live up to our social responsibility for our regions, we provide financial support for kindergartens, schools, and sports clubs.

District development can only be successful if different local stakeholders work together. We often take the initiative, because an attractive residential environment also ensures low tenant fluctuation and low vacancy.

E) Customer focus and service quality

Tenant satisfaction and closeness to tenants are basic principles of our actions (see 'Satisfied tenants' section). To ensure that we live up to these principles, we work continuously to improve our service quality.

We manage all our portfolios from the regional offices. All decisions regarding letting and management are made locally. Each tenant has an individual account manager who can be contacted personally, by phone, or email. Contact persons are available to our tenants at 67 regional tenant offices.

Our aim is for our tenants and prospective tenants to reach us easily and find information quickly and conveniently. We have compiled all relevant information on the website of our residential brand. We also use tenant magazines and brochures to communicate information.

In future, digital communications will play a more important role in contact with our tenants. For example, a tenant app will be provided for this purpose. At the same time, we want to maintain personal contact with our customers. We know from our 2018 tenant survey that this is important to our tenants.

To gauge our tenants' satisfaction and learn more about their wishes, we conduct a portfolio-wide tenant survey approximately every three years. As part of our service monitoring, we also regularly give our tenants the opportunity to rate the service quality of our external service providers. We participate in studies to expand our knowledge of housing markets and regional particularities.

We want to offer our tenants fast service and high quality. That is why it is a TAG principle to have as many services as possible in-house. Our range of services includes caretaker and handyman services, multimedia services, and energy management.

F) Company culture of appreciation, transparency, and participation

At TAG, each employee works independently – but not alone (see 'We live our values' section). Everyone knows our Company's objective and together, we work to achieve it. At TAG, every activity is valued and contributes to the Company's success. We encourage our employees to take personal responsibility and support everyone to actively contribute their efforts and ideas. Employee co-determination is possible by getting involved in the works

council, or the Supervisory Board, which includes two employee representatives (see 'Our corporate governance principles' section). We also involve employees in the Company's further development through workshops and participation in projects. Our collaboration is characterised by respectful, transparent interaction in accordance with rules and regulations.

G) Employee qualification and training

TAG attaches great importance to the further development of its employees' skills (see 'Ready for the future with a qualified team' section). Ultimately, it is not only our employees and tenants who benefit from training and development, but the entire Company.

Our employees' expertise, experience, inventiveness, commitment, and loyalty are the essential basis for our success. We therefore encourage our employees in accordance with their potential. Expanding their professional, social, or methodology skills also contributes to their personal development.

H) Work-life balance, family-friendliness, and diversity

If our employees are satisfied, they will want to stay with our Company. Employee satisfaction breeds employee loyalty. One of the prerequisites for this is a healthy work-life balance (see 'Responsibility and trust for our employees' section).

TAG offers a wide range of options for reconciling working, private and family life: Our model of trust-based working hours gives employees the opportunity to design the work-life balance that is best for them. We also offer flexible working hours, part-time work, and WFH (work from home).

To promote the health of our employees and maintain their capacity to work, we motivate our employees to engage in sports activities and to practice preventive health.

The diversity of our employees is a source of suggestions and ideas for our further development. We therefore actively promote the exchange of ideas between colleagues with different tasks, and from different generations and backgrounds (see 'Prevention of corruption and political influence-mongering' section). We also pay attention to diversity in the recruitment process. This benefits our tenants as well.

I) Optimising energy efficiency and emissions

By improving energy efficiency and reducing emissions, we are making a contribution to protecting the environment (see 'Maintenance and modernisation as needed' and 'Climate and environment' sections). Our measures focus on areas of the building shell that we can influence, and on generating heating energy. We always strive to achieve the best possible cost-benefit ratio. This is because ecological measures have economic consequences for our tenants. As of 31 December 2019, our subsidiary Energie Wohnen Service GmbH supplied 42% of our tenants with energy (31 December 2018: 39%).

J) Sustainable resource management

Sustainable resource management has a positive effect on the environment and economic benefits for TAG and our tenants (see 'Climate and environment' section).

That is why the responsible treatment of natural resources is anchored in our Company along the entire value chain. Business processes are always evaluated from the point of view of resource conservation and are adjusted if necessary.

SUSTAINABILITY MANAGEMENT AND DIALOGUE WITH STAKEHOLDERS

CENTRAL COORDINATION OF SUSTAINABILITY TOPICS

(GRI 102-18, 102-29)

K) Dialogue with tenants, local authorities, and other stakeholders

Communication is the basis for every form of cooperation. It is also the prerequisite for understanding our stakeholders' requirements (see 'Satisfied tenants' section).

Intensive and transparent exchange with each other is therefore anchored in all corporate divisions and processes. To this end, we use modern communications formats tailored to our needs.

L) Supply chain

(GRI 204-1)

In our supply chain, our focus is on a long-term, trusting partnership. In addition, compliance with quality, social, and environmental standards is important to us in all areas of the Company (see 'Supply chain and materials' section). When awarding contracts, we ensure a balanced mix of local and national companies and prefer to work with regional service providers, wholesalers, and manufacturers.

We regularly review our procurement practices to ensure even more efficient and environmentally friendly resource management. We also continuously monitor our contracts with partners along the entire supply chain and successively add further sustainability criteria to them.

Sustainability topics are handled and coordinated by the centrally controlled Strategic Real Estate Management department, which reports directly to the Chief Operating Officer.

For all of TAG's operating divisions, Strategic Real Estate Management is the contact for matters of sustainability. The development of sustainability management is driven by regular exchanges with the specialist departments and the compilation of segment and department reports. Strategic Real Estate Management raises all employees' awareness of corporate responsibility and the urgency of taking action related to this.

Sustainability criteria are taken into account in individual areas of responsibility and specialist departments depending on their relevance. Overarching coordination takes place at the senior management level. Employees are then involved and put the measures into action. Sustainability topics are also regularly addressed in company-wide employee information.

If existing rules are changed by the legislator, we promptly update their implementation in our operations. At present, the Strategic Real Estate Management department and the Legal department summarise existing regulations into overarching guidelines according to action areas. This makes our sustainability programme more transparent and allows us better monitor and manage it.

OUR SUSTAINABILITY TARGETS

By practicing sustainability management, we want to do our part for sustainable business, a society worth living in, and environmental protection.

Our economic goal is to secure our future viability. To this end, we want to maintain and, if possible, increase the value of our properties. Our aim in this is to ensure a positive earnings trend for our stakeholders.

Our social goals include further increasing the satisfaction of our tenants and employees. In this way, we seek to increase loyalty among both groups. Another focus is on continuing our community involvement and improving the quality of life in our residential neighbourhoods.

In matters of ecology, our goal is to consume fewer resources, optimise the use of resources, and increase our energy efficiency. We contribute to the reduction of CO₂ emissions with environmentally friendly portfolio management (see 'Climate and environment' section).

To achieve these goals, Strategic Real Estate Management has drawn up a plan with targets and measures for each action area. The relevant business figures and quality indicators are evaluated monthly at senior management level. Team leaders and employees are then involved based on this.

ONGOING EXCHANGE WITH STAKEHOLDERS

(GRI 102-21, 102-40, 102-42, 102-43, 102-44)

We want to continuously develop our sustainability strategy. To do this, we need to know our internal and external stakeholders' needs and expectations. This is why TAG seeks an ongoing exchange with its stakeholders and involves them wherever possible. Particularly relevant stakeholder groups are selected on the basis of their closeness to TAG's core business. The following stakeholder groups are particularly relevant in this connection:

Our tenants

Our tenants are our most important stakeholder group, as their wishes have a direct influence on our economic success. We offer our customers many ways to reach us. At our locations, account managers are available as personal contacts at 67 tenant offices. All tenants can also contact us by letter, phone, email or by using the online form on our residential brand website. We also attend district conferences and roundtable discussions on the subject of housing to exchange ideas on topics that are relevant for our tenants.

We provide our tenants with useful information on the subject of housing on our residential brand website, in our tenant publication, and in various brochures. We send out tenant letters to announce construction and renovation measures, for example.

Soon our new tenant app will give interested customers a mobile application for handling their concerns about rental contracts, renovations, or repairs and other housing-related questions. Feedback on customer service will also be possible with this app.

For several years we have been offering housing counselling at our main locations. The focus here is on the topics of housing for senior citizens and serviced living. This service was once again used frequently in the year under review. At our main locations, our tenants can also take advantage of our social counselling services. New and existing tenants also have the opportunity to inspect show flats (see 'Our social responsibility' section).

Approximately every three years we survey our tenants on their satisfaction and wishes regarding all aspects of housing. The next tenant survey is scheduled to be held in 2021. We implement specific measures based on the results.

Our employees

Our employees' efforts and dedication ensure attractive residential property portfolios and satisfied tenants. In return, they expect good working conditions, fair interaction, and opportunities for participation and personal development. An ongoing exchange with our employees is therefore an integral part of our corporate culture (see 'We live our values' section).

We use various communications channels to inform our employees. We make information available on the intranet, the social intranet and at our internet terminals. We also use email mailing lists, brochures, and flyers, and our project groups offer opportunities for exchange across locations, departments, and hierarchy levels.

At our locations and within the teams, we encourage our employees to actively raise questions and concerns. We obtain feedback from our employees by means of the annual employee appraisals and employee surveys. Team events, idea workshops, and joint celebrations or sports competitions provide additional opportunities for dialogue.

The regional and Group works councils meet at regular intervals to discuss current topics at our locations and/or in the Group. Business-relevant information is discussed with managers and the Management Board, thereby rendering it transparent.

Our suppliers

We work closely with suppliers and service providers in the management, maintenance, and modernisation of our portfolios. Like us, they expect fair and reliable business practices from us.

We usually maintain long-term relationships with our craftsmen, commercial and other partners. Mutual exchange is important. Their direct communication with TAG contacts takes place in person on site, by phone, or by email.

Suppliers can access information and contact details on our web pages. We also use information letters and invitations to tender. In addition, we operate a digital craftsman portal for paperless order and invoice processing. We regularly inspect the work done by our service providers and give the supplier prompt feedback.

Shareholders, banks, and investors

Our shareholders invest their capital in our entrepreneurial activities and trust in our business model. External financing, for example from our partner banks and bond investors, also influences our success.

We are in regular contact with shareholders, banks, other investors, and analysts because transparent communication is important for both sides. We continuously publish corporate information, quarterly financial reports, and press releases on our website. We also keep these stakeholders informed at international conferences, roadshows, the Annual General Meeting, and our Bank and Capital Market Days.

Local neighbourhood initiatives

Our neighbourhood management (see 'Liveable neighbourhoods' Section) is designed to help build socially balanced and liveable neighbourhoods. We therefore support local initiatives and interest-based groups as well as associations and social institutions at our locations.

As part of tenant support and neighbourhood management, we are directly on site, in person. We are open to suggestions and ideas and will implement them if they fit with our business strategy.

Information and the details of contact persons are also provided on the website of our residential brand. We also use press releases to inform about developments in the company.

Local politics and associations

As one of Germany's largest private housing companies, we are also in the focus of the local politics, associations, and urban development communities, who actively involve us in matters pertaining to the real estate industry.

As part of our neighbourhood management we are directly on site for all matters. When taking over properties in a new community, we will often visit the local administration in person to introduce ourselves and our business model. We invite local politicians to special events in our neighbourhoods (see 'Liveable neighbourhoods' section). At our main locations, we give politicians the opportunity to visit our neighbourhoods. We use these on-site appointments to share our views on housing policy topics. We also are an active participant in district conferences and round table discussions on housing.

Other stakeholders

Because the activities of other housing companies have an indirect influence on our business activities, we continuously monitor the market and our competitors. This is the only way to ensure that we can respond promptly and appropriately to any investment opportunities or changes in the market.

We are in frequent contact with these stakeholders as part of neighbourhood projects. Dialogue also takes place in discussion groups at Management Board level and specialist discussions at department head level. We regularly exchange views with colleagues from other companies on current housing topics. This enables us to learn from each other, get ideas for projects, and work together more efficiently on neighbourhood projects.

USING DIGITAL OPPORTUNITIES FOR IMPROVEMENT

Our 'Mission '21' project is part of our digitalisation strategy. It involves our employees working in a total of ten teams to develop innovative approaches for optimising processes. Every employee can contribute their own ideas. The first few suggestions have already been implemented.



Henrik Kreime and his companions know exactly what their goal is. "We want to process and answer our tenants' questions and concerns faster," says the head of Real Estate Management at the Hamburg office. This is to be achieved with a new ticket system. This and other ways of improving tenant service are the focus of the Tenant App and Ticket System sub-project, lead-managed by Kreime. It is one of ten parts of our 'Mission '21' employee project, which we launched in the year under review as part of our digitalisation strategy.

Together, we want to create the conditions for more efficient work by 2021. Our goal is to make even better use of digital possibilities to optimise processes, facilitate our work, and offer our tenants even better services.

Since March 2019, a total of 80 employees from all locations have been considering how this can be implemented and accelerated in practice. They were selected from more than 100 applicants. Innovative approaches are being sought in ten teams consisting of career starters as well as experienced co-workers, employees from various departments, and people of all genders and backgrounds. Various stakeholders benefit from the results: our tenants, service providers, partners, and of course our employees.

» The project offers a way to think about solutions without immediately considering limits and constraints. «

Dirk Förster-Wehle, Head of 'Purchasing and Ordering' sub-project

The sub-projects cover all areas of the Company, from tenant and service provider

support to personnel management and optimisation in purchasing and accounting. By using agile working methods, the first optimisation concepts were quickly able to be created. A number of process simplifications have already been implemented and integrated into our ERP system.

For example, the team pursuing the 'Personnel' sub-project has developed explanatory videos for new employees. Among other things, these videos show work processes in the ERP system and make it easier to understand them. Sandra Wegner, head of the Personnel sub-project appreciates the interdisciplinary exchange with colleagues in 'Mission '21'. "This gives us all the opportunity to get to know our TAG from completely new perspectives. Even if you know your area of expertise well, it is very instructive to let colleagues from other departments think the idea through. A new perspective is enriching for all sides."

Dirk Förster-Wehle, head of the 'Purchasing and Ordering' project team, also sees a lot of potential in 'Mission '21': "The project offers a way to think about solutions without immediately considering limits and constraints," says the head of the Central Purchasing department and our subsidiary TAG Handwerkerservice GmbH (craftsman services). "It's fun to understand the status quo and constructively brainstorm about the target situation." He and his team are jointly scouting for ideas on how to improve the Craftsman portal, so that it is even easier to use for employees and service providers in future. The first optimisations have already been implemented in the form of special templates, and adjustments to the order creation process.

Apart from this, all employees are welcome to submit suggestions for improvements via our ideas portal on the intranet. This gives everyone the opportunity to actively participate in the further development of our Company.

COMPLIANCE AND INTEGRITY

OUR CORPORATE GOVERNANCE PRINCIPLES

(GRI 102-12)

The Supervisory Board and Management Board of TAG see corporate governance as an essential prerequisite for sustainable business success: responsible corporate governance strengthens our stakeholders' confidence in TAG's management and supervisory bodies.

TAG's entrepreneurial activities are always based on the premise of safeguarding the interests of our stakeholders, providing transparent reasons for decisions, and appropriately managing risks.

The German Corporate Governance Code (DCGK) of the Federal Ministry of Justice and Consumer Protection contains recommendations and suggestions on corporate governance for listed companies. TAG's Management Board and Supervisory Board committed themselves to complying with these requirements as long ago as 2002. Once a year, they issue an Declaration of Conformity, which is available on the TAG website. We also make the working methods of the Supervisory and Management Boards and the equal participation of men and women in leadership positions transparent on our website.

↳ tag-ag.com/declaration-of-conformity

↳ tag-ag.com/declaration-of-corporate-management

Compliance as an instrument of corporate governance

(GRI 102-16)

We regard compliance as a fundamental corporate duty that serves to ensure good corporate governance. We understand the term 'compliance' to mean the adherence to all processes and regulations that relate to our Company. This includes voluntary commitments as well as internal guidelines and organisational measures. We also adhere to social rules as well as moral and ethical values.

It goes without saying that we comply with the observance of human rights and all the laws of the Federal Republic of Germany. We expect every employee to observe the relevant legal regulations and internal guidelines. Our Business Principles summarise the legal requirements.

Our Business Partner Code is designed to ensure that our business partners also conduct themselves in accordance with the rules and in an ethically impeccable manner. A proven violation of this code will be sanctioned and, depending on its severity, may lead to an immediate termination of the business relationship. No such situation arose in the year under review.

Our management and supervisory bodies

(GRI 102-18, 102-22, 102-24, 102-25, EPRA GOV-BOARD, GOV-SELEC, GOV-COL)

TAG's business is managed by a three-member Management Board. The Management Board members are appointed by the Supervisory Board. Their term of office is five years.

Claudia Hoyer has been Chief Operations Officer (COO) on the Management Board since 1 July 2012. An economics and real estate economics graduate, she is responsible for the Real Estate Management, Acquisition and Sales, Strategic Real Estate Management/Marketing, Shared Service Centres, Facility Management Services, Craftsman Services, Central Purchasing, Change Management, Business Apartments, Energy Residential Services, Multimedia Real Estate, Business Development, Digitalisation, and Environmental Social Governance (ESG) departments.

