

Homes for today and tomorrow

Sustainability Report 2020



TAG

Immobilien AG



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Dear reader,

(GRI 102-14)

Our Group, with its more than 1,300 employees, manages a portfolio of over 88,300 units throughout Germany. This entails a responsibility to society that we strive to fulfil through sustainable action. Accordingly, a holistic understanding of sustainability forms the basis of our business decisions. Our aim is to reconcile and harmonise economic, ecological, and social interests.

On this basis, we design solutions to meet the challenges of our time, such as climate change, demographic developments and, at present, the Covid-19 pandemic. We are aware that as a housing company, we bear a special responsibility, particularly towards our tenants and our employees, and especially during this time. For this reason, we set the strategic and organisational course early on, so that we can be there for our tenants and work together successfully in our teams even without direct personal contact. As part of this, we have especially pushed forward digitalisation and virtual communication throughout the Company.

In 2020, we successively expanded our sustainability strategy and anchored it more intensively. This enabled us to integrate sustainability aspects even more strongly into our business activities and raise awareness of them. Our sustainability strategy includes all economic, ecological, and social impacts of our actions across the entire value chain. We understand sustainable business development as a holistic concept with synergy effects between the different levels of sustainability: We feel that by ensuring economic stability and sustainable earnings, we create the conditions for social and ecological sustainability. By the same token, our social and ecological measures have a positive impact on our long-term business success.

Also in 2020, we took the first steps to expand our sustainability activities to our new subsidiary in Wrocław, Poland, where we are taking local conditions into account and implementing our strategy in stages. By expanding our business model to include new construction with the acquisition of Vantage Development S.A. in January 2020, we now cover the entire life cycle of a property. This comes with additional challenges related to climate and environmental protection. At the same time, however, it opens up new opportunities to plan buildings sustainably and to incorporate climate protection and resource conservation from the very beginning.

Our long-term goal is to develop and manage a nearly climate-neutral residential portfolio. To this end, we are currently working on a comprehensive decarbonisation strategy, which we intend to complete in the course of 2021. For example, we have already expanded the collection and quality of our data, and plan to set specific reduction targets. We wish to contribute to meeting the climate targets by reducing CO₂ emissions.

We wish to offer our tenants secure homes and good service for the long term and – as far as we are able to in our capacity as landlords – to help them in difficult situations, such as those caused by the Covid-19 pandemic. We consistently tailor our services to the needs of our tenants, promote a well-kept environment in our neighbourhoods, and strengthen a spirit of neighbourliness. Community involvement, which we have been pursuing for years in many of our residential neighbourhoods, is more important to us than ever. At the end of 2020, we

established the TAG Miteinander Stiftung (TAG Together Foundation) to bundle our community activities and to promote good living conditions and active neighbourliness in an even more targeted way. We place a special focus on supporting children and young people as well as elderly people.

During the pandemic, it is also important to protect our employees, who work for our customers every day. As a responsible employer, we have therefore expanded occupational safety measures and options for working flexible hours and remotely, and have intensified our communications on digital channels. Our corporate culture of appreciation, of respectful and transparent interaction, contributes just as crucially to our business success as the personal responsibility assumed by each and every individual.

We see our sustainable business development confirmed in the awards we have received from rating agencies. In a report published in mid-2020 by Sustainalytics, one of the leading companies for market research, ratings and data on ESG (environment, social, governance) issues, TAG ranked 41st out of a total of 905 real estate companies analysed worldwide. This puts it among the TOP 5 % of all companies in this sector. TAG was also able to further improve its scores with other renowned ESG rating agencies and achieve excellent results in the past financial year.

These achievements, as well as the feedback we receive from our tenants, employees and stakeholders, serve as both an incentive and a challenge for us to continue to devote all our energy to our path of sustainability.

We hope you enjoy reading and look forward to your suggestions and wishes as well as any constructive feedback you may have. Please feel free to contact us directly or email us at nachhaltiger@tag-ag.com.

Yours sincerely

Martin Thiel

Claudia Hoyer

Dr. Harboe Vaagt



Our response to the Covid-19 pandemic

The Covid-19 pandemic has shaped our lives and daily business routine since March 2020, and remains an extraordinary challenge in 2021. We are aware of the special responsibility we bear as a housing company, especially at this time. This applies in particular to our employees and tenants.

We accordingly responded to the situation at an early stage by taking strategic and organisational measures. Our crisis management is coordinated by the Management Board, the heads of Real Estate Management, and the department heads. The Management Board and the managers coordinate the specific course of action in mostly virtual meetings. We monitor current developments and adjust our actions where necessary. The relevant guidelines are published on our website.