Martin Thiel has served as Chief Financial Officer (CFO) since 1 April 2014. The business economist is responsible for Group Accounting, Finance and Treasury, Taxes, Controlling, Investor and Public Relations, as well as ERP/Data Management.

Dr Harboe Vaagt was appointed to the Management Board on 1 April 2011 as Chief Legal Officer (CLO). With a Ph.D. in Law he is responsible for Human Resources, Legal Affairs and Data Protection, Rent Collection involving the courts, IT, Compliance, Internal Audit, and Homeowner Association/Third-party Management.

The responsibilities of the Management Board are regulated in detail in the rules of procedure and the business distribution plan.

The Management Board is advised and supervised by the Supervisory Board. The Management Board reports to Supervisory Board meetings at least four times a year. The Supervisory Board is informed about business developments on a monthly basis. The Management Board involves the Supervisory Board in decisions of fundamental importance to the Company.

The rules governing the composition of the Supervisory Board and its term of office are set out in TAG's Articles of Association (Chapter IV Sections 7 et seqq.). Four members of the six-member Supervisory Board are elected by the shareholders, two members by the employees. The Supervisory Board forms an Audit Committee and a Personnel Committee, each with three members. The Supervisory Board conducts regular efficiency reviews, for which the members are surveyed in writing. The results are jointly discussed and evaluated in a subsequent meeting and, if necessary, implemented in the form of updated regulations.

The processes and rules prescribed by law apply to the Management and Supervisory Board, including when dealing with conflicts of interest. They are defined in the respective business regulations. In their annual Declaration of Conformity with the German Corporate Governance Codex (DCGK), the Management and Supervisory Board additionally undertake to comply with the recommendations it contains on dealing with conflicts of interest. In the event of possible or existing conflicts of interest at Management Board level, these must be disclosed to the Supervisory Board. The Supervisory Board reports on this at the Annual General Meeting. The Management and Supervisory Board also comment on the existence of any conflicts of interest in the respective past financial year in the annual Corporate Governance Report (see Annual Report 2019, p. 14. et seq.).

Group-wide risk management

(GRI 102-11, 102-15)

The Management Board uses a central risk management system designed to ensure the identification, measurement, control and monitoring of all material risks Group-wide. The system is continuously developed in consultation with the Supervisory Board.

TAG's Management Board comments in detail on all material risks to the Company in its annual Risk Report (see Annual Report 2019, p. 63 et seq.). In the year under review, the Management Board is not aware of any risks that could threaten the existence of TAG.

OUR COMPLIANCE 'TRAFFIC LIGHT': PREVENTION, IDENTIFICATION, RESPONSE

(GRI 205, 418, 419-1)

Compliance Management System and Business Principles

Our compliance programme ensures compliance with legal requirements and internal Group regulations. It is based on our Business Principles. Among other things, they contain general rules on business relationships, non-competition clauses, conflicts of interest, and data protection (privacy). The responsibility for this area lies with the Compliance Officer, who reports to the Management Board.

Our Compliance Management System consists of three key components: prevention, identification, and response. Prevention includes compliance training for our employees, which is conducted regularly and as required several times a year.

The Compliance department which reports to the Board is responsible for various control mechanisms and risk management. These instruments are used to identify and manage potential compliance risks. The Compliance unit forms part of TAG's internal control system.

The Business Principles, IT Policy, and Privacy Statement are distributed to all new employees. Every TAG employee is responsible for behaving accordingly. Violations will not be tolerated.

Regular training is given on relevant compliance topics, with an emphasis on departments that are prone to risk.

Special topics are introduced, new developments presented, and the basics refreshed. In the year under review, for example, the focus was on data protection, as well as tax topics.

Employees have a way to report legal violations anonymously by mail or via a form on the intranet. The Compliance department, which reports to the Board, documents all reports and inquiries. Violations that come to the department's attention are recorded and checked. Depending on the type of incident, case-specific measures are taken. These can include disciplinary or employment law consequences, claims for damages, and criminal reports. We adjust our preventive measures as needed.

There were no breaches of compliance regulations at TAG in the reporting year 2019.

Policy management and control mechanisms

Guidelines define principles, framework conditions and objectives for the proper practice of standardised processes within our Company. Important guidelines for TAG include the Subscription and Competency Directive as well as various internal guidelines. These are set out in our Business Principles and apply to all corporate groups. They include guidelines on IT security, tax compliance, data protection, promoting diversity, and preventing discrimination, avoiding and preventing corruption, obligations in connection with capital market laws, and donations.

The dual-control principle applies to all contracts and other documents in connection with TAG's financial liabilities or other obligations.

In 2019, we continued to work on improving our internal data protection regulations, with a focus on a Company-wide exchange of experience regarding the implementation and feasibility of the regulations, and their documentation. Based on these findings, we updated our guidelines and operating procedures in the beginning of 2020. In the reporting year, there were no justified complaints regarding the applicable data protection regulations.

PREVENTION OF CORRUPTION AND POLITICAL INFLUENCE-MONGERING

(GRI 205, 415-1)

The prevention of corruption is as important for our long-term business success as it is for our stakeholders. Compliance with the rules is laid down in the Business Principles for all TAG employees. Beyond this, an anti-discrimination guideline and an anti-corruption guideline were adopted in the beginning of 2020 to further focus our positioning on these topics. We provide our employees with regular information on anti-corruption guidelines and procedures and offer training on specific topics and circumstances whenever there are new developments. Our 'WE' Culture project (see 'Achieving more as team' section) is another way in which our Business Principles are brought into the Company. We attach great importance to respectful social interaction and take a clear position against discrimination, bullying, and corruption.

Violations of our Business Principles, guidelines, or laws will not be tolerated. In the event of misconduct, the supervisor and Compliance Officer must be informed immediately. This can also be done anonymously. In this way, a timely response can be made and damage to TAG averted.

TAG conducts ongoing checks for corruption risks. To this end, various processes have been implemented, including and especially reporting obligations and automated checks. We have installed multi-stage approval and control processes for purchases and sales in particular. In addition, the Internal Audit team regularly reviews our departments and specialist units for corruption risks.

The dual-control principle has proven its worth as a control instrument in the prevention of corruption as elsewhere. In the year under review, there were no confirmed cases of corruption at TAG and no legal proceedings were instituted on account of anti-competitive behaviour. No donations are ever made to political parties.



DEVELOPING OUR PORTFOLIO RESPONSIBLY

Our residential portfolio forms the basis of our business activities and is therefore our most important asset. The sustainable management and development of our portfolio is an essential component of our business activities. This includes the responsible use of natural resources, and protecting the environment.

The use of buildings leads to greenhouse gas emissions. More than a third (35%) of the total energy consumed in Germany is used for heating, hot water, lighting, and cooling in buildings. Residential buildings account for the majority of this.

By the end of 2050, the primary energy requirements of buildings as a whole is to be reduced by 80%.¹ The German government's Climate Action Plan provides for emissions to be reduced by 40% by as early as 2030.

Besides climate-friendly new construction, the decisive factor for achieving these climate protection goals is primarily the energy-related renovation of existing buildings, as this area offers great potential for saving energy.

However, as modernisation is associated with costs, a conflict of objectives arises. Solutions are therefore needed to ensure that rents remain affordable long-term. Otherwise, there is a risk that climate protection in existing buildings will lose acceptance among broad sections of the population – which decreases building owners' options for carrying out energy-related modernisations.²

Digitalisation offers another way to save energy. Smart home solutions in buildings can, for example, link home technology and household appliances into a network, which makes it possible to optimise energy consumption. So far, only one in five households (20.1%) uses these technical processes. By 2024, it is expected that more than one in three households (36.6%) will use smart home applications.³

Flexible mobility concepts in neighbourhoods also create ways to protect the environment. With 162 million tons of CO₂ equivalents in 2018, transport was the third largest source of greenhouse gas emissions in Germany (share: 19%).⁴ Preliminary calculations for 2019 do not hold out much promise for a positive development here. Mobility solutions such as car sharing and electric-drive shuttle buses can reduce air pollution. In addition to better air quality, modern mobility concepts also promise a better quality of life: demographic change is leading to an increasing proportion of older people, and this way, people who are no longer able to walk well or drive will be able to keep actively participating in society.^{6,7}

Climate protection, the energy transition, demographic change, and the transformation to digitalisation are tasks for society as a whole that have strong interrelationship with our entrepreneurial actions.

OUR APPROACH TO RESPONSIBLE PORTFOLIO DEVELOPMENT

(GRI 103-1, 103-2, 103-3, 203)

Our core competency in active real estate management is decisive for our long-term success. We seek to preserve our property assets, systematically develop them, and reduce vacancy.

With this in mind, the efficient use of resources in our portfolios and offices is an important concern to us for environmental as well as economic reasons – which is why we take responsibility for the environment and actively contribute to climate protection as we develop our inventory in line with the market.

Long-term economic growth is only possible if resources are conserved. So, when optimising our portfolio, our long-term objective is to achieve a nearly climate-neutral inventory of properties. We achieve this through efficient management, reducing emissions, and increasing the energy efficiency of our buildings. We pay attention to a good environmental footprint across our entire value chain. Along the entire supply chain, we pay attention to fair management and social and environmental standards. In working with suppliers, we place a priority on transparency and regular dialogue.

Key components of our sustainable, environmental corporate governance are optimising energy efficiency, reducing emissions, and sustainable resource management.

With this in mind, we founded the subsidiary Energie Wohnen Service GmbH in 2016 (see section on ‘Group structure’). By handling energy management in-house, we create further opportunities for energy-saving measures and a more efficient use of resources.

1 Deutsche Energie-Agentur – Energieeffizienz Gebäude

2 energietage.de – Wohngebäude: Klimaziele sozialverträglich erreichen

3 statista.com – Smart Home

4 bmu.de – Klimaschutz in Zahlen

5 bmu.de – Treibhausgasemissionen 2019

6 zukunft-mobilitaet.net – Klimaschutz im Verkehr

7 stiftung-mercator.de – Neue Mobilität für die Stadt der Zukunft

Reducing the energy consumption of our residential properties is a key component of our measures to protect the environment. We make an active contribution to reducing energy consumption and thus CO₂ emissions by carrying out an annual refurbishment programme. This includes, among other things, thermal insulation measures and the renewal of our heating systems. We also regularly check whether other energy-saving measures can be implemented. This also increases the attractiveness of our housing portfolio.

We only have very limited influence on our tenants' individual electricity and water consumption. Nevertheless, we take targeted measures to promote responsible, economical consumption. For example, we install motion detectors, and use energy-saving lamps and water-saving sanitary fixtures. We also keep our tenants informed about ways to save resources, on the website of our housing brand and in brochures. Our staff in our on-site tenant offices also offer consultancy to this effect.

TAG's Management Board bears the basic responsibility for environment-related matters within the Group. The respective specialist and regional departments are responsible for their operational implementation. In future, all the individual measures carried out, e.g. at office locations and in energy management, are to be recorded and managed centrally. The legally required energy audit in accordance with DIN EN 16247-1 will be carried out in 2020/2021. We set down our Principles and Guidelines for Environmental Protection in writing at the beginning of 2020. The regulations were already part of our business strategy and operational practice in the year under review.

The COO and the relevant LIMs and department heads are responsible for real estate management, acquisition, and sales. Our customer-focused tenant and letting service, like the administration and management of our portfolios, is organised on a regional basis and carried out locally.

Energy management is part of our Group Strategy and one of the focal points of our environmental policy. Energy management is handled by our subsidiary Energie Wohnen Service GmbH, which acts as an internal service provider (see 'Group structure' section). All measures are planned and implemented in coordination with the LIM regions.

Our supplier relationships and the entire procurement management process across the Group are controlled by the Central Purchasing department. Specific individual orders are then placed by the LIM regions.

Our requirements for ethically and legally impeccable conduct are part of our Business Principles. Every external supplier must agree to our Business Partner Code (see 'Compliance and integrity' section). Employees are instructed to immediately report any violations to their supervisor or compliance officer. This can also be done anonymously using the digital whistleblowing form.

TARGET IMPLEMENTATION

(GRI 103-1, 103-2)

In the year under review, TAG invested EUR 99.8 m in its portfolio (2018: EUR 92.4 m). This not only preserved our inventory and ensured its long-term lettability but also advanced demand-driven development. We spent EUR 66.5 m on modernisation measures (2018: EUR 58.1 m), always keeping an eye on our sustainability criteria. In 2020, we aim to carry out a similar level of modernisation measures.

To ensure transparency and rule-compliant conduct in our business relationships, we drew up a Business Partner Code in 2018.

In the reporting year, we reviewed more than 95% of all existing supplier contracts and framework agreements accordingly. This review is an ongoing process as part of our risk management. In addition, we are working on contract amendments to ensure that products used by suppliers from production areas outside the European Union comply with human rights regulations.

EUR 99.8 m
invested in the portfolio

At this time, we are focusing on signing framework contracts with further partners in the area of maintenance, so as to further expand our resource-saving ordering and invoicing process. About 60% of supplier orders in the area of small-scale maintenance and vacant flat renovation are currently processed paperlessly in this way. Our goal is to further increase this to around 80% by the end of 2022. We are also endeavouring to connect further craftsmen and suppliers to the craftsman interface, an online gateway to our in-house ERP system.

We have digitalised further sub-processes and have come closer to our goal of paperless communication. In future, we want to further expand paperless work and communication processes. Resources have also been saved in the areas of caretaker services and waste management. This has been achieved through efficient and responsible use of materials, recycling and waste reduction. We intend to continue these measures.

Our Group in-house energy management has numerous benefits. Among other things, we can better control the supply and optimally exploit synergy effects in modernisation measures. In this way we actively contribute to cuts in CO₂.

Energie Wohnen Service GmbH will eventually handle the energy management and supply of about 90% of our entire portfolio. The subsidiary currently supplies 42% of our portfolio with heating. We also intend to further optimise our fuel purchasing and energy management. We are currently running pilots to test solutions for the remote monitoring of heating systems. This technology is hoped to contribute to a more efficient operation of the systems in future and enable any necessary measures to be taken more swiftly. In the years ahead, we want to be able to control the majority of our heating systems via remote monitoring.

We will continue the successive renewal of our heating systems by Energie Wohnen Service GmbH as well. This will enable us to achieve significant efficiency improvements, which in turn will lead to savings in energy, emissions, and costs. Around 100 to 120 heating systems are renewed or refurbished every year. Our aim is to modernise the majority of our systems in the next few years.

We also intend to further optimise our employees' business travel and our vehicle use. In addition, we support our employees in reducing commuting emissions (see 'In-house measures work and are being optimised' section). Company bicycles can be used at some locations. The TAG caretaker service has started adding electric vehicles to its vehicle fleet.

Target evaluation

(GRI 103-3)

The operational key indicators of our locations' portfolios developed positively in the year under review. We had a high occupancy rate in our portfolios and were able to reduce vacancy in the apartments to 4.5%. Tenant fluctuation was low, and we recorded no major deficiencies in portfolio checks and functional tests. The financial and other performance indicators also developed positively.

These indicators are part of the monthly or quarterly reporting to the Management Board. In addition, we constantly monitor the market and analyse our portfolio structure.

Supplier or framework agreements are continuously reviewed for any necessary additions of sustainability criteria, and amended if necessary. We evaluate the status of the contracts once a quarter. If legal requirements are changed, or if we have negative experiences with suppliers, we review our service specifications, conditions for supply, and framework agreements and make additions and specifications as needed.

We regularly review our energy efficiency and emission reduction targets based on the trend in consumption.

Additionally, specific individual topics are also evaluated as part of monthly and quarterly reporting. This exchange takes place at regional and national level. We also take into account any feedback from tenants, business partners, and local protagonists.

MAINTENANCE AND MODERNISATION AS NEEDED

(GRI 103-1, 103-2, 103-3, 201, 203-1, 203-2)

We continuously invest in our portfolios. In doing so, we take into account regional market requirements. In this way, we ensure the long-term lettability of our properties. In addition, we modernise vacant residential units in line with demand. In this way, we expand the market with new apartments that suit different target groups.

FOR A VIABLE PORTFOLIO

We regularly carry out maintenance and modernisation measures at all our locations. In this way we preserve and increase the value of our properties; these continuous investments enable us to manage our portfolio in a resource-conserving way. We also adapt our properties to the requirements of our tenants and the market in this way.

In our measures, we pay special attention to using environmentally friendly, durable products and materials, thus ensuring the long-term functionality of our inventory's buildings and facilities. Indirectly, this also contributes to resource conservation. We also pay attention to the reusability or recyclability of materials.

We also improve the energy efficiency of apartments and buildings with a wide range of measures as part of our modernisation efforts (see 'Climate and environment' section).

We equip our apartments with modern multimedia connections and a wide range of TV services. In the year under review, around 70% of our households were supplied by our subsidiary Multimedia Immobilien GmbH, founded in 2016. Another pillar of our future-oriented portfolio development is investment in smart home technology (see also the 'Satisfied tenants' section). Following the success of our pilot project in Cologne, we implemented further smart home measures in Döbeln this year. At our 'Straße der Jugend' location, we equipped 30 flats with electronic heating and door-lock controls. We also installed additional smart systems for lighting control and air humidification sensors. In the year under review, we began letting these modernised apartments.