➤ tag-ag.com/covid-19-guidelines

Communicating with our employees

During the Covid-19 pandemic, transparent and supportive communication with employees is a particular priority for TAG. The staff receive regular information from the Management Board, in coordination with the managers, on the intranet and via email. At the sites, in the departments and in the teams, the managers consult individually with the employees about the current situation. We obtained specific feedback from all employees on TAG's handling of the Corona pandemic by means of a Group-wide survey in December 2020. In the survey, a clear majority declared to be very satisfied or satisfied with their personal work situation and the Corona protection measures.

In addition, we have made the 'TAG Covid-19 Emergency Plan' available on the intranet, which applies for all employees. It contains information on how to deal with a suspected or confirmed coronavirus infection, and which organisational measures are to be taken. Hence, the Emergency Plan also forms the basis for the decisions of managers and head offices at the sites.

Protecting our employees

We are committed to protecting the health of our employees at work. We have therefore significantly increased the options for flexible working, concluded a Group-wide Company agreement on working from home, and adapted our internal occupational health and safety regulations. In our offices, we of course observe the occupational health and safety measures recommended by the German government. Our intranet provides information on the currently applicable hygiene and protection measures, which our employees adhere to reliably. In this way, they also protect our customers.

To keep real contacts to a minimum, we have switched many attendance events to conference calls and video conferencing. We have encouraged the increased use of our 'Social Intranet' and launched connecting activities, because we want to promote social contact among colleagues on digital paths as well.

Tenant services and protecting our tenants

We seek to offer our tenants a secure home and good service for the long term. As far as we are able to as landlords, we stand by them in difficult situations caused by the Covid-19 pandemic.

Even though our tenant offices at all locations were or are mostly closed during the pandemic, our service is still available via phone, email and the TAG Wohnen tenant app. We provide general and location-specific tenant information on the TAG Wohnen website, which we always keep up to date. Our own caretaker service continues to be reliably on duty and repairs are carried out as before.

During the Covid-19 pandemic, we have increased the number of conversations we offer to tenants with payment difficulties. We offer instalment payments and deferment agreements, and help with applications for government subsidies. From March to June and in December 2020, TAG also waived any rent increases by adjustment to local comparative rents, as well as contract terminations and evictions from occupied flats.

All in all, TAG recorded hardly any rent losses as a result of the Covid-19 pandemic. The proportion of residential tenants who were unable to pay their rent due to loss of income remained extremely low during 2020, with monthly values between 0.1 % and 0.5 %. In the area of commercial properties, which are not of significant importance to TAG's total rental income with a share of around 3 %, this value was between 1.4 % and 8.5 % in 2020, and thus also at a very low level.

Our community engagement

We see community engagement in our neighbourhoods as a matter of course. For many years, we have supported various active meet-ups for senior citizens, as well as children's and youth facilities at various locations. However, many opportunities for personal encounters are not open during the Covid-19 pandemic. That is why we are in constant contact with our social partners to organise alternative neighbourhood help for our tenants. For example, we have informed them about our partners' online offers, and are working together to prepare the reopening of our 'Aktiv-Treffs' (Activity Lounges).

Especially people who are already in need are suffering greatly from the situation. To help them, we provide unbureaucratic assistance in cooperation with aid organisations. We support the food banks in Salzgitter, Gera, Erfurt, Chemnitz, Brandenburg, Schwerin, Döbeln, Nauen, Hermsdorf, and Sangerhausen with cash donations and hygiene articles. In Salzgitter, we organise shopping assistance with Caritas, Diakonie and the 'SuPer' association. In addition, we have launched the project 'Alltagshelden' (Everyday Heroes) at TAG in order to further expand social commitment together with our employees.

Economic outlook

Our business model has proven itself in this difficult situation. Offering affordable housing in liveable neighbourhoods seems to us to be the right strategy right now. An average rent per square metre of under EUR 5.50 offers the kind of living space that is sought after in Germany and that remains affordable even in difficult economic times.

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, 201-1)

TAG Immobilien AG ('TAG' in the following) 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 and in 2020 were also added to the DAX 50 ESG sustainability index, which takes into account criteria from the fields of environment, social affairs and governance (ESG).

Our head office is in Hamburg. We have other offices in the regions of Berlin, Chemnitz, Dresden, Erfurt, Gera, Leipzig, Rhine-Ruhr, Rostock and Salzgitter. Since the 2020 financial year, our locations have also included Wrocław, Poznań and Łódź in western Poland. 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 German portfolio comprised 88,313 units (including 87,001 residential units and 1,156 commercial units located in the housing estates). The total value of the German portfolio at the reporting date is EUR 5,834.3 m.

In matters of strategy, we laid the foundation for regional expansion of our Company beyond German borders in the year under review. In November 2019, TAG acquired Vantage Development S.A., headquartered in Wrocław, Poland. This acquisition became legally effective in January 2020. We have therefore expanded our previous business model to include new construction. In Poland, we plan to expand our rental portfolio by around 8,000 to 10,000 units. As of 31 December 2020, projects and land for the construction of 8,742 units are contractually secured. Of these, around 3,039 residential units are earmarked for sale as matters currently stand. Around 5,703 residential units are to be rented out after completion and form the basis of the planned rental portfolio. The total value of the portfolio in Poland amounts to EUR 150.1 m as of the reporting date.

One of our goals is to provide tenants from different social groups with affordable housing (see 'Our responsibility to society' section).

It is also important to us to offer secure jobs to our employees and future generations (see 'Our employees shape our future' 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). In Q4 2020, we began developing a long-term decarbonisation strategy to advance the reduction of CO₂ in our business in a more targeted manner. In accordance with the Paris Climate Agreement our goal is to become climate-neutral by 2050 or to reduce our CO₂ emissions as much as possible. To this end, as part of our decarbonisation strategy, we are developing specific measures and a timetable for their implementation.

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 1,443 employees, of which 1,305 were in Germany and 138 in Poland.¹ We are actively involved in neighbourhood management locally and help towns and municipalities contribute to the positive development of regions and districts. In the 2020 financial year, we established the non-profit TAG Miteinander Stiftung (TAG Together Foundation) to pool our social commitment. The foundation focuses on supporting children and youths, families and senior citizens, as well people who have fallen on hard times through no fault of their own (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 2020 were MFS Massachusetts Financial Services Company, USA (9.9%), The Capital Group Companies, Inc., USA (7.5%), BlackRock, Inc., USA (5.9%), Flossbach von Storch AG, Germany (5.2%), BayernInvest Kapitalverwaltungsgesellschaft mbH, Germany (4.9%), and Versorgungsanstalt des Bundes und der Länder, Germany

¹The basis here is the number of employees (1,305 in Germany and 138 in Poland) as of 31 December 2020. The number of employees in the 2020 Annual is calculated in accordance with the regulations of the German Commercial Code (HGB) (total: 1,354, of which 1,221 in Germany and 133 in Poland).

(4.7 %). ESG issues are increasingly coming into focus for our investors, too.

➤ tag-ag.com/shareholder-structure

Our ➤ [Annual Report 2020](#) contains further information on our portfolio strategy and key economic indicators.

Our corporate structure: A combination of centralised and decentralised management

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

Our corporate structure is divided into centralised and decentralised functional areas (see chart on page 8). This ensures that we can manage our portfolios efficiently while at the same time responding 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 in Germany. These are assigned to so-called 'LIM regions', which are managed in a decentralised manner by our Heads of Real Estate Management (Leiter Immobilienmanagement – 'LIMs'). Acquisition and Sales, Facility Management Services, Craftsman 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 Center

New construction has so far been carried out exclusively in Poland and is therefore also managed from there. The organisational structure of the operating business in Poland – like the rest of the Group – has flat hierarchies and short decision-making paths. Central decisions are made in close consultation with TAG's Management Board and the operating divisions in Germany.

In-house service provider businesses 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).

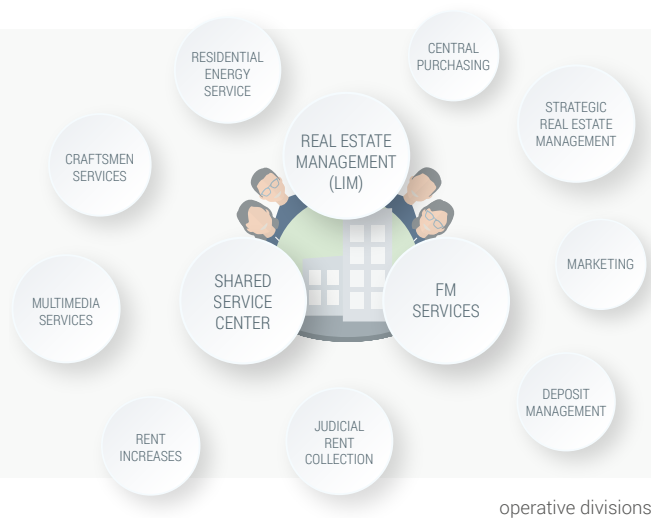
In the year under review, our German locations were assigned to ten LIM regions which each handle their own customer support, rentals, investments in the portfolio (maintenance and modernisation), and receivables management. They also offer our tenants additional services and support through our subsidiaries.