We regularly survey our tenants on whether they are interested in smart home solutions, and also offer them the opportunity to get to know the technology at various locations. This makes the solutions more tangible for many tenants. As a result, the offer has been positively received, especially by younger tenants. However, smart home tech is also increasingly attracting interest from other target groups. In future, the technical systems could enable our older tenants to live independently in their own homes for longer (see 'Simply smart living' section).

In the year under review, we began planning another smart home project. The technology is to be integrated into existing apartments at a site in Thuringia.

CONTINUOUS INVESTMENT FOR A COMPETITIVE PORTFOLIO

We invested a total of EUR 99.8 m in the modernisation and maintenance of our portfolios in the year under review. Compared to the 2018 financial year (EUR 92.4 m), we increased our investments by around 8%. At EUR 66.5 m, the share for modernisation was approximately 14% higher than in the previous year. We spent EUR 33.3 m on maintenance measures (2018: EUR 34.3 m).

There are two reasons for the higher modernisation expenditure. On the one hand, we modernised more flats or carried out more extensive modernisation projects in the year under review than in the previous year. Secondly,

the cost of materials and services increased. In the years ahead, we expect costs to increase by a few percent. However, we plan to invest in our portfolio at a similar level, thereby fulfilling one of our tenants and shareholders' key interests: to keep our housing up-to-date and at a competitive level. This strategy also helps us to continually reduce our vacancy.

EUR millions	2019	2018	2017
Maintenance	33.3	34.3	29.1
Modernisation	66.5	58.1	42.8

SUPPLY CHAIN AND MATERIALS

SUSTAINABILITY ACROSS THE ENTIRE LIFE CYCLE

When selecting products, as well as in our cooperation with external service providers, we always look at the entire expected life cycle.

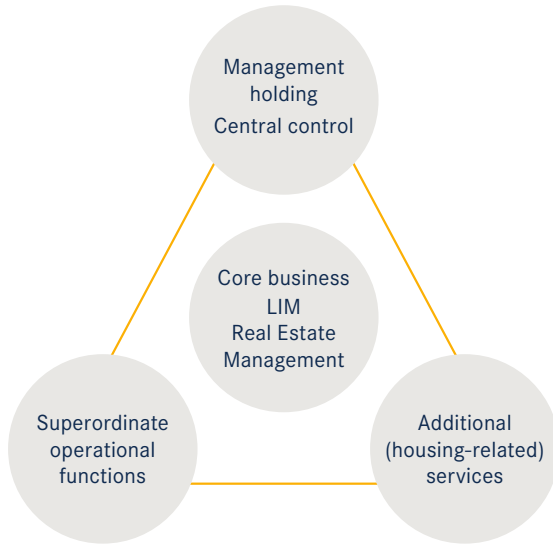
We choose – as far as it is economically justifiable – an energy-efficient, environmentally friendly and durable solution. We use a uniform procurement process for this. In addition, we save resources in ordering and billing by digitalising processes. In collaborations, we give preference to service providers from the region because short travel distances have less of an impact on the environment.

For example, we also give preference to regional and recycled building materials at all our locations. We try to exclude the use of materials that are harmful to health as far as possible by setting specific standards. And we promote biodiversity in our green spaces (see 'Climate and environment' section).

In the services that we provide in-house for our tenants, we ensure that we use eco-friendly materials and energy-efficient processes. Our subsidiaries also play an important role in our environmental efforts (see 'Climate and environment' section).

Once a year, we and our partners check the product quantities of individual product groups that we have purchased. As needed, we will coordinate alternatives with our suppliers if products with similar properties but certain advantages are available. These include, for example, a lower price, more resource-saving production processes, or better durability.

It is important to us to mainstream our sustainability concept even more firmly in our procurement management. For this reason, in the year under review we specified our Principles and Guidelines for Ecologically and Socially Responsible Procurement, and summarised them in a separate guideline at the beginning of 2020. As early as 2018, we began requiring companies that work with us to sign our Business Partner Code. We are successively adding sustainability parameters to existing contracts.



TAG VALUE CHAIN

(GRI 102-9, 102-10, 103-1, 103-2, 103-3, 204)

Our core business is the letting of affordable housing. We manage the necessary processes for this centrally and de-centrally.

All supplier relationships and procurement management are controlled across the Group by the Central Purchasing department. This is where the requirements of the entire Group are determined and positioned on the market according to ecological and economic criteria. Procurement is carried out via framework agreements. In most cases, our service providers are additionally linked to the craftsman interface. This facilitates a resource-conserving, rapid commissioning and invoicing process.

All suppliers are regularly evaluated. The primary evaluation according to economic criteria and sustainability aspects is carried out by the Central Purchasing department. Our service monitoring forms the second level of assessment. On the one hand, our tenants can evaluate the performance of our subcontractors. On the other hand, an assessment is carried out by our employees. In addition, the framework agreements are subject to continuous controlling. Among other things, test certificates, quality and controlling reports are evaluated.

SOCIAL AND ENVIRONMENTAL SUSTAINABILITY IN THE SUPPLY CHAIN

(GRI 103-1, 103-2, 103-3, 204-1, 308, 407-1, 408-1, 409-1, 412, 414, 419-1)

We select our service providers using standardised and transparent tendering processes. Besides compliance with the relevant regulations and standards, the specifics of individual products and materials are relevant. The major decision-making criteria, beyond the offer price and professional suitability, include reliability, quality and regionality. We prefer to work with partners from the region who also produce in Germany. In the year under review, more than 90% of our framework agreement partners were companies operating regionally. Due to the rigorously controlled legislation in force in Germany and Europe (compliance with human rights, prohibition of child and forced labour, prohibition of corruption, prohibition of discrimination, labour laws, environmental protection laws, etc.), there is generally no increased risk of child labour or illicit work by our suppliers.

Sustainable materials and social aspects also play an important role. We specify our required product and material traits in service specifications. We try to rule out or minimise further risks by specifying standards in the terms of our tenders and contracts.

In our tenders, we do not consider any bidders who have violated the German Posting of Workers Act in the past and have been fined for doing so. In order to minimise any risk related to this, we require every supplier to provide us with a self-disclosure. In addition, since 2018, every contractual partner has to commit to compliance with our Business Partner Code. A passage on this Code is added to new contracts.

Our Business Partner Code has been integrated into the craftsman interface portal. It can also be viewed on our website. Existing supplier or framework agreements are regularly reviewed for necessary additions to sustainability criteria and are amended as needed.

For example, all external service providers undertake to comply with environmental protection regulations when disposing of waste. We also safeguard our quality and quantity standards by mandating that our suppliers regularly train their employees. This includes, for example, handling the craftsman interface and documentation. These skills are the basis for ensuring that services are provided on time and to the extent agreed. If contractual specifications are not complied with, the collaboration is terminated.

We have sensitised all our external suppliers and internal service providers to the topic of sustainability. For example, we conduct annual health and safety protection training courses for our craftsmen. Among other things, they explain how resources are conserved and materials are used sustainably. Our employees are instructed to immediately report any perceived violations to their respective supervisors and compliance officers. Non-compliance with our requirements or violations of our Business Partner Code leads to further steps being taken. Demonstrable violations may lead to exclusion from the award of contracts or termination of the existing business relationship and the contractual or commissioned relationship as well as to the assertion of claims for damages.

Despite all these measures, we are aware that we cannot completely rule out infringements of statutory labour law standards or social standards and environmental protection regulations by our third-party suppliers. However, we did not become aware of any such violations in the year under review. Nor were there any violations of the European General Data Protection Regulation (GDPR).

USE OF SUSTAINABLE MATERIALS

(GRI 103-1, 103-2, 103-3, 301, 416)

We continuously optimise the use of materials and our service specifications. The focus is on a gradual conversion to higher-quality materials.

We have defined detailed traits for specific products and materials in our overall service specifications. Among other things, it is important that the products are durable, recyclable, environmentally friendly, biologically non-hazardous, and not detrimental to health.

To conserve resources, we reuse materials wherever possible. For example, when carrying out full renovations of bathrooms, we review whether we can reuse the bathtubs or showers. In electrical installations, we always install equipment with uniform standards that can be combined with each other.

All cleaning work is carried out in accordance with applicable professional and hygienic standards. Only cleaning agents approved and registered by the German Environment Agency are used.

SMART(ER) HOMES

In Döbeln, Saxony, we equipped 30 flats with smart home technology as part of another modernisation project, also fulfilling our tenants' wishes in the process. The digital solutions ensure even greater comfort in the home.



On a 'Construction Site Open Day' at Straße der Jugend 22-28, the TAG Wohnen team demonstrated the modernisation and conversion work we had performed on the formerly uniform prefabricated concrete slab flats. The more than 80 visitors were particularly interested in the smart home technology installed. "From the electric heating thermostat and the light and humidity sensors to the front door, everything can be digitally controlled," explained Michael Köckritz of TAG Wohnen. Using a tablet mounted on the wall next to the apartment door, the project manager demonstrated how the technology makes life easier. All functions can also be controlled from a smartphone.

"The basic idea behind smart home is to make life easier – especially for people who have little knowledge of technology or are less mobile," says Philip Ratajszczak, Managing Director of FP-Systems GmbH. Last year, the company implemented our first smart home project in Cologne. Tenants showed great interest in the offer. A survey of our tenants in Döbeln showed that many

residents are also interested in smart home solutions here. Our tenants were able to make their own suggestions and wishes in advance. The new technology was installed in 30 flats in the year under review.

The flexible, individual automation solutions offer our tenants many benefits. “When you’re away on holidays, a digital lighting management system that can be controlled

» When you’re away on holidays, a digital lighting management system that can be controlled remotely from a smartphone works like an alarm system. «

Michael Köckritz, Project manager

remotely from a smartphone works like an alarm system,” says Köckritz. In addition to the security aspect, the modern technology also makes everyday life easier with automatically controlled heating thermostats or roller blinds. A door to the flat that opens automatically when you stand in front of it can also be very practical.

For example, if you are loaded with shopping bags and have no hands free to look for the key. Besides improving convenience, smart homes can also save money through more efficient electricity consumption. Intelligent emergency call systems also support independent living in one’s own home until old age – but technical innovation improves a home’s convenience for tenants of all ages.

At our Construction Site Open Day at Straße der Jugend 22-28, the realisation that this complex technology is so easy to use gave rise to many positive surprise moments. Tenants have been moving into the flats since autumn 2019.

CLIMATE AND ENVIRONMENT

MORE CLIMATE PROTECTION THROUGH EFFICIENT ENERGY USE

Our subsidiary Energie Wohnen Service GmbH makes it possible for the TAG Group to professionalise its energy management. By having our own energy service provider, we strive for additional value creation in the spirit of sustainability.

Energie Wohnen Service GmbH also contributed to reducing our emissions during the year under report. This was achieved, among other things, by continuously modernising heating systems and making efficient use of energy sources.⁸

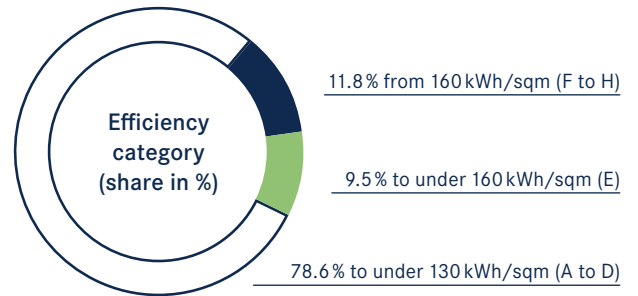
ECO- FRIENDLY ENERGY SUPPLY AND REDUCTION OF EMISSIONS

(GRI 103-1, 103-2, 103-3, 302, 305)

By expanding our energy management line of business, we are creating further opportunities for energy-saving measures and more efficient use of resources. Energie Wohnen Service GmbH generates heat and supplies 42% of our portfolio with it.

Our subsidiary is also responsible for the maintenance and modernisation of heating systems. The systems are subjected to functional checks and monitoring at regular intervals. In purchasing, we continually optimise the mix of our fuels. This integrated energy management ensures greater efficiency. Our focus here is on the optimum management of heating systems and efficient heat generation.

Energy performance indicators from mandatory energy certificates of buildings



We primarily achieve CO₂ cuts by switching to fuels with lower emission factors. By modernising our facilities, we increase energy efficiency. This reduces primary energy consumption and CO₂ emissions. In addition, the creation of a central database ensures greater transparency. This enables us to evaluate data more efficiently, detect errors quicker, and take immediate countermeasures as needed.

We have piloted systems for remote reading and more efficient heating control at various locations since 2018. They involve working with various partners to test different technical solutions that enable us to monitor the systems' efficiency in real-time and, if necessary, to take rapid countermeasures. In this way, we aim to optimise system operation and save more energy by increasing energy efficiency.

When we modernise our buildings, we also improve their energy efficiency. According to an evaluation of the energy certificates for our existing buildings, around 75% of our apartments had a better energy rating than the average of all residential buildings in Germany in the year under review.⁹

⁸ We have a total rentable area of 5.0m sqm (as of 31 December 2019), of which, we use around 23,000 sqm for our administrative activities. This corresponds to a share of around 0.5% of the total rentable area, and we therefore feel it has no significant influence on overall energy and water consumption. For this reason, regarding environmental indicators in our reporting, we do not differentiate between the spaces used by the Company and those used by tenants.

As of 31 December 2019, we supplied 35,500 units with heating energy and hot water through Energie Wohnen Service GmbH. For this report, the consumption data of an analysis portfolio consisting of 32,044 units supplied and billed by EWS in 2018 was evaluated.¹⁰ This represents an increase of 42.8% compared to the previous year (analysis portfolio 2017: 22,436 units). In the following year we will report on the consumption data for the portfolios supplied with heat by EWS in 2019.

15,734 of the 32,044 units in the 2018 analysis portfolio were heated by Energie Wohnen Service GmbH with district heating, 15,440 units with gas, and 870 with heating oil.

The share of the portfolio supplied with district heating in the analysis portfolio has thus decreased from 59.9% to 46.8%. By contrast, the share of the portfolio supplied with natural gas increased from 39.0% to 49.9%. Within the energy source mix offered by EWS, natural gas has the lowest emission factors.

In relation to floorspace, energy consumption has increased to an average of 108.6 kWh/sqm. The calculated CO₂ emissions (CO₂ equivalents) increased to an average of 28.0 kg CO₂eq/sqm. This is due in particular to the acquisition of portfolios that are currently still supplied with heating oil. These systems will be modernised by EWS in the next few years. A conversion to energy-efficient and more environmentally friendly fuels is planned.

As part of our modernisation measures, we convert windowless bathrooms into naturally lit bathrooms if possible, which further reduces the need for electricity. At our on-site tenant offices, we also advise our tenants on the

subject of energy-saving living, and provide information about it on our homepage and in brochures. The installation of motion detectors and use of energy-saving lamps are examples of our measures to reduce electricity consumption in the common areas.

Energie Wohnen Service GmbH continued the renewal of heating systems in the year under review. A total of 159 heating systems were professionally modernised (2018: 124). The total output of the refurbished heating systems is 18,337 kW. Of these, 18 district heating stations with a capacity of 5,824 kW were refurbished, and 18 heating systems were converted from heating oil to natural gas with a heat output of 2,379 kW. As part of special projects, a total of eleven heating stations were completely rebuilt, merged, or their pipeline systems were completely rebuilt and partly converted to natural gas (see 'Key indicators' section).

We expect that these modernisations will enable us to save a further 411,074 kWh of primary energy next year. Coupled with the effects of switching from oil to natural gas, our CO₂ emissions are expected to be reduced by 1,224 tons per year from 2020.

Highly efficient pumps and energy-saving components enable us to reduce our primary energy requirement for operating power by around 60%. This means that another 257,007 kWh per year can be saved starting in 2020 – another 151 tons of CO₂ emissions avoided per year.

⁹ dena.de – Gebäudereport

¹⁰ Deviations from the figure stated in the Sustainability Report 2018 result from recalculations due to changes in portfolios.

IN-HOUSE MEASURES WORKING AND BEING OPTIMISED

(GRI 302-1)

In 2015, an external supplier prepared an energy consumption profile of our building equipment and technology. Based on this profile, optimisation potential was identified that will lead to annual savings of around 33,400 kWh. We continued to implement these recommended measures in the year under review. The next energy audit will take place in 2020/21, at which point, the developments will be analysed, and the catalogue of measures adjusted accordingly.

We also urge our employees to practice sustainable and conscious use of IT equipment through specifications and guidelines. By using 'green' IT, our data centre in Düsseldorf saves cooling energy and electricity.

By digitalising additional processes and reducing the number of printed documents, we were again able to reduce our consumption of paper. This is also shown by the significantly reduced amount of paper that we recycled in the year under review (2019: 24 tons; 2018: 30 tons). Through other partners, we also guarantee 100% recycling of the waste paper returned.

When communicating between different locations or with business partners, we increasingly use web and telephone conferences. This has reduced business travel and saved resources.

In future, it is also planned to communicate more via virtual project rooms in shared chats on cross-location topics. We also provide our employees with their own company cars or cars from the company pool for their work. The use of the rail is preferred to cars. In addition, we promote public transport by subsidising travel cards. We also encourage our employees to use car-sharing services, for example by offering discounted terms. Company bicycles can be used at individual locations, and there are plans to expand this service.