Part of our corporate strategy is 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 very satisfied or satisfied with these additional services.

TAG comprises several service companies. TAG Immobilien Service GmbH has been our caretaker company since 2012. Around 480 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 craftsman 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 (EWS).



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).

Our subsidiary Multimedia Immobilien GmbH (MMI) 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 portfolio of properties. Our entire portfolio is managed and administered by TAG Wohnen & Service GmbH. At 31 December 2020, the TAG Immobilien Group comprised 103 fully consolidated companies following the acquisition in Poland. The Polish subsidiaries form a separate subgroup within the Group. In the reporting year, apart from the acquisition of Vantage in Poland, there were no other 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. 70,200 units (Expansion to approx. 75,000 units planned in the long term, approx. 90 % of the total portfolio)
TAG Handwerkerservice GmbH	Craftsman services, including modernisation, refurbishment of empty flats (since 2015)	5 regions Brandenburg a. d. H. inkl. Nauen, Chemnitz, Döbeln, Dresden, Leipzig inkl. Magdeburg
Energie Wohnen Service GmbH	Heat supply, energy management, facility management (since 2016)	approx. 35,700 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. 9,500 units 4 main regions: Berlin, Erfurt, Gera, Hamburg

Entry into the Polish real estate market

In January 2020, we expanded our business model regionally: We entered the Polish market – our first acquisition outside Germany. Further to this step, we are now active not only in the management and refurbishment of housing, but also in new construction.

The regional expansion of the portfolio is based on the acquisition of all shares in Vantage Development S.A. ('Vantage' in the following), a real estate developer based and primarily active in Wrocław in southwestern Poland. The contract was signed on 8 November 2019, and the acquisition became legally effective on 13 January 2020. Beyond this, TAG is also acquiring projects directly from other developers in Poland under 'forward deals', where projects are already supported by Vantage during construction, and are then managed by Vantage after completion. Vantage is responsible for the construction, sale and rental process (Vantage Rent) of the new build residential units.

As of 31 December 2020, TAG had a contractually secured pipeline in Poland for the construction of approx. 8,700 flats, of which around 3,000 flats are intended for sale, and approx. 5,700 flats for rent. The foundation for the construction of a high-quality and sustainable new-build portfolio has thus already been laid. Our medium-term growth target for Poland is to build a portfolio of around 8,000 to 10,000 rented residential units within the next three to five years. This portfolio would represent around 10 % of TAG's current residential portfolio based on number of units. The investment focus is on development projects and new buildings in large cities with favourable population development, proximity to universities, and a well-developed infrastructure. Currently, Vantage is realising projects in Wrocław, Poznań, and Łódź. We take sustainability aspects into account in all projects, from initial planning to final implementation. We place a special focus on social and ecological aspects. We strive for a social mix in our neighbourhoods and strive to offer residents a high quality of life. We consider climate protection and resource conservation from the very beginning of the planning process, and take the relevant criteria into account both during construction and throughout the entire utilisation phase.

In the long term, TAG intends to achieve a leading position along the entire real estate value chain in Poland's growing residential real estate market.

First sustainability activities implemented

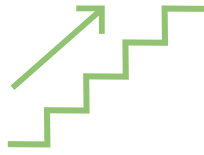
In Vantage, we have acquired a company that has already developed a variety of sustainability activities and is implementing them with its 138 employees (as of 31 December 2020). In 2020, we took initial steps to follow up on this commitment with further measures, and to coordinate TAG and Vantage's sustainability activities. In the years ahead, we intend to successively expand sustainability management at Vantage, focussing on a strategic approach in several stages and taking local circumstances into account.

In the reporting year, Vantage, among other things, supported three hospitals in Wrocław during the Covid-19 pandemic 2020 as part of its corporate social engagement. In consultation with the medical staff, Vantage donated money and medical equipment to the facilities. Employees also collected money to purchase groceries for the healthcare workers.

The photovoltaic panels installed on a residential building in Wrocław at the end of 2020, for example, contribute to climate protection. They generate electricity for the common areas.

We provide information on further sustainability activities in Poland at the relevant points in this report. The first sustainability indicators collected at Vantage are presented in an additional column in the key indicators section of this report alongside TAG's key indicators.

➤ <https://vantage-sa.pl/>



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 know 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 is traditionally anchored in our business activities.

Since 2012, sustainability management at TAG has been directly assigned to the Management Board. In the reporting year, sustainability topics were regularly the subject of consultations between the Management Board and the Supervisory Board.

TAG understands sustainable corporate development as a holistic system that enables positive interactions. Our sustainability strategy therefore takes into account recent developments such as demographic change, climate change, and technological progress (see 'Developing our portfolio responsibly' section). In 2020, the Covid-19 pandemic also influenced developments at TAG. Above all, it drove forward digitalisation, and communication on digital channels. At the same time, personal contact within the Company and with our tenants had to be significantly reduced.

We include all economic, ecological and social impacts of our actions across the value chain, or the entire life cycle of a property, in our sustainability strategy. Various ESG guidelines, in which we specify our requirements and goals, also contribute to this. Our intensified sustainability communications also serve to increase the importance of considering the effects of our actions across the entire life cycle of the properties.

In practice, however, external factors can lead to conflicts in achieving our sustainability goals. We intend to continue tackling these challenges in the future. One of the biggest challenges at present is affordable yet climate-friendly housing. To ensure this, we will continue to develop our portfolios with a sense of proportion. We believe that housing should be affordable for all our tenants. Through efficient modernisation, we make an effective contribution to climate protection on the one hand, while not exceeding the budgets of our tenants on the other.

Our material topics

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

In 2019, we already reviewed the issues deemed material for our Company, updated some of them, and categorised them even more stringently according to concrete action areas. In the reporting year, these issues continued to be considered material and were fleshed out with specific goals and measures as part of our sustainability management. For instance, the 2020 report enables us to present our progress in direct comparison with the previous year. Where external circumstances, such as the Covid-19 pandemic, required it, measures were added to meet new challenges.

Another review of the material topics by means of successive stakeholder surveys is planned for 2021. The first partial survey, of shareholders, investors and banks, already took place in 2020.

The materiality matrix shows the classification of the material topics under three aspects (see page 13). The horizontal axis shows how strongly TAG's actions impact the various economic, ecological, and social topics. Conversely, the size of the topic bubbles symbolises the impact of the topics on TAG and its economic performance. The vertical axis summarises the importance of the issues for the various stakeholder groups. This evaluation is based on the assessments that we have gained through permanent exchange with our stakeholders.

A) Economic stability is the basis for sustainability

The focus of our sustainability management is to ensure TAG's future viability and competitiveness by working efficiently. By doing so, we create the basis for acting on all other topics.

The successful management and letting of residential space form the basis for our Company's survival in the marketplace. Our core business is geared towards long-term economic success, solid growth, and stability. We are also pursuing this goal with the regional expansion of our business model. In January 2020, we entered the Polish market, where we are also active in new construction for the first time and are building up a residential portfolio in Poland.

Economic constancy creates the conditions for our ecological and social commitment. Conversely, our ecological measures and social commitment are indispensable for our economic success.

We are also increasingly taking ecological aspects into account across all areas of the Company. Furthermore, we incorporate the requirements and expectations of our tenants and employees. We will continue to take regional and local specifics into account in our actions.

B) Integrity, fair business conduct and compliance

Responsible corporate governance forms the guiding framework for our business activities. We see fairness and responsible conduct as essential (see 'Compliance and integrity' section), and expect this from our business partners and other market players as well.

In our understanding, ethically and morally correct corporate behaviour goes far beyond individual matters like avoiding and fighting corruption. The Management Board has implemented a compliance programme that guides our corporate culture accordingly. Mutual respect, team spirit, open-mindedness, and professionalism characterise the way we work together and treat one another.

In the reporting year, we finalised ESG guidelines, specified the quarterly risk reporting with regard to ESG risks, expanded our whistleblowing system, and continued to raise awareness among our employees.

C) Marketable portfolio development for broad sections of the population

When developing our properties in line with market requirements, we work with regional craft enterprises. Ecological requirements and impacts play an important role in this (see 'Maintenance and modernisation as needed' section). In all modernisations, we also take into account the needs and financial possibilities of our tenants.

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

With this focus in mind, we pursue the goal of maintaining and increasing the value of our properties. We also want to increase the satisfaction of our tenants by offering attractive flats at affordable prices. We protect their health by observing ecological requirements and complying with all technical guidelines. We strive for low fluctuation and good lettable. A current vacancy rate of 4.5 % in our flats at year-end 2020 attests to how well this is received by our tenants.