Compared to 2018, the number of kilometres travelled by rail increased from 700,599 km to 907,973 km. Compared with using cars, this saved 96% of CO₂ emissions, 96.7% of nitrogen oxide and 80% of particulate matter emissions

907,973 km
rail kilometres travelled

during the reporting year. If the final energy consumption, including the upstream chain, is taken into

account, the use of train travel meant 67.4% less energy was consumed during the reporting year than if cars had been used. Our CO₂ emissions due to the use of diesel and petrol vehicles increased by a total of 12,0%.¹¹

ENVIRONMENTAL COMPLIANCE

(GRI 103-1, 103-2, 103-3, 307)

We are not aware of any violations of environmental protection laws and regulations for the 2019 reporting year.

In all contracts with our external suppliers, there are corresponding specifications which the suppliers and subcontractors must comply with (see 'Supply chain and materials' section).

These requirements are also part of our Principles and Guidelines for Environmental Protection, and our Principles and Guidelines for Ecologically and Socially Responsible Procurement, which will come into force from 2020 and apply across the Group. The guidelines, which summarise and substantiate our previous regulations, can be viewed on our intranet by all employees. The implementation of the environmental protection goals is reviewed at least once a year.

¹¹ The increase is primarily due to the regional expansion of TAG Immobilien Service.

DEALING WITH CLIMATE CHANGE: PREVENTIVE MEASURES IN OUR PORTFOLIOS

(GRI 201-2)

To prevent risks, we pay attention to things like a low rate of soil sealing during construction measures, for example. In the case of façade and roof renovations, among other things we plan for large quantities of water for rainwater drainage and in our drainage planning.

With the help of our control and documentation system, we regularly check whether the measures taken are efficient. In this way we guarantee compliance with our traffic safety obligations (see 'Satisfied tenant' section).

OUR CONTRIBUTION TO RESOURCE PROTECTION AND BIODIVERSITY

(GRI 103-1, 103-2, 103-3, 304, 306)

Water consumption in our portfolios is primarily influenced by our tenants' behaviour. However, we can indirectly control consumption ourselves through targeted, minor measures. For example, we use sanitary fixtures with water-saving features to help our tenants save water.

At our larger locations, we have outsourced waste management to external service providers. For example, in cooperation with Musterknaben eG in Gera, Salzgitter, Döbeln, and Erfurt, we were able to reduce the waste volume by a further 11,000 litres per week in the year under review (reduction in 2018: 33,000 litres per week). The volume of recyclable materials (packaging, paper and cardboard) and biowaste collected rose to a total of around 449,000 litres per week. In Gera, we have since 2015 operated a waste advisory and learning office, where TAG's environmental ideas provide illustrative information on proper waste separation. In addition, there are regular activities to introduce children to the subject in an age-appropriate way.

At some locations, such as Chemnitz, our subsidiary TAG Immobilien Service GmbH is responsible for waste management. Here, too, systematic waste separation and appropriate advice are used to reduce the volume of residual waste and increase the volume of recyclable materials.

To strengthen environmental awareness in our neighbourhoods, in 2019 we once again organised a joint spring cleaning with tenants at many locations, including Schwerin and Erfurt. We also participated in joint environmental actions by local protagonists.

At our business locations, we save paper e.g. through digital document management, electronic approval procedures and archiving, and paperless order processing. In the year under review, we saved approx. 372,000 sheets of paper by processing orders electronically via the craftsman interface (see also the 'In-house measures work and are being optimised' section).

Ongoing efforts for greater biodiversity

Our portfolios are managed based on defined qualitative standards and processes. Maintenance of our green spaces is managed by our Central Purchasing department. In the past year, the managed green space increased from around 1.5 m sqm to 1.6 m sqm, mainly at our locations in Erfurt, Gera, Dresden, Chemnitz, Brandenburg an der Havel, Angermünde, Eberswalde, Bestensee, Merseburg, Nauen, in the Lausitz region, Görlitz, and Salzgitter. The contractually maintained areas form the surroundings of around 44,300 residential units (2018: 41,000), i.e. about one-half of our total residential portfolio. Framework contracts were also concluded for tree care and inspection, currently for a total of about 42,600 trees (2018: approx. 42,200). We provide biogas plants and regional farmers with green waste for further use. In the accounting period from June 2018 to June 2019, around 3,600 tons of biomass were returned to the ecological cycle in this way (June 2017 to June 2018: around 3,900 tons).

We contribute to the preservation of habitats for flora and fauna with tree-planting campaigns and the creation of orchards or wildflower meadows in the neighbourhoods. In some cases, we work together with local partners. These measures and projects also promote tenants' environmental awareness and improve the quality of life in the neighbourhood (see 'Liveable neighbourhoods' section).

We introduced a central tree cadastre in the year under review. Digitally recording the inspection and care history of each tree makes the operative work more efficient. All companies that inspect and care for the trees are certified or approved. For example, only tree inspectors trained in accordance with recognised German standards are responsible for inspecting the trees and determining the maintenance measures. In order to ensure resource- and eco-friendly care, all maintenance companies will in future work according to a uniform set of specifications, which we drew up based on the latest German standards.



OUR SOCIAL RESPONSIBILITY

Primarily due to demographic, social and ecological change, ensuring that the demand for affordable and needs-oriented as well as climate-friendly housing is met simultaneously has become a task for society as a whole. As a housing company, we are prepared for the predicted changes. We use the implied challenges as an opportunity for our own entrepreneurial development.

Official projections and statistical surveys indicate that the demographic situation on the housing market will continue to change in the next few years. By 2035, the number of people over the age of 64 in Germany will increase by around 4.8 million. This corresponds to a 27-percent rise.¹² To ensure that this elderly population can continue to participate in social life, many of our locations will also need new housing concepts. In this connection, the need for innovative mobility and care concepts is also increasing.¹³ A modern infrastructure of this kind, which reduces greenhouse gases, is also indispensable in view of climate change.

Increasing urbanisation means that 23 districts and cities in Germany face a population increase of more than ten percent by 2035. They include our locations Leipzig, Potsdam, Dresden, Jena, Rostock, Halle, and Magdeburg. One consequence of this development is an aggravated housing shortage.

Even today, affordable housing is already a scarce commodity. Four out of ten households currently spend more than 30 percent of their net income on rent.¹⁴ The lack of affordable housing also leads to less social mixing. Poor people in German cities are increasingly concentrated in certain residential areas. Less advantaged families with children are particularly affected.¹⁵ More than one in seven people in Germany has experienced discrimination when looking for housing.¹⁶

In this challenging environment, we assume responsibility as a provider of affordable housing for broad sections of the population. As a service provider for attractive housing, we work to promote neighbourly communities and create recreational activities for all generations. We offer our tenants social support and invest in properties and neighbourhoods worth living in. We work closely with local policymakers, associations, and other local protagonists. This is part of our basic principle of fair management and treatment of all stakeholders.

ON-SITE TENANT SERVICES AND COMMITMENT

(GRI 103-1)

With regard to our tenants, four areas are essential in our sustainability strategy: a market-oriented development of our inventory for broad sections of the population, including reasonable rents, neighbourhoods worth living in, customer focus and service quality, and dialogue with tenants, local authorities, and other stakeholders (see materiality matrix on page 10). The last point was made a separate item in this reporting year due to its importance (see 'Our sustainability strategy' section).

EUR 5.39 per sqm
Average rent of apartments

Our properties are located in the vicinity and wider catchment area of large cities and in medium-sized and smaller towns. These so-called 'B-locations' enable us to offer attractive and affordable housing for broad sections of the population. Our average rent

across our residential units was EUR 5.39 per sqm as of 31 Dec 2019. We consider our markets to be very stable and not very susceptible to economic cycles.

In our ten regions we are in dialogue with all key stakeholders. In cities where we manage larger contiguous inventories, we make an active contribution to neighbourhood development. We want to improve the quality of life and housing for our tenants by creating neighbourhoods worth living in. Fulfilling our responsibility as a corporate citizen is part of our company philosophy.

We also rely on local expertise to support our tenants. Our LIM departments organise customer service and letting themselves. They report directly to the Management Board and are supported by central departments. This decentralised management (see 'Our Group structure' section) in ten regions with a total of 67 tenant offices enables us to be close to our customers (see 'Satisfied tenants' section).

The organisational framework for managing the Company is provided by our Business Principles, Group Guidelines, and Working Guidelines (see 'How we manage our employee matters' section). The account managers' specific tasks and competencies are defined in task and process descriptions. Continuous dialogue at and between all levels also helps us to achieve our goals of tenant satisfaction and tenant loyalty.

To learn where there is room for improvement, we conduct regular tenant surveys. In addition, the exchange of ideas with colleagues from other regions ensures a transfer of knowledge. In further training courses we prepare our account managers for new situations that are arising as a result of social change (see 'Ready for the future with a qualified team' section).

¹² berlin.de – Berlin Institut – Geteiltes Land (Divided Country)

¹³ berlin.de – Berlin-Institut – (Gem)einsame Stadt

¹⁴ spiegel.de – Wo die Wohnungsnot am größten ist

¹⁵ wzb.eu – Arm und Reich, Jung und Alt: immer seltener Tür an Tür

¹⁶ antidiskriminierungsstelle.de – Diskriminierung auf dem Wohnungsmarkt

CONTINUOUS IMPLEMENTATION AND NEW MEASURES

(GRI 103-2, 103-3)

Market-driven portfolio development for broad sections of the population

One of our most important goals is to improve tenant satisfaction and tenant loyalty – which is why we invested EUR 99.8m in our portfolio during the reporting year (2018: EUR 92.4m) (see the section on ‘Demand-based maintenance and modernisation’ and the 2019 Annual Report). Investments at a similar level are planned for 2020.

Besides maintaining the inventory, the investments also went to modernising our properties in line with demand. In the year under review, we were able to provide additional disabled-access flats for tenants. We also supported our tenants in individual conversion measures for senior-friendly homes. These included the removal of thresholds, the conversion of bathtubs into easily accessible shower baths, and the installation of grab rails. We are also constructing ramps and mini garages for wheelchairs and walkers. For 2020, we plan to further expand our inventory of disabled-access flats, e.g. at the Döbeln location.

We partnered with local nursing services to offer our tenants additional services and care in 2019. At our major locations, our tenants can avail themselves of our free residential, social, or senior citizens’ consultation. We would like to continue offering this service in 2020.

At 23 university cities where we are represented, we offer attractive housing for students and apprentices under the ‘studi home’ brand. The number of available flats will increase further in 2020 to include additional flats, e.g. at our Greifswald location.

Liveable neighbourhoods

Another ongoing goal is to engage with the community in order to make our residential areas even more liveable. In 2019, we focused on continuing the measures that had already been initiated (see Sustainability Report 2018) – among other things organising tenant events, and supporting 19 ‘Aktiv-Treffs’ (Activity Lounges) and four children’s and family centres in a variety of ways. We are also involved in projects and campaigns at kindergartens and schools, and supported the upgrading of urban districts with orchards, insect meadows, playgrounds, and football pitches. We continued our cooperation with local social organisations. In addition, we expanded our aid, advisory and recreational activities in the year under review. At our Schwerin location, for example, we enabled the opening of a new children’s and family centre (see ‘Liveable neighbourhoods’ section).

Going forward, we want to continue our social commitment at this high level and expand it even further if necessary.

Customer focus and service quality

Our tenants give a positive rating to our customer-focused service with regional and personalised support (see Tenant Survey 2018) which is also appreciated by our business and cooperation partners. In the 2019 reporting year, as well as in 2020, we aim to maintain this good level and further improve the quality of individual services. Primarily to ensure our tenants’ satisfaction, we also monitored our service providers in 2019. The monitoring results, direct feedback from our tenants, and evaluation of internal processes provide us with valuable information on tenant satisfaction and further potential for improvement.

This year we continued to work on expanding new communications formats. A service app for tenants was introduced at the Chemnitz location. After a trial period, we will start launching the app in other regions. At the end of 2019, we also started revamping our TAG Wohnen website.

DIALOGUE AND MONITORING FOR EFFECTIVE PLANNING

(GRI 103-3)

In addition to the measures we have taken to date (see Sustainability Report 2018), from now on we intend to examine more systematically the extent to which our assistance, advice, and leisure activities contribute to social solidarity in our neighbourhoods. We will focus our commitment according to the findings.

We also plan to regularly evaluate our new tenant app's usage data. We expect this to provide us with further information on the optimisation potential of our processes and residential portfolios.

Once a month, our ten LIMs jointly report to the Management Board on developments in their respective regions. The data is analysed at various levels and is the basis for optimising processes, projects, and measures.

We use our services monitoring as a basis for coordinating catalogues of requirements and quality standards with external service providers (see 'Supply chain and materials' section). Part of the monitoring process involves site visits and interviews with tenants in the properties in question. The end result could be, e.g., that the requirements for individual services are specified more precisely, or that steps in the process are adapted.

We use the enquiries and suggestions we receive during our housing consultation to effectively plan our modernisations. We check across locations to see whether tenants' ideas can be implemented, what the existing needs are, and which measures can be standardised.

We integrate centrally managed topics, such as the digitalisation of our work processes, into our project work throughout the Group. In the individual regions, we also use the annual budget process to define new targets for the coming year.

Zentral gesteuerte Themen, wie beispielsweise die Digitalisierung unserer Arbeitsprozesse, binden wir konzernweit bei der Projektarbeit ein. In den einzelnen Regionen nutzen wir auch den jährlichen Budgetprozess, um neue Ziele für das kommende Jahr zu definieren.

SATISFIED TENANTS

(GRI 103-2-c vii)

WE ARE YOUR CONTACT FOR ALL HOUSING ISSUES

In our dealings with tenants and prospective tenants, good service plays a key role for us – which is why we actively manage our properties right on site. This enables personalised support of tenants, which we see as the basis for long-term, trustful tenant relations.

We want housing to be attractive and affordable for people of all ages and in all life situations. That is why we consider our tenants' individual requirements regarding quality of living and additional services.

AFFORDABLE HOUSING

Compared to the previous year, rents increased moderately. The average monthly net rent in our existing portfolio was EUR 5.39 per sqm (2018: EUR 5.29 per sqm). The average rental price for new lettings was EUR 5.64 per sqm per month (2018: EUR 5.60 per sqm).

We were able to further reduce our vacancy rate in 2019 (from 5.0% in January 2019 to 4.5% in December 2019). In most regions, our vacancy is significantly lower than the average in the respective municipality. We see this as proof that we have chosen the right balance between market development and socially responsible rents.

In university cities where we are in the market, we create housing offers that are particularly suitable for students and apprentices due to their size, favourable conditions

and infrastructural links. In the year under review we expanded our portfolio in Greifswald to include a student residence with 275 flats. Our flats and shared flats are an attractive alternative to student dorms. This is also shown by the strong demand for this offer.

We are very circumspect about rent increases and modernisation surcharges, and consider the individual income situation of our tenants at a given location. In consultation with our account managers, we often do not add the costs of modernisation onto our tenants' net rent to the legally permissible extent. In the event of planned rent increases, all our tenants also have the opportunity to seek advice from their account manager and, if necessary, to agree individual compromise solutions in the event of financial hardship.

We also offer support to all our tenants in the event of rent arrears. Our rent arrears advisory service works closely with the respective account manager. Among other things, we offer consultancy on support services provided by public bodies, as well as instalment payment options. This enables us to keep our tenants in our portfolios even in the event of temporary financial shortfalls.

Long-term tenancies are also an expression of our tenants' satisfaction. As in the previous year, the average lease term in the year under review was ten years. At 31 December 2019, around 36% of our tenancies had a term of more than ten years.

HEALTH AND SAFETY

(GRI 103-1, 103-2, 103-3, 416, H&S-ASSET, H&S-COMP)

We want to avoid our tenants or third parties endangering their health. It is also important to us to prevent damage to property and the environment. For this reason, we ensure road safety around our buildings, technical equipment and portfolios and, of course, we ensure that the legally prescribed road safety obligations are observed. In 2019, no significant violations of regulations relating to the health and safety of our tenants were identified.

To ensure that road safety deficiencies at properties are detected in time, we have implemented a monitoring and documentation system. If road safety deficiencies are identified during the inspections, the responsible in-house or third-party service provider immediately sends a report to our customer service representatives. We use special forms for this. Reported deficiencies are rectified by Real Estate Management at the location. We use a processing and monitoring algorithm to ensure that this is done quickly and completely within the prescribed deadlines. Everything is documented and becomes part of our quarterly risk reporting. In the reporting period, there were no violations of regulations and/or voluntary codes of conduct in connection with the health and safety repercussions of products and services.

PERSONAL CONSULTATION AND NUMEROUS INFORMATION CHANNELS

Our account managers are on site as personal contacts for our tenants. In 67 'tenant offices', they advise our tenants and prospective tenants in person on all matters relating to housing, and provide regular and transparent information on all maintenance and modernisation measures, the maintenance of technical facilities, the organisation of outdoor and green area maintenance, and house cleaning. Our account managers are in close contact with

local social services and service providers. From our tenant survey, we know that our older tenants in particular appreciate this personal advice. Outside opening hours, our tenants can contact us by letter, phone, email or online form on our website, and soon also by app.

In our national tenant newspaper and on our homepage, we also inform our tenants about new developments in the Company and current developments at the locations. In addition, we make suggestions for events, and give advice on the subject of housing.