Likewise, we intend to create attractive housing for the Polish market. Above and beyond this, we are entering the business of new residential construction for the first time in Poland. In the medium term, i.e. within the next three to five years, TAG plans to create a portfolio of around 8,000 to 10,000 rental units. Sustainability criteria also apply to new construction as well as to portfolio development and management in Poland, and we are already working on specifying these criteria.

D) Liveable neighbourhoods

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

We increase the quality of living in the immediate residential environment with well-tended green spaces, trees, seating, and playgrounds. And we pay attention to a balanced tenant structure to ensure harmonious coexistence.

We support neighbourhood initiatives at all major locations as well as in contiguous neighbourhoods, and work with cooperation partners to initiate social projects for all target groups. To fulfil our social responsibility in our regions, we provide financial support to kindergartens, schools, and sports clubs. In addition, we established the TAG Miteinander Stiftung (TAG Together foundation) in the year under review. This is where we bundle our social commitment for children and youths, families, and senior citizens. The foundation supports our commitment to improving living conditions and the social and cultural environment in TAG Wohnen neighbourhoods. This commitment is particularly important to us during the Covid-19 pandemic.

Neighbourhood development can only be successful if the various local stakeholders work together. We often take the initiative in this. After all, an attractive residential environment also ensures low fluctuation and low vacancy rates. These principles are anchored in our principles and guidelines for social engagement.

E) Customer focus and service quality

Tenant satisfaction and closeness to tenants are basic principles of our actions (see 'Our Responsibility to Society' section). In our commitment to live up to these principles, we are continuously working on improving our service quality.

We manage all our portfolios from the regions. All rental and management decisions are made directly on site. All tenants have individual account managers who can be reached in person, by phone or by email. Contact persons are available to our tenants in 67 regional tenant offices.

It is our goal that our tenants and prospective tenants be able to reach us easily and find information quickly and easily. In 2020, digital tenant communication in particular became more relevant, and we have expanded and improved it.

For example, we introduced a tenant app across the group. This has enabled us to maintain a high level of service despite the temporary closure of tenant offices due to the Covid-19 situation. At the same time, we want to maintain personal contact with our customers, as far as the Covid-19 situation allows. From our tenant survey in 2018, we know that this is important to our tenants.

To find out how satisfied our tenants are and what they want, we conduct a tenant survey across our entire portfolio every three years. In addition, we regularly give our tenants the opportunity to evaluate the service quality of our external service providers as part of our service monitoring. In order to expand our knowledge about housing markets and regional characteristics, we also participate in surveys and studies.

We want to offer our tenants fast, high-quality services. This is why it is a matter of principle for TAG to provide as many services as possible in-house. Our services include caretaker and craftsman services, multimedia offers, and energy management. In 2020, we also expanded our tenant services through our new TAG Wohnen website, which now provides even more information and is even more user-friendly.

F) Company culture of appreciation, transparency and participation

At TAG, all employees work independently – but not alone (see 'We live our values' section). Everyone knows our corporate goal and together we try to achieve it. Every activity is valued and contributes to the success of the Company. We promote personal responsibility among our employees and encourage them to actively contribute their ideas. Co-determination is possible through involvement in the works council as well as the Supervisory Board. Close cooperation between the Management Board and the works council is also important to us. Our Supervisory Board includes a male and a female employee representative (see 'Our corporate governance principles' section). We also involve employees in the further development of the Company through workshops and participation in projects. Our working relationships are characterised by respectful, rule-compliant and transparent cooperation, which we are constantly working to strengthen.

G) Employee qualification and training

The further development of our employees' skills is a key issue for TAG (see 'Ready for the future with a qualified team' section), because it is not only our employees and tenants who benefit from their training and further education, but the entire Company.

The expertise, experience, inventiveness, commitment, and loyalty of our employees are the essential basis for our success. That is why we support our employees according to their potential. Broadening their professional, social, or methodological competences also contributes to their personal development.

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

Our employees' satisfaction makes them loyal to our Company. One of the prerequisites for this is a healthy work-life balance. This became even more important in the reporting year (see 'Responsibility and trust for our employees' section).

At TAG, there are many offers that make it possible to reconcile one's professional and personal life as well as family life. Our trust-based working time model gives employees the opportunity to balance their private and work commitments. We also offer flexible working hours, part-time work, and work from home.

To promote our employees' health and maintain their working capacity, we motivate them to take part in sporting activities and preventive care.

The diversity of our employees enriches our Company with suggestions and ideas for further development. That is why we actively promote exchange between colleagues with different jobs, from different generations, and with different backgrounds (see 'Prevention of corruption and political influence-mongering' section). Likewise, we pay attention to diversity in the recruitment process. Our tenants benefit from this as well.

I) Optimising energy efficiency and emissions

By improving our energy efficiency and reducing emissions, we contribute to protecting the environment (see 'Maintenance and modernisation as needed' and 'Climate and environment' section). In the reporting year, we began developing a strategy for the long-term decarbonisation of our

real estate portfolio, which we expect to be completed in the course of 2021. Our goal is to contribute to the fulfilment of climate targets by reducing CO₂ emissions and to keep the added costs arising from CO₂ pricing low for TAG and our tenants.

In our measures, we concentrate on areas of the building shell that we can influence, as well as the generation of heating energy. This includes, in particular, the renovation of heating systems and exploiting options for more efficient system controls. We always strive for the best possible cost-benefit ratio. After all, ecological measures have economic consequences for our tenants. As of 31 December 2020, our subsidiary Energie Wohnen Service GmbH supplied around 42 % of our tenants with energy.

J) Sustainable resource management

A sustainable management of resources has positive effects on the environment and an economic benefit for TAG and our tenants (see 'Climate and environment' section).

This is why a conscious use of resources is firmly anchored in our Company across the entire value chain. The Company's processes are always evaluated from a perspective of resource conservation and, if necessary, adapted. To do this, we take a look at the entire life cycle of the properties with our respective options for exerting influence.

Now that we are also active in new construction on the Polish market, TAG's value chain has expanded. For this reason, in the reporting year we expanded the consideration of the life cycle of our real estate to include the sub-segment of new construction. We take a comprehensive view of the sustainability impacts along the life cycle so that we can further improve our energy efficiency and sustainable resource management in this way as well.

By specifying them in the guidelines (esp. on environment and procurement), the relevant criteria are recorded, addressed, and monitored more systematically. This will be continued.

K) Dialogue with tenants, local authorities and other stakeholders

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

An intensive and transparent exchange with each other is therefore anchored in all of our Company's departments and processes, using modern communication formats that are tailored to our needs. To align our sustainability strategy even better with our stakeholders' expectations, we are intensifying the dialogue with them, e.g. through targeted surveys on the topic of sustainability.

L) Supply chain

Fair, resource-conserving, and socially responsible procurement practices are an integral part of our procurement policy. In our supply chain, our focus is on long-term partnerships based on trust. Additionally, 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 pay attention to a balanced mix of local and supra-regional companies and prefer to work with regional service providers, wholesale companies, and manufacturers.

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

Sustainability management and dialogue with stakeholders

Central coordination of sustainability topics

(GRI 102-18, 102-29)

Sustainability issues are addressed and managed in the central Strategic Real Estate Management department. The department reports directly to the Management Board (Chief Operating Officer).

Strategic Real Estate Management is the point of contact for all of TAG's operating divisions when dealing with matters of sustainability. The evolution of our sustainability management is driven by regular exchange with the specialist departments, and the compilation of segment and departmental reports. Strategic Real Estate Management raises the awareness of all employees for corporate responsibility, and the urgency of the related measures.

Sustainability criteria are taken into account in the individual tasks and departments depending on their relevance. The overarching coordination takes place at management level. Employees are involved according to their areas of responsibility and implement the measures.

In 2020, we launched the project "Together for a colourful TAG" and thereby gave the impetus for a Group-wide network to work on sustainability issues. The core of the project is a sustainability committee consisting of employees from various departments and almost all LIM regions. This committee steers and coordinates sustainability topics and measures throughout the company and acts on an equal basis with the Strategic Real Estate Management. It collects new ideas and develops them further, initiates and coordinates pilot projects and draws up concepts and guidelines for the Group-wide implementation of goals and measures. The sustainability committee regularly consults with the Management Board (COO).

Because the employees on the sustainability committee come from a wide range of departments, sustainability issues have a broad reach and are interconnected. On the one hand, the committee members know the needs of their departments well and can take these into account when planning and implementing measures. On the other hand, they carry the sustainability topics and criteria into all tasks and departments of the company, where they are taken into account according to their relevance. They involve their col-

leagues in the specialist departments in the implementation of measures and encourage them to contribute their own ideas. The committee then incorporates them into decisions at management level.

All colleagues were eligible to apply for the sustainability committee. Information about the committee's work as well as other sustainability topics is posted on the intranet.