In the year under review we began redesigning our TAG Wohnen website. From 2020, we will additionally offer our tenants a blog magazine. This digital platform will allow us to provide our tenants with up-to-date information even faster.

As planned, we introduced our tenant app on a trial basis this year. This mobile application allows our customers to send us their concerns directly from their smartphone or tablet and enter into dialogue with their contact person. The pilot project in the LIM region of Chemnitz was successfully launched, and an increasing number of tenants are using the app. We will therefore successively offer the service in other regions. In doing so, we will focus on covering matters that are requested particularly frequently. These include repair reports, chat with the account manager, name changes, and permits.

To promote a spirit of community between our tenants, we regularly organise recreational and information events and tenant parties at numerous locations. In our residential neighbourhoods, we offer a fixed programme covering various topics, especially for children and senior citizens, in a total of 16 places where people can come together (see 'Liveable neighbourhoods' section). We also use tenants' meetings and other local events to exchange ideas with our tenants. We offer our tenants' guests fully equipped guest flats for short stays.

We provide our tenants with additional services through our subsidiaries (see section on 'Group structure'). For example, we equip flats with multimedia connections and a wide range of television services.

In addition to the local evaluations, we survey our tenants approximately every three years as part of a portfolio-wide survey (see Sustainability Report 2018). The most recent survey indicated a high satisfaction rate. The response rate of 22.4%, which is good for the industry, shows our tenants' great interest in this communication option. In future, it will also be possible to take part in the survey online. Our tenants can evaluate external service providers as part of our services monitoring.

In the year under review, we implemented another project with smart home solutions at the Döbeln location. We want to increase our tenants' convenience and security at home through digital connectivity. A survey carried out beforehand confirmed an increasing interest in the new technology. During viewings, we offer our tenants at various locations the opportunity to familiarise themselves with the offerings (see 'Smart(er) living' section).

TENANT SERVICE IN FOCUS: PREPARED FOR DEMOGRAPHIC CHANGE

Providing our tenants with disabled-access flats is an important matter for us. This is why we offer special housing advice for our older tenants at selected locations. In show flats, qualified housing consultants show how a rented flat can be designed so that living independently is possible even at an advanced age. In particular, tenants at our Salzgitter, Erfurt, and Gera locations again made frequent use of the service in 2019.

We also support our tenants in applying for subsidies for renovations, and we provide information brochures and checklists on 'serviced living'. We work with each tenant to develop an individual concept for their household. If our housing consultants identify a need for additional assistance, they also provide help in this area and initiate appropriate steps if the tenant wishes. In this way, our tenants can receive support in the household or with care, for example. If tenants have no claims under nursing care insurance, additional services can be provided by means of a moderate rent surcharge.

To provide special services such as a home emergency call system, outpatient services, and ambulance transport, we work together with local social organisations and associations such as Caritas, Johanniter- Unfall-Hilfe e.V., and the Arbeiter-Samariter-Bund (Workers' Samaritan Federation Germany).

Overall, around 1,590 (2018: 1,000) of our flats were disabled- or wheelchair-accessible in the year under review. Approximately 12,200 (2018: 11,800) or around 14.4% (2018: 14.2%) of our current total residential portfolio is now accessible by lift. On request, we can set up wheelchair garages or rollator boxes for our tenants. These facilities are heavily used at our Gera and Salzgitter locations, for example. But we are also registering increasing demand in other regions.

In Erfurt and Gera we offer our tenants a concierge service. This service is available to the residents of some 2,700 flats.

CREATING OPPORTUNITIES FOR A NEIGHBOURHOOD OF YOUNG AND OLD

At our Gera location, we once again invested in holistic neighbourhood management this year. Together with local partners, we were able to facilitate and support numerous social projects. Our tenants welcome the offers.



“Many people are becoming more aware again that they are part of a community,” says TAG Management Board member Claudia Hoyer. “They are developing an interest in neighbourliness and getting involved. We want to encourage this enjoyment of togetherness and good neighbourliness.” In our efforts, it is important to us that we purposefully work on site for those issues where the need is greatest. With this in mind, in Gera we support various social projects. We contribute to these projects both through financial donations and by providing space. Our focus is on encouraging children, supporting families, and involving senior citizens. In some cases we have been working on this with local partners for many years.

“To offer children more recreational activities and support, we brought the Jumpers – Jugend mit Perspektive association to Gera in October 2015,” says Claudius Oleszak, Head of Real Estate Management in Gera. At Jumpers, children, teens and families experience appreciation and reliability. The association helps boost their personal development through a wide range of offers in the areas of education, sports, music, and creativity. Trips and holiday games are also offered. The aim of the children’s and family centre is to create the basis for a future full of opportunity. Jumpers also offers parents consultation and opportunities for them to meet. We support the association with personnel costs, provide staff flats, and pay rental costs.

Together with our partners Caritas and Johanniter-Unfall-Hilfe e.V., we are stepping up senior citizen relations in the neighbourhood. We jointly run four 'Activity Lounges'

» It is our declared goal that seniors can stay in their own homes, in their familiar surroundings, as long as possible. «

Claudius Oleszak, Head of Real Estate Management

and a meeting centre in Gera, for example. "It is our declared goal that seniors can stay in their own homes, in their familiar surroundings, as long as possible," says Oleszak. That is why we offer housing consultation and help our tenants to plan and implement structural ad-

justments for disabled-access housing. This empowers our tenants to remain in their familiar social environment for a long time.

To honour voluntary commitment in the neighbourhood, on National Volunteering Day this year, we sponsored the 'Preis der Wirtschaft' (Business Prize) for the first time. The prize was awarded to honour a neighbourhood working group's 25 years of commitment to keeping the urban pigeon population under control in the neighbourhood.

On our initiative a survey was conducted with other housing companies in Gera to find out what relationship the people of Gera have with their city. In February 2019, Gera's Mayor Julian Vonarb received some of the survey participants at city hall. Most of the participants could identify with the statement "Gera... I like living here!" We will keep working to keep it that way.

LIVEABLE NEIGHBOURHOODS

WORKING FOR A DIVERSE SPIRIT OF COMMUNITY

(GRI 413)

To make our tenants feel comfortable and safe, we ensure a well-kept residential environment and advocate the development of an intact infrastructure, especially in cities where we manage larger residential areas.

At all our locations, neighbourly cooperation in our residential buildings is important to us. Having our tenants identify with their neighbourhood is prerequisite to their living together happily and to long-term letting success. This is why we support and enable projects that strengthen a spirit of community in the neighbourhood. In the year under review, we supported a wide range of social projects, cultural services, and sports clubs (see 'Holistic neighbourhood development' section).

HOLISTIC NEIGHBOURHOOD DEVELOPMENT

(GRI 103-1, 103-2, 103-3, 406, 413)

Whether studio flats for students or disabled-access serviced flats for senior citizens – at locations where there is insufficient appropriate housing for certain demographics, we create suitable offers based on a needs analysis done beforehand. We achieve this, among other things, through targeted renovation measures. By doing this, we promote a social mix in our portfolios.

It is important to us that our residential portfolios reflect social diversity. For this reason, we have established objective criteria for new leases, such as creditworthiness.

In our anti-discrimination guideline, we have made a clear commitment that tenants from different cultural backgrounds are welcome.

We want to prevent discrimination in any form. Therefore, respectful coexistence is part of our Business Principles. For our tenants, we have summarised the principles and rules for living together in the housing community in the House Rules. The document is available in four languages, and our account managers are available to answer any questions (see 'Sustainability management and dialogue with stakeholders' section). Our home living guidebook also covers important topics relating to home living and harmonious coexistence. People from different nations live in our flats. With our advisory, assistance, and leisure services, we help different tenant and resident groups get to know each other and thereby also promote mutual understanding.

Supporting children and teens in our neighbourhoods is particularly important to us. That is why we support the association the 'Jumpers – Jugend mit Perspektive e.V.' association in Erfurt, Gera, Salzgitter, and Schwerin (see 'Creating opportunities for a neighbourhood of young and old' section).

In cooperation with partners including Arbeiterwohlfahrt (Workers' Welfare Association), the Arbeiter-Samariter-Bund (Workers' Samaritan Association Germany), Caritas (German Caritas Association), Johanniter-Unfall-Hilfe e.V., and Volkssolidarität (People's Solidarity), we operate 19 spaces where people can come together – our 'Activity Lounges'.



We support neighbourhood community efforts by providing assistance with questions about housing, and supporting our tenants' own personal initiatives. We make it easier for refugees to integrate in their new living environment. For example, we co-founded the Begegnungscafé (get-together café) in Salzgitter. In addition, we will organise interpreters as needed, and support the process of settling in Germany with various information and advisory services.

To learn more about similarities and differences, we offer our employees training designed to raise awareness of cultural differences, improve communication with migrants, and find solutions to everyday intercultural challenges.

To fulfil our responsibility to society, we invest our donations mainly in eligible charitable projects at our locations. We want our efforts to reach first and foremost the tenants and residents of our neighbourhoods. The same goes for our sponsorship activities. The choice of projects and the level of financial support must be approved by the Management Board. Details are set out in the Group's Donations Policy.

In the year under review, we once again supported sports clubs in our neighbourhoods, such as the TAG Icefighters Salzgitter ice hockey team or the cyclists of SSV Gera; daycare centres for children, such as the Zwergenland nursery in Strausberg and the Tausendfüßler nursery in Döbeln; various schools, e.g. in Salzgitter; and cultural institutions, such as our history workshops in Gera and Döbeln. We also actively participated in numerous city festivals in all regions and cooperated with cultural and other support associations.

Our local commitment depends heavily on the local circumstances. If there are no cooperation partners available yet, we take the initiative ourselves and try to motivate other local protagonists to participate.

We also get involved by providing premises or equipment, or organising events ourselves. Our local partners usually provide the personnel and offer additional services and consulting.

We once again won the Braunschweig Chamber of Industry and Commerce Social Transfer Prize this year, for our efforts in Salzgitter. Together with our partner, SuPer Salzgitter e. V., we were recognised for a crime and addiction prevention project in the Lebenstedt district of Salzgitter. This is the third time we have won this award, which confirms the success of our neighbourhood projects and acknowledges their value to the lives of people living in our neighbourhoods.

WELL-MAINTAINED RESIDENTIAL ENVIRONMENT AND INFRASTRUCTURE FOR MULTIPLE GENERATIONS

(GRI 203, 203-1, 203-2)

We attach great importance to a well-maintained, green residential environment, because it contributes to our tenants' well-being.

In the year under review, we increased the attractiveness of our outdoor facilities by modernising courtyards and installing new benches, e.g. We also operate more than 340 playgrounds and football pitches. When designing the space in our portfolio, we take our tenants' suggestions and wishes into account (see 'Satisfied tenants' section). Also, when we renovate our inventory or take over new housing stock, we regularly review whether the outdoor facilities need to be re-planned.

With regard to mobility, we are increasingly focusing on resource-saving projects and measures. Our aim here is to protect the environment (see 'Climate and environment' section) and to reduce the pressure on shared space. We are currently focusing on car-sharing and environmentally friendly e-mobility.

We have been cooperating with the car-sharing provider Flinkster since 2019. Our tenants and employees on site can use the shared cars at cheaper rates. In this way, we facilitate a flexible, connected use of various forms of public transport for our tenants and residents. In the year under review, we jointly opened a car-sharing station Flinkster in our residential areas of Salzgitter and Erfurt. Five and four vehicles are available there, respectively.

In Gera we co-initiated a pilot project for self-driving vehicles in 2019. Together with a local company, Fischer Academy GmbH, we provided equity for the mobility project. The self-driving electric shuttle bus is scheduled to start driving in the Lusan district from autumn 2020. It covers the 'last mile' between public transport and the front door. To determine the final route and ideal stops, we are working together with the Berlin Social Science Center (WZB).

Good local amenities also promote the sustainable development of residential areas. We therefore invest in the improvement of such services and are actively committed to this. At our Döbeln Nord location, following the construction of a supermarket in 2018, in the year under review we pressed ahead with the establishment of medical facilities in the newly renovated service centre on Badische Straße. This will increase the location's attractiveness for our tenants.

DIALOGUE WITH CITIES AND MUNICIPALITIES

Our employees at the locations are in regular contact with authorities and policymakers on matters related to real estate. Our goal is always to jointly find and implement solutions for societal challenges. We see ourselves as partners of the local authorities, and share their interest in developing neighbourhoods. Our local employees take part in district conferences and roundtable discussions on housing and social issues, and regularly host tenant activities and tours of our neighbourhoods. We also work with local protagonists on infrastructure projects, such as the self-driving vehicle project mentioned above.



EMPOWERING OUR EMPLOYEES

Societal and technological changes pose challenges for TAG as for others. Demographic change and the growing shortage of skilled workers are intensifying competition for qualified staff. The size of the available workforce is declining steadily. Academic forecasts predict that in 2030 there will be about 1.3 million fewer workers available than today.

Increasing digitalisation and society's shifting values have changed work processes and the priority placed on gainful employment. Employees have new expectations of their job. For example, flexible working hours, opportunities for further training, and a healthy work-life balance are often more essential than a high starting salary. Fair treatment and scope for active participation promote employee satisfaction and dedication to the Company. Experts also consider the diversity of our society being reflected in a company as a decisive factor for success.

We meet these societal and technological challenges head on and develop appropriate measures. After all, the commitment of our employees is essential for achieving our business goals, and our appreciation of them is an absolute prerequisite.

OUR EMPLOYEES SHAPE OUR FUTURE

(GRI 103-1 , 103-2, 103-3, 401)

Our aim is to create a working environment in which our employees can develop and grow, and where they can enjoy their work. Selecting and deploying the right people for the right positions is crucial to our future viability. We want to attract the brightest minds for TAG and keep them with us long-term.

As an attractive employer, we are always looking for ways to create a working environment that benefits our employees. We encourage our employees to actively participate in making suggestions and implementing these ideas.

Against this background, we focused on three main areas in the year under review to empower our 1,255 employees (headcount at 31 December 2019).

Our corporate culture was at the heart of this. Appreciative and respectful interaction within the Company and with external stakeholders characterises our working methods. In order to make our corporate values tangible for all employees and customers and to promote team spirit, we organised numerous projects and events (see 'We put our values into action' section).

Well-trained and committed employees are the basis for TAG's success. For this reason, we – secondly – support our employees and encourage them to play an active role in shaping the Company (see 'Ready for the future with a qualified team' section).

A prerequisite for getting the best employees and retaining them in the Company in the long term is to offer them optimal conditions. That is why we promote diversity, put equal opportunities into action, and – as our third focus area – offer numerous opportunities for a more flexible work-life balance (see 'Responsibility and trust for our employees' section).

All three topics affect TAG's employees, who expect us to offer them good working conditions, preventive health care, and occupational safety, as well as equal opportunities, a healthy work-life balance, and good opportunities for further training. We want to present ourselves as an attractive employer for new applicants as well.

HOW WE MANAGE OUR EMPLOYEE TOPICS

(GRI 103-1 , 103-2, 103-3, 401, EMP-DEV)

HR management is one of TAG's central administrative functions and is supervised by the Management Board (CLO) for the Group as a whole. The various tasks and key issues of personnel management, leadership, training and development are handled below this management level. HR management is carried out centrally by the Human Resources department as well as locally by the regional managers. The Management Board receives a quarterly report on various key indicators from the HR department.

Dialogue and interaction with our employees is essential for us to be able to identify important issues and needs. Team and management meetings ensure that we are in continuous dialogue on topical issues, at all levels of the Company. In addition to the annual performance reviews, we regularly conduct employee surveys to assess in-house collaboration, satisfaction, service quality, and optimisation potential. The results of these are incorporated into the joint development of improvement measures (see 'Ready for the future with a qualified team' section).

Dialogue with our employees also includes ensuring that it is possible for them to contact us with criticism and complaints. Our employees can contact their supervisor, the HR department, or the works councils directly. There is an online form on the intranet for submitting anonymous information to report violations of legal regulations and/or guidelines or company rules.

OUR GOALS

(GRI 103-1, 103-2, 103-3, 401)

Our goals are derived from our sustainability strategy and the key issues that we have identified in the action area of employees.

Appreciative corporate culture, transparency, and co-determination

We want our employees to be satisfied and identify with TAG and our corporate goals. For this reason, we will continue to rely on our employees playing an active role at all levels of the Company, and on open communications regarding all key topics of our business development. We are continuing our company-wide projects designed to strengthen cross-team networking and collegial cooperation. Through our employee stock option programme, we continue to offer our employees the opportunity to participate in the Company's success as shareholders. In addition, we plan to pay a profit-related bonus for all

employees from 2020. Since this reporting year, all employees have also had the opportunity to exchange ideas via chat on the intranet. In future, we intend to further develop these communication formats via our so-called 'Social Intranet'.

Employee qualification and upskilling

The demands and expectations our employees have to meet are constantly changing. This is why we are continuing to develop further training offers, or upskilling, offers. The focus continues to be on the individual development of our employees in line with their abilities and development objectives. In future, we intend to train TAG specialists as coaches. In this way, they will be able to pass on their knowledge to colleagues even more effectively in-house. This project is currently being developed. The in-house training concept STEP@TAG developed in the year under review will be continued. The acronym STEP stands for the components Seminars, Team building, exchange of Experience and promotion of Potential.



This enables us to provide better information about our Group-wide range of seminars and enhance the exchange and sharing of knowledge and experience. The 2019 pilot project 'Patenschaften für neue Mitarbeiter' (Mentorships for New Employees), designed to facilitate onboarding for new colleagues, will be expanded.

Work-life balance, family-friendliness, and diversity

We want to keep ensuring a healthy work-life balance. In the event that employees wish to move for personal reasons, we continue to sponsor transfers to corresponding TAG locations. Flexible working hours allow our employees to balance their personal and work obligations. We are constantly working on new incentives and motivational tools for staff retention, and continually expanding our range of preventive health measures for our employees. Every year, we organise a Health Day on changing topics in collaboration with health insurance companies. We rely on a diverse workforce, pay attention to balanced gender quotas, and punish any form of discrimination. In future, we want to participate even more strongly in the nationwide Girls' Day and Boys' Day at our locations, which gives schoolchildren an insight into supposedly gender-atypical job profiles.

Promotion of young talent and employee recruitment

We use various measures to attract young talent. We make it easier for our apprentices to start their careers after they have finished school. We also offer them long-term employment and support their professional development. Among other things, we promote the acquisition of methodological competence through further training as well as mentoring and sponsorship programmes, fund further studies, and support transfers to other departments. By involving them in project work, we strengthen their network with colleagues at other locations. We intend to maintain and further develop these forms of support in future.

We also intend to continue our initiatives to strengthen our employer brand and recruit new staff. Our employees will increasingly act as corporate ambassadors and, for example, show some visibility on our career site on the internet, providing insights into everyday working life at TAG.

Goal evaluation

The evaluation of HR issues is part of monthly management meetings and quarterly controlling. In addition, current topics and the work status of the departments and locations are regularly discussed in team meetings. The works council is involved in important topics, measures, and projects at an early stage (see 'Analogue and digital co-determination section').

We use steering groups to continually evaluate our TAG projects. The digitalisation project (see 'Seizing digital opportunities for improvement' section) is accompanied by a monthly steering group meeting. In the 'WE' project (see 'Our competition for the brightest minds' section), the steering group reviews the topics and feedback every one to two months. The Management Board receives interim reports and participates in the steering group meetings as needed.

Committee meetings on occupational safety take place four times a year. These are conducted by the Group's occupational safety officer together with the local works councils and safety officers. The externally appointed safety specialists and occupational physicians attend at least two of these meetings. In addition, an annual evaluation of the measures taken, workplace accidents, and findings from workplace inspections is carried out with the external consultants.

WE LIVE OUR VALUES

(GRI 103-2)

FLAT HIERARCHIES PAVE THE WAY FOR INNOVATION

At TAG, we value a high degree of personal responsibility and a pleasant working environment. Trust, respect, and appreciation are firmly anchored in the guiding principles of our corporate culture.

We want our employees to feel comfortable, enjoy their work, and be able to contribute and develop their skills. We see this as a way to retain our employees in the long term.

This requires intensive HR support and regular personal contact with our employees.

TAG's organisational structure with flat hierarchies and short decision-making paths facilitates dialogue between employees and their supervisors, and encourages independent action.

In the long term, everyone benefits from this continuous exchange of information and spirit of fairness. Our employees are able to get involved, help shape the Company, and develop themselves professionally. The direct feedback from our employees confirms that active participation strengthens employee satisfaction.

As an employer, we benefit from our employees' ideas, knowledge, and commitment (see 'We live our values' section). Customers and TAG partners appreciate our positive company culture and innovative solutions.

ACHIEVING MORE AS TEAM

One goal of our business development is to improve the sense of community of all employees because we believe that we can achieve more as a dedicated team. This is why we launched the 'WE Culture' project in 2018.

In the course of this process, TAG employees agreed on our 'WE' Code. The values and guidelines contained in it include mutual respect and appreciation, a sense of responsibility, a cooperative management culture, active participation, open communication, exchange of experience, and positive role models.

In the year under review, the project's motto was 'WE Culture made tangible'. Team events were held at all major locations to strengthen our employees' sense of community, create an even better network between colleagues, and enter into conversation with one another.

Other topics were further developed and implemented. These include the Group-wide introduction of the Social Intranet and the installation of intranet terminals for our caretakers and tradesmen who do not have fixed office workstations. At our larger locations, the topics of mentoring and sponsorship programmes for new employees were advanced. This provides employees with professional and methodological support as experienced colleagues help new employees to settle in and get used to the new environment (see 'Our competition for the brightest minds' section).

All employees are informed about projects and their results on the intranet.

ANALOGUE AND DIGITAL CO-DETERMINATION

We delegate responsibility to our employees, and encourage self-reliant action.

In the year under review, we introduced a Social Intranet across the Company. This corporate social network enables our employees to communicate with each other better. Among other things, the platform offers the opportunity for digital project rooms, enabling colleagues from different locations to work together efficiently. It also facilitates, e.g., the sharing of information on joint recreational activities, to promote team spirit outside working hours as well.

To stay in touch with our employees, we conduct surveys at regular intervals. These surveys enable our employees to evaluate internal cooperation, satisfaction, and service quality, make suggestions for improvement and comment on current topics in the Company. In the year under review, for example, surveys were conducted across the Group on the introduction of the Social Intranet. Our employees were also surveyed on individual project topics as part of the work of various project groups.

To implement our digitalisation strategy, we also launched the 'Mission '21' project in the year under review (see 'Satisfied tenants' section).

INVOLVEMENT OF EMPLOYEE REPRESENTATIVES

In the year under review, 48 employees sat on our works councils. In addition to the general works council with 14 employees, there were eight regional works councils, which consist of three to seven employees, depending on the number of employees at the location. In addition, two employee representatives sit on TAG's Supervisory Board.

We integrate the works councils into our business activities. It goes without saying that our corporate values apply to the exchange of ideas with the elected employee representatives (see 'Achieving more as team' section). The aim of this partnership is the well-being of the employees and the Company.

The regional works councils meet approximately every two to three weeks, the general works council every six to eight weeks. Management Board members and other members of management are also invited as needed. Once or twice a year, our Management Board coordinates with the general works council's Works Committee on Group-wide issues. Once a year, a works meeting is held at our major company sites. Information on changes and breaking developments in the Company is made available to all employees, e.g. via the intranet or email.

READY FOR THE FUTURE WITH A QUALIFIED TEAM

OUR EMPLOYEES ARE THE BASIS OF OUR SUCCESS

(GRI 103-2, 401-1)

Each and every one of our 1,255 employees has an influence on TAG's success. This is why we invest in our employees' training and education and promote their continued qualification and upskilling.

The aim of our HR development efforts is to identify individual talents, systematically promote employees according to their abilities and career goals, and retain them in the Company long-term. Where possible, we implement specific training requests from our employees.

Employee recruitment is also very important for us. This topic has become even more important in view of demographic change and the continuing shortage of skilled workers. We use various strategies to attract new employees to our Company (see 'Our competition for the brightest minds' section).

During the reporting period, TAG recruited 151 new male employees and 124 new female employees. 100 male employees and 77 female employees left the Company.

NUMEROUS CAREER AND DEVELOPMENT OPPORTUNITIES

(GRI 103-1, 103-2, 103-3, 404-2, 404-3, EMP-TRAINING)

We want our employees to be satisfied – which is why we use the annual performance review for constructive feedback. Our aim is to motivate our employees to identify special skills and talents and develop individual support measures on the basis of these. We can offer our employees and the Company the greatest benefit by providing individual development opportunities.

In addition to the performance review, we attach great importance to ongoing dialogue with our employees. All employees have the opportunity to contribute their views, make suggestions for improvement and, as needed, have an individual conversation with their supervisor at any time during the year.

Internal and external opportunities for further training

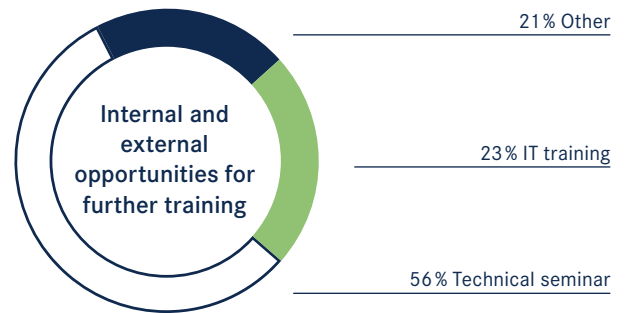
Our further training programme comprises various components. Our employees can take part in external seminars and courses, in-house training courses, workshops, or Group-wide best-practice meetings to improve their technical and methodological skills, exchange experience, and develop their individual potential.

Our new STEP@TAG in-house training platform makes it easier for our employees to proactively find out about and participate in seminars offered in the Group. The platform can also be used to make suggestions for further training and information offers. With this offer, we want to further qualify our employees and encourage them to stay with the Company. In the 2019 reporting year, our employees spent an average of around nine hours each on further training (2018: nine). This corresponds to approximately 1,600 training days in total.

We also promote our employees' after-hours training as instructors, coaches or real estate specialists. In 2019, two of our employees completed a part-time training course to become certified real estate specialists; six other employees began this course in the reporting year.

Wide range of offers for training and studies

Promoting next-generation talent is an important component of our employee development and employee retention efforts. Our training programme includes a bachelor's degree in real estate management, training to become a real estate agent or office management assistant, as well as industrial-technical training to become an IT specialist for system integration, painter/varnishers, plant mechanics for sanitary, heating and air conditioning technology, and tile, panel and mosaic layers.



In the year under review, TAG employed 53 apprentices and six students on dual-study programmes at 14 locations. In 2019, 14 young people started their apprenticeships with us. This represents an increase of 40% over the previous year (2018: ten new apprentices). Two of our dual-study students began their studies in the year under review.

On average, a trainer is responsible for two to three apprentices or students. This staffing ratio enables us to provide intensive support for our junior staff.

We are convinced that qualified junior staff from within our own ranks are important for TAG's long-term success. With our training offering, we aim to cover TAG's internal demand for new employees. For this reason, we generally offer all apprentices continued employment after their training period. In the year under review, 13 young colleagues successfully completed their vocational training, eleven of whom we were able to hire as employees.

We use various channels to establish contact with suitable applicants. Interested applicants can visit our vocational training page on our corporate website and learn more about the professions for which TAG offers apprenticeships. In addition, we collaborate with schools in the vicinity where our trainers introduce themselves in-person, answer questions and distribute information material.

Advanced training for our instructors

Didactically qualified instructors are also a prerequisite for sound training. This is why TAG established the 'Ausbilderwerkstatt' (Trainer Workshop) in 2015. This is where we train our instructors in new learning methods, motivation strategies, and the expectations of younger generations. Training takes place twice a year with an average of 20 participants.

RECRUITING WITH MODERN RECRUITING MEASURES

The recruitment of qualified employees is of pivotal importance in securing the Company's long-term survival.

TAG's career site is at the heart of our employer presentation. On this online platform, we inform interested parties about our fields of activity, talk about our corporate culture, and list vacancies. It is possible to apply for a job directly in just a few steps using an online form.

This recruitment process was streamlined and completely digitised in 2019 using a new applicant management system. A new applicant portal simplifies communication. This enables faster processing of incoming applications, leads to greater transparency, the rapid filling of vacancies, and a higher number of applicants.

In addition to traditional recruiting methods, such as job adverts, information brochures, and attendance of recruiting events, we rely on visibility in online media. We use the digital business network Xing to present ourselves as an employer on social media, and advertise job vacancies on their platform. We are also represented on the employer rating platform kununu. We use the ratings we receive there for change processes.

To keep attracting suitable applicants in future, we are continuously modernising our HR marketing. In 2019, we began revising the design of our job advertisements and added options for visual storytelling. In future, our employees will promote TAG in our job advertisements.

FAIR SALARIES AND BENEFITS FOR OUR EMPLOYEES

(GRI 102-41, 401-2, 405-2)

Our employees' remuneration is based on performance and market conditions, as well as on the position's requirements profile and the employee's professional experience. It goes without saying that we pay at least the national minimum wage. TAG does not employ anyone based on collective agreements. The latter naturally only applies to the extent that no other statutory provisions apply, such as in the craftsman sector, and to the extent that no other obligations exist. This includes the continuation of individual contracts with employees taken over due to acquisitions.¹⁷

All real estate and office management apprentices receive the same training allowance, graded according to the year of training. Their remuneration is based on the collective agreement for the real estate industry or is slightly higher. For all other apprenticeships, TAG follows the upper range of the remuneration recommendations of the Chamber of Industry and Commerce and Chamber of Crafts.

¹⁷ This applies to around 2% of employees.

RESPONSIBILITY AND TRUST FOR OUR EMPLOYEES

FOCUS ON EQUAL OPPORTUNITIES AND HEALTH

(GRI 103-2)

Participation in the Company's success and social benefits

We want our employees to see themselves not only as employees, but also as shareholders in our Company. This is why we launched an employee stock-option programme in 2018. Once a year, each employee can buy TAG stock at preferential rates. In 2019, a total of 48,185 shares were owned by our employees. In addition, we plan to pay a profit-related end-of-year bonus for all employees from 2020, to provide additional incentive for our employees to remain committed to the Company's success.

We offer all employees additional social benefits and other perks. These include company pension plans, group accident insurance, and capital-forming benefits. In addition, our employees receive purchasing advantages for various products, services or events via our discount portal. We also provide free beverages at all business locations.

TAG subsidises monthly tickets for local public transport. We want our employees to be able to commute in a cost-effective and environmentally friendly way. This offer applies to all TAG locations where the regional transport associations have signed a framework agreement with us.

At TAG, all employees enjoy equal opportunities. We see equal treatment irrespective of background, gender, age or physical impairment as a given.

We bank on a balanced mix of young and experienced colleagues. This contributes to the preservation, expansion, and transfer of knowledge, thereby ensuring TAG's continued survival. In the case of in-house Group projects, we strive for a minimum quota of project participants aged under 30.

Particular attention is paid to the fact that women are also adequately represented in management positions within the TAG Group. Vacancies are filled and executives selected on the basis of objective criteria, the requirements profile of the position, as well as professional experience and additional qualifications.

Our Company's success is based on our employees' motivation and commitment. That is why we offer all our employees measures to ensure a healthy work-life balance.

Our employees' health is the prerequisite for their ability to perform their work. For this reason, occupational health and safety are a priority at TAG. It goes without saying that we provide all employees with workplaces that meet modern health standards.

OCCUPATIONAL HEALTH AND SAFETY GUARANTEED ACROSS THE GROUP

(GRI 103-1, 103-2, 103-3, 403-1)

The health of our employees is the prerequisite for their well-being and ability to perform their work. For this reason, occupational health and safety, fire protection, and first aid in emergencies are a high priority at TAG. Accordingly, the number of our safety officers (2019: 17; 2018: 15), fire safety assistants (2019: 67, 2018: 54) and first responders (2019: 75, 2018: 72) was increased in the year under review. The number of evacuation helpers remained unchanged. Each of these employees have completed the requisite training.

For several years now, external specialists have been responsible for the professional implementation of occupational health and safety at TAG, ensuring the implementation of all statutory provisions.¹⁸ Seven TAG locations were audited in the year under review, and no serious occupational safety deficiencies were identified in the process.

Every employee is briefed on occupational health and safety issues in person once a year. All employees can read up on safety-related topics on the intranet. We provide task-specific protective work clothing for our field staff. Evacuation drills are carried out every year.

There were no serious occupational accidents in the year under review. There were 47 occupational accidents (2018: 34). They mainly involved travel accidents and

minor injuries, e.g. from caretaker activities. This represents an accident rate of 3.7 % (2018: 3.1%). There is no increased risk of illness or injury for TAG employees. The overall absence rate (incapacity for work of any kind) was at 5.5%. There were no work-related fatalities at TAG in the period under review.

Four times a year, Occupational Health and Safety Committee meetings are held by the Group's occupational safety officer together with the local works councils and safety officers. The externally appointed safety specialists and occupational physicians attend at least two of these meetings. In addition, an annual evaluation of the measures taken, occupational accidents, and findings from workplace inspections is conducted with the external consultants.

Preventive measures with practical relevance

Since 2015, TAG has hosted a company-wide Health Day with changing key topics in collaboration with health insurance companies. Previous topics have included dealings with stress correctly and a health-conscious lifestyle. The aim of the event is to improve our employees' everyday working conditions. In the year under review, we collaborated on this with health experts from a health insurance company. Numerous colleagues took advantage of the opportunity to take part in a health check and to obtain information on the subject of back health.

¹⁸ In particular, the German legal norms, which are stringently monitored by supervisory authorities, as well as internationally recognised standards, such as the Act on the Implementation of Measures of Occupational Safety and Health to Encourage Improvements in the Safety and Health Protection of Workers at Work (Arbeitsschutzgesetz, ArbSchG), the Workplace Ordinance (ArbStättV), the Act on Occupational Physicians, Safety Engineers and Other Occupational Safety Specialists (Arbeitssicherheitsgesetz, ASiG), the standards of the International Labour Organization (ILO) guidelines and the World Health Organization (WHO) principles for promoting health.

Our employees can also use a digital health programme to maintain and improve their health. We have been offering this to all employees in collaboration with a health insurance company since 2018. Thematic focuses are improving eyesight and back health, healthy nutrition, and stress management. A digital health coach uses motivational info clips and gives instructions for practical exercises.

To protect our employees' health, we also offer them regular preventive medical check-ups, in collaboration with physicians from AMD TÜV Rheinland Arbeitsmedizinische Dienste GmbH.

Employees who work at a computer workstation receive an allowance if spectacles are required for screen work. This is intended to relieve stress on the eyes while working.

Our managers also attend our in-house seminar `Gesundes Führen` (Healthy Leadership), which has been offered for several years now.

RESULTS-ORIENTED WORK WITH FLEXIBLE WORKING HOURS

One important part of our company culture is self-management. Our employees work independently and are results-oriented. There is no operational control of working hours. In principle, each employee can arrange their working hours flexibly and decide on their own responsibility when tasks are completed.

Supervisors ensure that there is no mismatch between the scope of duties and contractually agreed working hours. If necessary, relief measures are taken in good time.

As a modern employer, we want to offer our employees a working environment that makes it possible to have a healthy work-life balance. Implementing this is one of our key challenges.

We offer all employees flexible working-time models and various options for part-time work. By arrangement, a temporary reduction in weekly working hours and work from home (WFH) is also possible; employees can also move to a different location on request. It is important to us that our employees have social security cover based on their job. For this reason, we hire as many employees as possible on open-ended contracts (2019 and 2018: 91%). There were no dismissals for operational reasons in the year under review.

A better reconciliation of family and working life

(GRI 401-3)

It is important to us that our employees can combine family and career. Our offer of flexible working hours models, both in terms of time and location, is particularly beneficial to families with children. After the end of parental leave, we offer project work with flexible working hours.

In 2019, 14 male and 32 female employees took parental leave. Of these, all are expected to return to their jobs by 2020 inclusive. In the year under review, twelve male and 17 female employees resumed work after taking parental leave.

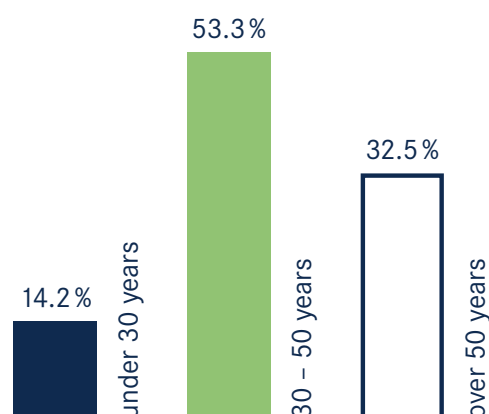
DIVERSITY AS AN ENRICHMENT FOR THE COMPANY

(GRI 103-1, 103-2, 103-3, 405, 406-1)

We see equal rights, mutual respect, and tolerance as a matter of course. As in previous years, there were no violations of the General Act on Equal Treatment (AGG) at TAG in the year under review.

The ratio of women in TAG's workforce has exceeded 50% for several years now (2019: 53%).

For level 1 and 2 management positions – i.e. for heads of Real Estate Management and heads of specialist departments – the Management Board has set a quota of at least 40% women. As in previous years, this quota was exceeded in the year under review (50%). The Supervisory Board has set a quota of at least 30% for women on the Management Board. This has already been at 33% since 2012. Gender does not play a role in remuneration (see 'Fair salaries and benefits for our employees' section).



In the year under review, we employed 178 employees aged under 30; 669 employees were aged between 30 and 50; and 408 employees were older than 50. 41 employees have a severe disability. This corresponds to around 3.3% of all employees (2018: 3.3%). TAG offers all employees regular in-house events on the subject of diversity. In addition, customer-facing employees receive special training in intercultural skills.

We participate in the German government's programme for the integration of the long-term unemployed to help them re-enter the working environment through intensive support. This benefits everyone involved and is another way TAG contributes to society. In future, the idea is for them to be able to continue working after the support phase.

OUR COMPETITION FOR THE BRIGHTEST MINDS

We want to keep working with the best employees in future and advance our Company. How this can be achieved has been considered by those who know best: our employees themselves.



“It is important that every employee knows that they can actively contribute their ideas at TAG,” says Brunhilde Michalski, head of the ‘WE Culture’ project. “This begins with every apprentice who starts here.” Together with a cross-locational project team comprising more than 40 colleagues, she pursues one goal: “We are working to ensure that TAG’s Company values to be put into action every day.” Every single employee is to be encouraged to actively participate in shaping our Company, to speak openly with their colleagues, and supervisors, and to work together respectfully. To ensure that this succeeds, numerous campaigns and events were organised at seven major TAG locations in the year under review. In Erfurt, for example, we experienced a shift in perspective together

with TAG’s customers and service providers at the inauguration of our new technology hall. Regular after-work parties were held at the Hamburg location. We believe that a respectful working environment is a prerequisite for satisfaction.

An employee survey will be conducted next year to find out how satisfied our employees are and how committed they feel to TAG. The members of the ‘WE Culture’ project group have developed proposals for this. Other ideas on how we can attract motivated young talent and retain existing employees were also developed under the direction of the HR department. In some cases, implementation has already begun.

Among other things, we want to further strengthen our feedback culture. We have encouraged our employees to submit reviews on the kununu portal. The digital platform lets employees evaluate their employer anonymously. Potential applicants can read the reviews. In future, we want to respond even quicker and more precisely to criticism and questions posted there. Specific suggestions for improvement are already being used to optimise in-house services. For example, we have been able to make the cross-locational and cross-departmental further training offered via our in-house STEP@TAG platform even more demand-oriented.

» It is important that every employee knows that they can actively contribute their ideas at TAG. «

Brunhilde Michalski, Head of the 'WE Culture' project

To ensure that our 'WE' spirit can be experienced right from the start, new employees are intensively trained by their team and immediately involved in company-wide projects. With our mentoring programme, which was

launched in 2019, we also provide each new employee with an experienced mentor. These mentorships make it easier for new colleagues to settle into our daily business routine and promote relationship-building from the very beginning.

For new apprentices and students, we have organised 'ErstiTAG' since 2016. In the year under review, our 16 apprentices and dual-study students were invited to Hamburg for the two-day event, where our next-generation staff were given an initial insight into everyday work, various processes, and departments, as well as the opportunity to get to know each other and us as an employer.

"I was impressed that the Management Board took the time to explain TAG's principles and values to us," says Axel Nathansky, an apprentice at the Erfurt location. In his day-to-day training, the prospective real estate agent is experiencing their practical application: "I'm allowed to work independently, am given responsibility, and am valued as a fully-fledged colleague. This makes me feel that I'm being taken seriously at TAG. I can contribute my ideas and am supported." As a result, Nathansky can well imagine staying on after his apprenticeship: "TAG offers me a lot of opportunities and prospects."

In addition, our 'AzubiTAG' (Apprentices' Day) is held annually for all apprentices. Over two days, ideas are developed in workshops that provide impetus for the entire Company. One of the project topics in 2019 was 'How will TAG become greener?' The results were presented to all colleagues as an animated video. Another project group addressed our new market presence for apprentices and students – because we believe that our juniors know best what the next generation wants.

ABOUT THIS REPORT

(GRI 102-46, 102-48)

This year's Sustainability Report provides more in-depth coverage and follows up on the statements, results and objectives of the previous year's report. We discuss our understanding of sustainable corporate management, the key factors influencing TAG, which in turn influence our business. We also present our developments and progress, but also the challenges on our way to becoming a sustainable company. We once again address significant economic, environmental and social parameters and take stock of the relevant targets. Our reporting is based on the data base of the previous year's report, which we have once again expanded. For the first time, we are presenting the key indicators in a table (see page 69) to provide a more in-depth comparative analysis of individual aspects.

REPORTING STANDARDS

(GRI 102-54)

This Sustainability Report represents TAG's non-financial declaration in accordance with its reporting obligations under Sections 289 et seq. and 315 b of the German Commercial Code (HGB). We apply the Sustainability Reporting Standards (SRS) of the Global Reporting Initiative (GRI)¹⁹. This report has been prepared in accordance with the 'Core' option of the GRI Standards. The GRI has been informed about the application of its standards and the publication of the report, and has confirmed the implementation of the requirements of the GRI Materiality Disclosures Service (see GRI Content Index, from page 77).

We also follow the recommendations of the European Public Real Estate Association (EPRA) and its Sustainability Best Practice Recommendations Guidelines (as of September 2017). TAG's EPRA Sustainability Performance Measures are presented in an index on page 87.

In the Appendix, we have assigned the reported aspects to the respective standards, with page references in the report.

CONTENT AND STRUCTURE OF THE REPORT

In our Sustainability Report, we provide information about financial and non-financial aspects that are material for TAG's business model.²⁰ Unless otherwise stated, the financial information about the Company is based on the statements in the Annual Report for 2019. The non-financial information covers ecological and social aspects of our corporate actions.

In this year's Sustainability Report we have adapted the reporting structure. It now corresponds to TAG's areas of activity in the field of sustainability.

Reporting principles

In its reporting, TAG follows reporting principles in accordance with the GRI Standards.

¹⁹ Die deutsche Version der 2016 veröffentlichten GRI Standards wurde im Juli 2018 aktualisiert und findet in dieser Form Anwendung in diesem Bericht.

²⁰ Die im Nachhaltigkeitsbericht dargestellten nichtfinanziellen Indikatoren sind nicht steuerungsrelevant im Sinne des Deutschen Rechnungslegungs Standard Nr. 20 (DRS 20).

Principle of regularity

(GRI 102-51, 102-52)

TAG's Sustainability Report is published annually. This report directly follows on to the previous year's report, which was published in March 2019.

Principle of comparability and transparency

(GRI 102-56)

Like the previous year's report, this year's Sustainability Report provides information based on the GRI Standards (SRS, 'Core' option) and the supplementary EPRA recommendations. The conditions for a comparability of the content are therefore met. The Supervisory Board of TAG reviewed the report, discussed it with the Management Board and approved it. The contents of the report were not reviewed by external auditors.

Principle of clear demarcation and consolidation (reporting boundary)

(GRI 102-45, 102-50)

The reporting period is the 2019 financial year (1 January 2019 to 31 December 2019). Unless otherwise stated, all indicators and information provided by TAG in the report refer to this period. Beyond this, in some cases the report also addresses relevant developments in the first months of 2020. These are denoted accordingly. The editorial

deadline was 22 April 2020. Unless otherwise stated, all information in this report relates to the Group as a whole. (For further details and a list of the companies included in the consolidated financial statements, please refer to our Annual Report).

↳ tag-ag.com/annual-reports

Principle of stakeholder inclusiveness/Materiality

(GRI 102-51, 102-46)

We wish to ensure transparent and comprehensive reporting for internal and external stakeholder groups. To this end, we have identified the key interest groups for TAG and elaborate on their expectations of TAG.

In internal coordination rounds and based on communication with our stakeholders, we have compiled the material topics for a sustainable continuation of the Company. The focus is on how TAG can contribute to sustainable development and ensure the Company's long-term success. The topics were formulated in accordance with the GRI materiality criteria.

This year's Sustainability Report thus provides information on the significant economic, ecological and social repercussions of our business activities for us and our stakeholders.

TAG KEY FIGURES

OUR PATH TO TOMORROW

	Unit	2019	2018	GRI	EPRA
Economic¹					
Fully consolidated companies (operating subsidiaries and property companies)	number	77	76		
Annualised net actual rent	EUR m	320	314	102-7 201-1	
Loan to Value (LTV)	%	44.8	47.3		
Compliance and integrity					
Composition of Management Board		3	3		
female	number	1	1		
male	number	2	2		
Composition of Supervisory Board		6	6	102-22	Gov-Board
female	number	1	1		
male	number	5	5		

¹ Further key figures on TAG's economical performance can be found in the 2019 Annual Report.

DEVELOPING OUR PORTFOLIO RESPONSIBLY

	Unit	2019	2018	GRI	EPRA
Portfolio²					
Units ³	number	84,510	84,426		
Floor Space ³	sqm	5,094,435	5,132,860		
Share of administrative units in total portfolio ⁴	%	0.5	0.4		
Floor space for administrative activities ⁴	sqm	23,000	22,000	102-7	
Residential units ⁵	number	83,188	83,043		
Floor space residential units ⁵	sqm	4,924,548	4,944,415		
Energy efficiency categories in residential portfolio according to energy certificates⁶					
Energy level A+ (< 30 kWh)	%	0%	---		
Energy level A (30 to < 50 kWh)	%	8%	---		
Energy level B (50 to < 75 kWh)	%	22%	---		
Energy level C (75 to < 100 kWh)	%	32%	---		
Energy level D (100 to < 130 kWh)	%	17%	---	CRE8	Cert-Tot
Energy level E (130 to < 160 kWh)	%	10%	---		
Energy level F (160 to < 200 kWh)	%	8%	---		
Energy level G (200 to < 250 kWh)	%	3%	---		
Energy level H (> 250 kWh)	%	1%	---		

2 Non-residential units account for approximately 1.6% of the portfolio.

3 Includes all rental units: Residential units, commercial units (within the residential portfolio) and other (commercial properties, serviced apartments).

4 Includes space used for our administrative activities.

5 Includes residential properties including acquisitions (excluding commercial, other).

6 An evaluation has been taking place since 2019. Includes demand certificates (approx. 11%) and consumption certificates (approx. 89%). Not included are properties for which no energy certificate is required such as listed buildings as well as non-residential buildings and properties sold in 2019.

	Unit	Absolute		Like-for-Like ⁸		GRI	EPRA
		2018	2017	2018	2017		
Energy							
Heating energy consumption in portfolio ⁷ (Analysis portfolio supplied by EWS)	MWh	205,375.7	138,825.8	130,820.6	134,779.2		
thereof District heating	MWh	96,130.3	83,093.4	80,704.4	83,093.4	GRI 302-2	DH&C- Abs DH&C-LfL
thereof Natural gas	MWh	102,517.6	54,139.4	49,229.1	50,244.8		
thereof Heating oil	MWh	6,727.9	1,592.9	887.1	1,441.0		
Energy intensity - Heating energy ⁹	kWh/sqm	108.4	102.1	102.9	106.0		
Building energy intensity in portfolio according to energy certificates ¹⁰	kWh/sqm	116.1	---	---	---	302-3 CRE1	Energy-Int

7 The values refer to the stock in the analysis portfolio supplied by the subsidiary EWS. In the reporting year 2019, the share for the 2018 analysis portfolio was approximately 38% of the 2018 portfolio. The total number of units supplied by EWS was 35,500 in 2019, 32,044 in 2018 and 22,436 in 2017. As the consumption values will not be invoiced until after the editorial deadline for this report, the values for the 2019 reporting year cannot yet be given here.

8 The like-for-like analysis comprises : 21,010 units (about 25% of the total portfolio in 2018) or about 1,273,195 sqm.

9 The calculation basis is the analysis portfolio of the stocks supplied by EWS.

10 The value shown is the average consumption value of the energy certificates available for the property portfolio according to the 2019 evaluation. For details see portfolio overview.

	Unit	2019	2018	GRI	EPRA
Fuel consumption of fleet¹¹					
Diesel	liters	491,442	437,609	302-1	Fuels-Abs
Petrol	liters	109,286	84,220		

11 The increase is primarily due to the regional expansion of TAG Immobilien Service.

	Unit	2019	2018	GRI	EPRA
Greenhouse gas emissions in offices¹²					
Total emissions	tons CO ₂ e	1,406	1,255		
Direct (Scope 1) GHG emissions	tons CO ₂ e	1,406	1,255		
thereof Diesel ¹³	tons CO ₂ e	1,112	1,028	GRI 305-1	GHG-Dir-Abs
thereof Petrol ¹⁴	tons CO ₂ e	294	227		

12 At present, TAG only calculates emissions from its own vehicle fleet. Scope 2 and Scope 3 emissions are not calculated.

13, 14 The calculation of the emissions was taken from the data of the settlement service provider.

	Unit	Absolute		Like-for-Like ¹⁶		GRI	EPRA
		2018	2017	2018	2017		
Greenhouse gas emissions in portfolio¹⁵							
Total emissions	tons CO ₂ e	52,912.7	35,741.5	33,660.3	34,718.4		
Direct (Scope 1) GHG emissions (Heating energy EWS Analysis portfolio - Natural gas, Heating oil)	tons CO ₂ e	27,822.7	14,054.1	12,596.5	13,031.0	GRI 305-1	GHG-Dir-Abs
Energy indirect (Scope 2) GHG emissions (Heating energy EWS Analysis portfolio - District heating)	tons CO ₂ e	25,090.0	21,687.4	21,063.9	21,687.4	GRI 305-2	GHG-Indir-Abs
GHG emissions intensity (Heating energy EWS Analysis portfolio)	kg CO ₂ e/sqm	0.0280	0.0263	0.0265	0.0273	GRI 305-4 CRE3	GHG-Int

15 The values marked accordingly refer to the stock in the analysis portfolio supplied by EWS. In the year under review, the share of this stock in the 2018 analysis portfolio was approximately 38% of the 2018 stock. Total number of units supplied by EWS: 2019: 35,500; 2018: 32,044 units; 2017: 22,436 units. CO₂ emission factors according to GEMIS (version 4.95) were used to calculate the emissions (Scope 1 and Scope 2). Scope 3 emissions are currently not recorded.

16 The like-for-like analysis comprises: 21,010 units (about 25% of the total portfolio in 2018) or about 1,273,195 sqm.

	Unit	2019	2018	GRI	EPRA
Waste					
Waste in office ¹⁷	tons	24	30		
Waste in portfolio¹⁸					
Total amount of non-hazardous waste	cbm	55,280	55,174	GRI 306-2	Waste-Abs
- thereof residual waste	cbm	32,920	33,490		
- thereof packaging	cbm	15,080	14,924		
- thereof paper/cardboard	cbm	7,280	6,760		

17 In business operations, only the quantity of paper / cardboard is currently recorded in the amount of actual production.

18 The waste quantities are indicated in cbm. This information is derived from the number and volume of the containers set up and from the emptying cycle.

	Unit	2019	2018	GRI	EPRA
Green spaces					
Green spaces ¹⁹	cbm	1,600,000	1,500,000	304-3	
Trees ²⁰	number	42,600	42,200		

19 The green space maintenance commissioned by the central purchasing department was recorded. This concerns approx. 49.8% of the total housing stock.

20 Includes the entire tree population in the portfolio (tree cadastre and query).

OUR SOCIAL RESPONSIBILITY

	Unit	2019	2018	GRI	EPRA
Tenants and Society					
'Aktiv-Treffs' (Activity Lounges), children's and family centres ²¹	number	23	20		
Support of non-profit initiatives, donations and sponsoring ²²	TEUR	291	329	413-1	Comty-Eng
Number of low-barrier residential units ²³	number	1,590	1,000		

21 The 'Aktiv-Treffs' are operated by TAG in cooperation with social partners.

22 Donations to social institutions and the like. Not included are rent discounts and free rent for social institutions and other non-financial support. See Annual Report 2019, p. 66.

23 See chapter Tenant service in focus: prepared for demographic change.

EMPOWERING OUR EMPLOYEES

	Unit	2019	2018	GRI	EPRA
Number of employees					
Total number of employees at 31 December 2019 ²⁵	number	1,255	1,105		
female		664	595		
male		591	510		
Total number of permanent employees	number	1,143	1,007		
female		598	468		
male		545	539		
Total number of temporary employees	number	112	98		
female		66	62	GRI 102-8	
male		46	36		
Total number of part-time employees ²⁶	number	214	160		
female		183	130		
male		31	30		
Total number of trainees and students ²⁷	number	59	56		
female		34	34		
male		25	22		
New employee hires and employee turnover²⁸					
Total number of new employee hires	number	275	195		
female		124	86		
male		151	109		
Total number of employee turnover	number	177	143	GRI 401-1	Emp-Turnover
female		77	70		
male		100	73		
Rate of employee turnover (TAG Immobilien AG excluding retirements and commercial employees)	%	7.8%	9.2%		

	Unit	2019	2018	GRI	EPRA
Parental leave					
Total number of employees that took parental leave ²⁹	number	46	52		
female		32	---		
male		14	---		
Total number of employees that returned to work in the reporting period after parental leave ended ³⁰	number	29	25		
female		17	---	GRI 401-3	
male		12	---		
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	number	18	---		
female		13	---		
male		5	---		
Return to work rate of employees that took parental leave ³¹	%	100			
Training/staff development					
Average hours of training per year per employee	hours	9	9	GRI 404-1	Emp-Training
Occupational safety					
Lost days due to workplace accidents		639	---		
Workplace accidents recorded		47	34	GRI 403-2	H&S-Emp
Absence rate ³²	%	5.5	---		

	Unit	2019	2018 ²⁴	GRI	EPRA
Diversity of management³³					
female	%	50.0%	48.3%		
male	%	50.0%	51.7%		
Age <30	%	0.0%	0.0%	GRI 405-1	Diversity-Emp
Age 30–50	%	61.5%	62.1%		
Age >50	%	38.5%	37.9%		
Diversity of employees					
female	%	52.9%	53.8%		
male	%	47.1%	46.2%		
Age <30	%	14.2%	14.3%	GRI 405-1	Diversity-Emp
Age 30–50	%	53.3%	52.3%		
Age >50	%	32.5%	33.5%		
Average age	years	44	43		
Gender pay ratio					
Ratio of basic salary and remuneration of women to men (all employees)	%	95.2%	---	GRI 405-2	Diversity-Pay

24 Some values have only been recorded since 2019, so it is not possible to provide information for 2018.

25 Average number of employees in the reporting year: 1,160 (see Annual Report 2019).

26 Not included are employees who are employed in a so-called mini-job.

27 Included are trainees and students in dual studies.

28 The values refer to the total number of departures: including retirements, expiring fixed-term contracts, termination of training contracts, etc.

29 All employees of TAG have a statutory right to parental leave.

30 Included is the return in the year under review (where parental leave starts at different times).

31 Included are those employees whose return to work after parental leave was agreed.

32 The value refers to incapacity for work of any kind (including accidents at work, occupational diseases), excluding time off (leave, studies, maternity, parental leave, special leave, spa treatment, reintegration), excluding the chronically ill.

33 The values refer to the Management Board and the 1st management level. The latter comprises the Heads of Real Estate Management (LIMs) and the heads of departments.

GRI CONTENT INDEX

(102-55)



For the Materiality Disclosures Service, GRI Services reviewed that the GRI content index is clearly presented and the references for Disclosures 102-40 to 102-49 align with appropriate sections in the body of the report.

GRI-Standard	Disclosure	Reference/Comments	Reason for omission
GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
Organizational Profile			
GRI 102: General Disclosures 2016	102-1	Name of the organization	Our business model, p. 5
	102-2	Activities, brands, products, and services	Our business model, p. 5 Our corporate structure, p. 6
	102-3	Location of headquarters	Our business model, p. 5
	102-4	Location of operations	Our business model, p. 5
	102-5	Ownership and legal form	Our business model, p. 5
	102-6	Markets served	Our business model, p. 5
	102-7	Scale of the organization	Our business model, p. 5 Our corporate structure, p. 6 Key Figures, p. 69-70
	102-8	Information on employees and other workers	Key Figures, p. 74
	102-9	Supply chain	Our corporate structure, p. 6 Supply chain and materials, p. 31
	102-10	Significant changes to the organization and its supply chain	Our business model, p. 5 Our corporate structure, p. 6 Supply chain and materials, p. 31
	102-11	Precautionary principle or approach	Our corporate governance principles, p. 21
	102-12	External initiatives	Our corporate governance principles, p. 19
	Membership of associations	Annual Report 2019, p. 20	

GRI-Standard	Disclosure	Reference/Comments	Reason for omission
Strategy			
GRI 102: General Disclosures 2016	102-14	Statement from senior decision-maker	Editorial, p. 3
	102-15	Key impacts, risks, and opportunities	Our material topics, p. 9 Our corporate governance principles, p. 21
Ethics and integrity			
GRI 102: General Disclosures 2016	102-16	Values, principles, standards, and norms of behavior	Our corporate governance principles, p. 19
	102-17	Mechanisms for advice and concerns about ethics	Our compliance traffic light: prevention, identification, response, p.21
Governance			
GRI 102: General Disclosures 2016	102-18	Governance structure	Central coordination of sustainability topics, p. 13 Our corporate governance principles, p. 20
	102-22	Composition of the highest governance body and its committees	Our corporate governance principles, p. 20
	102-24	Nominating and selecting the highest governance body	Our corporate governance principles, p. 20
	102-25	Conflicts of interest	Our corporate governance principles, p. 20
Stakeholder engagement			
GRI 102: General Disclosures 2016	102-40	List of stakeholder groups	Ongoing exchange with stakeholders, p. 14
	102-41	Collective bargaining agreements	Fair salaries and benefits for our employees, p. 60
	102-42	Identifying and selecting stakeholders	Ongoing exchange with stakeholders, p. 14
	102-43	Approach to stakeholder engagement	Ongoing exchange with stakeholders, p. 14
	102-44	Key topics and concerns raised	Our material topics, p. 9 Ongoing exchange with stakeholders, p. 14

GRI-Standard	Disclosure	Reference/Comments	Reason for omission	
Reporting practice				
GRI 102: General Disclosures 2016	102-45	Entities included in the consolidated financial statements	Our corporate structure, p. 6 About this report, p. 68 A complete list of the entities can be found in the ↘ 2019 Annual Report, p. 146–147	
	102-46	Defining report content and topic Boundaries	Our material topics, p. 9 About this report, p. 67	
	102-47	List of material topics	Our material topics, p. 9	
	102-48	Restatements of information	Our material topics, p. 9 About this report, p. 67	
	102-49	Changes in reporting	Our material topics, p. 9	
	102-50	Reporting period	About this report, p. 68	
	102-51	Date of most recent report	About this report, p. 68	
	102-52	Reporting cycle	About this report, p. 68	
	102-53	Contact point for questions regarding the report	Contact, p. 93	
	102-54	Claims of reporting in accordance with the GRI Standards	About this report, p. 67	
	102-55	GRI content index	GRI content index, p. 77	
	102-56	External assurance	About this report, p. 68	
GRI 200: ECONOMIC				
Economic Performance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Our business model, p. 5 Our corporate structure, p. 6 Maintenance and modernisation as needed, p. 28	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Key Figures, p. 69 ↘ Annual Report 2019	
Indirect Economic Impacts				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Our approach to responsible portfolio development, p. 25 Target implementation, p. 27	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		

GRI-Standard		Disclosure	Reference/Comments	Reason for omission
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Maintenance and modernisation as needed, p. 28	
	203-2	Significant indirect economic impacts	Maintenance and modernisation as needed, p. 28	
Procurement Practices				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	TAG value chain, p. 31	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Our material topics (supply chain), p. 13 Social and environmental sustainability in the supply chain, p. 31	
Anti-corruption				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Our compliance traffic light: prevention, identification, response, p. 21 Prevention of corruption and political influence-mongering, p. 23	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Prevention of corruption and political influence-mongering, p. 23	
	205-2	Communication and training about anti-corruption policies and procedures	Prevention of corruption and political influence-mongering, p. 23	
	205-3	Confirmed incidents of corruption and actions taken	Prevention of corruption and political influence-mongering, p. 23	
GRI 300: Environmental				
Materials				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Use of sustainable materials, p. 32	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 301: Materials 2016	301-3	Reclaimed products and their packaging materials	Use of sustainable materials, p. 32	The recycled products are currently not yet comprehensively recorded.

GRI-Standard	Disclosure	Reference/Comments	Reason for omission
Energy			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Eco- friendly energy supply and reduction of emissions, p. 35
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Internal measures working and being optimised, p. 37, Key Figures, p. 71
	302-2	Energy consumption outside of the organization	Key Figures, p. 71
	302-3	Energy intensity	Key Figures, p. 71
	CRE 1	Building Energy Intensity	Key Figures, p. 71
	CRE 8	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment	Key Figures, p. 70
Biodiversity			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Our contribution to resource protection and biodiversity, p. 38
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 304: Biodiversity 2016	304-3	Habitats protected or restored	Key Figures, p. 72
Emissions			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Eco- friendly energy supply and reduction of emissions, p. 35
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Key Figures, p. 72
	305-2	Energy indirect (Scope 2) GHG emissions	Key Figures, p. 72
	305-4	GHG emissions intensity	Key Figures, p. 72
	CRE 3	Greenhouse gas intensity from buildings	Key Figures, p. 72

GRI-Standard	Disclosure	Reference/Comments	Reason for omission
Effluents and Waste			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Our contribution to resource protection and biodiversity, p. 38
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	Key Figures, p. 72
Environmental Compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Environmental compliance, p. 37
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	Environmental compliance, p. 37
Supplier Environmental Assessment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Social and environmental sustainability in the supply chain, p. 31
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Social and environmental sustainability in the supply chain, p. 31
GRI 400: SOCIAL			
Employment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Our employees shape our future, p. 53 How we manage our employee topics, p. 53 Our goals, p. 54
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	

GRI-Standard		Disclosure	Reference/Comments	Reason for omission
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Key Figures, p. 74	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Fair salaries and benefits for our employees, p. 60	
	401-3	Parental leave	A better reconciliation of family and working life, p. 63 Key Figures, p. 75	
Occupational Health and Safety				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Occupational health and safety guaranteed across the Group, p. 62	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	Occupational health and safety guaranteed across the Group, p. 62	
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Key Figures, p. 75	
Training and Education				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Numerous career and development opportunities, p. 58	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Key Figures, p. 75	
	404-2	Programs for upgrading employee skills and transition assistance programs	Numerous career and development opportunities, p. 58	
	404-3	Percentage of employees receiving regular performance and career development reviews	Numerous career and development opportunities, p. 58	As a rule, an appraisal interview is held once a year to assess performance and development opportunities. The proportion of employees who actually attended the interview is not yet recorded in detail. (estimated quota: over 90%).

GRI-Standard	Disclosure	Reference/Comments	Reason for omission
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Diversity as an enrichment for the company, p. 64
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Key Figures, p. 76
	405-2	Ratio of basic salary and remuneration of women to men	Fair salaries and benefits for our employees, p. 60 Key Figures, p. 76
Non-discrimination			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Holistic neighbourhood development, p. 49 Diversity as an enrichment for the company, p. 64
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Diversity as an enrichment for the company, p. 64
Freedom of Association and Collective Bargaining			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Social and environmental sustainability in the supply chain, p. 31
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Social and environmental sustainability in the supply chain, p. 31
Child Labor			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Social and environmental sustainability in the supply chain, p. 31
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	Social and environmental sustainability in the supply chain, p. 31

GRI-Standard	Disclosure	Reference/Comments	Reason for omission
Forced or Compulsory Labor			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Social and environmental sustainability in the supply chain, p. 31
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 408: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Social and environmental sustainability in the supply chain, p. 31
Local Communities			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Liveable neighbourhoods, p. 49
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Liveable neighbourhoods, p. 49 Key Figures, p. 73
Supplier Social Assessment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Social and environmental sustainability in the supply chain, p. 31
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Social and environmental sustainability in the supply chain, p. 31
Public Policy			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Prevention of corruption and political influence-mongering, p. 23
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 415: Public Policy 2016	415-1	Political contributions	Prevention of corruption and political influence-mongering, p. 23

GRI-Standard	Disclosure	Reference/Comments	Reason for omission
Customer Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Use of sustainable materials, p. 32 Health and safety, p. 45
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	Health and safety, p. 45
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Health and safety, p. 45
Customer Privacy			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Our compliance traffic light: prevention, identification, response, p.21
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Our compliance traffic light: prevention, identification, response, p. 22
Socioeconomic Compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Our compliance traffic light: prevention, identification, response, p. 21
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Our compliance traffic light: prevention, identification, response, p. 21 Social and environmental sustainability in the supply chain, p. 31

EPRA SUSTAINABILITY PERFORMANCE MEASURES

EPRA Code	Performance Measure	Reference	Comments
Environmental Sustainability Performance Measures			
Elec-Abs	Total electricity consumption	---	n/a
Elec-LfL	Like-for-like total electricity consumption	---	n/a
DH&C-Abs	Total district heating and cooling consumption	Key Figures, p. 71	
DH&C-LfL	Like-for-like total district heating and cooling consumption	Key Figures, p. 71	
Fuels-Abs	Total fuel consumption	Key Figures, p. 71	
Fuels-LfL	Like-for-like total fuel consumption	---	n/a
Energy-Int.	Building energy intensity	Key Figures, p. 71	
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions (scope 1)	Key Figures, p. 71-72	
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions (scope 2)	Key Figures, p. 72	
GHG-Int	Greenhouse gas (GHG) emissions intensity from building	Key Figures, p. 72	
Water-Abs	Total water consumption	---	n/a
Water-LfL	Like-for-like total water consumption	---	n/a
Water-Int	Building water intensity	---	n/a
Waste-Abs	Total weight of waste by disposal route	Key Figures, p. 72	
Waste-LfL	Like-for-like total weight of waste by disposal route	---	n/a
Cert-Tot	Type and number of sustainably certified assets	Key Figures, p. 70	Currently no sustainability certification. The housing stock is stated according to energy efficiency classes as per energy certificates.

EPRA Code	Performance Measure	Reference	Comments
Social Performance Measures			
Diversity-Emp	Employee gender diversity	Key Figures, p. 76	
Diversity-Pay	Gender pay ratio ratio	Key Figures, p. 76	
Emp-Training	Employee training and development	Numerous career and development opportunities, p. 58 Key Figures, p. 75	
Emp-Dev	Employee performance appraisals	How we manage our employee topics, p. 53–54	As a rule, an appraisal interview is held once a year to assess performance and development opportunities. The proportion of employees who actually attended the interview is not yet recorded in detail (estimated quota: over 90%).
Emp-Turnover	Employee turnover and retention	Key Figures, p. 74	
H&S-Emp	Employee health and safety	Key Figures, p. 75	
H&S-Asset	Asset health and safety assessments	Health and safety, p. 45–46	100% of the properties are checked for security risks.
H&S-Comp	Asset health and safety compliance	Health and safety, p. 45–46	No violations known.
Comty-Eng	Community engagement, impact assessments, and development programs	Key Figures, p. 73	
Governance Performance Measures			
Gov-Board	Composition of the highest governance body	Our corporate governance principles, p. 20 Key Figures, p. 69	
Gov-Selec	Nominating and selecting the highest governance body	Our corporate governance principles, p. 20	
Gov-Col	Process for managing conflicts of interest	Our corporate governance principles, p. 20	

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Note

In order to improve readability, only the male form is used in the text, nevertheless the information refers to members of both genders.



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