When existing rules are changed by the legislator, we promptly update our operational implementation. In the reporting year, the Strategic Property Management and Legal divisions supplemented and specified the general Business Principles with ESG guidelines: the Anti-Discrimination Guideline, the Anti-Corruption Guideline, and the Environmental Policy, Procurement Policy, and Social Policy Guidelines (a summary of these can be found on our [TAG-Website](#)). This makes our sustainability programme more transparent and easier to monitor and manage.

In addition, we will integrate the United Nations' 17 Sustainable Development Goals (SDGs) into our sustainability strategy in the future and provide regular information on them as part of our reporting (see 'Our commitment to implementing the Sustainable Development Goals' section). The SDGs were selected on the basis of our material topics and focal points. Our contribution focuses on the goals of Gender Equality (SDG 5), Affordable and Clean Energy (SDG 7), Reduced Inequalities (SDG 10), Sustainable Cities and Communities (SDG 11), Climate Action (SDG 13) and Partnerships for the Goals (SDG 17).

Our sustainability goals

With our sustainability management, we seek to contribute to sustainable business, a society worth living in, and protection of the environment.

Our economic goal is to secure our future viability (see 'Maintenance and modernisation as needed' section). To achieve this, we seek to maintain and, wherever possible, increase the value of our properties. In this way, we want to ensure a positive development of results for our stakeholders.

One of our social goals is to further increase the satisfaction of our tenants and employees (see 'Our responsibility to society' and 'Our employees shape our future' section). In this way, we aim to increase the loyalty of both groups. Another focus is on continuing our social responsibility efforts and increasing the quality of life in our neighbourhoods.

Our ecological goal is to consume fewer resources, optimise the use of resources, and increase our energy efficiency. Through environmentally friendly portfolio management, we contribute to reducing CO₂ emissions (see 'Climate and environment' section).

In order to achieve these goals, Strategic Property Management has developed a plan with goals and measures for each action area. The corresponding business figures and quality indicators are evaluated monthly at management level. Based on this, team leaders and employees are then involved.

Sustainability Strategy · Our Path to Tomorrow

Areas of action and <i>material topics</i>	Goals and subgoals	Timeline	Status
Sustainability management	Continue expanding the data base on sustainability across the Group	short and medium term	↗
	Continue and further expand the in-house suggestions scheme on sustainability by the sustainability committee, and implementation of at least three project topics annually	short and medium term	↗
Act fairly and responsibly <i>(B) Integrity, fair business and compliance</i>	Zero compliance violations and zero cases of corruption throughout the year	continuous	☑➔

☑ planned ↗ in implementation ➔ ongoing ☑ achieved

Portfolio and Environment · Developing Our Portfolio Responsibly

Areas of action and <i>material topics</i>	Goals and subgoals	Timeline	Status
Positive earnings development <i>(A) Economic stability</i>	Continuously increase FFO I per share in the following business years	short and medium term	☑➔
	• Increase FFO I per share by at least 4 % in 2021	2021	☑↗
	Continuously increase the dividend per share in the following business years	short and medium term	☑➔
	• Increase dividend per share for 2021 by at least 4 %	2021	☑↗
	Maintain investment grade credit rating from an internationally recognised rating agency	continuous	☑➔
Value retention and value enhancement <i>(C) Marketable portfolio development for broad sections of the population including reasonable rents</i>	Maintain and ensure long-term lettable and demand-driven portfolio development, e.g. through:	continuous	☑➔
	• Investments in the portfolio in Germany amounting to at least 1.5 % of the value of the property volume at the beginning of the respective business year	continuous	☑➔
	Further expand the supply of affordable housing in Germany by predominantly acquiring portfolios whose average net rent does not exceed EUR 6.00 per sqm	continuous	☑➔
	Build up an ecologically high-quality existing and sales portfolio in the new-build sector in Poland, in particular through the following measures:	medium-term	↗
	• Construct at least 8,000 new flats in Poland	by end of 2025	↗
• Total investment volume in ecologically high-quality and climate-efficient new housing in Poland of at least EUR 1,000 million	by end of 2025	↗	

☑ planned ↗ in implementation ➔ ongoing ☑ achieved

Portfolio and Environment · Developing Our Portfolio Responsibly

Areas of action and <i>material topics</i>	Goals and subgoals	Timeline	Status
Climate-friendly portfolio with lower energy consumption and CO₂ emissions <i>(I) Optimising energy efficiency and emissions</i>	Continue the climate-friendly modernisation of the entire portfolio in Germany and Poland with a focus on energy and emission-reducing measures	medium-term	☑➔
	• Increase the share of buildings with an energy efficiency class of at least 'C' (below 100 kWh) from currently approx. 61 % to approx. 65 %	by end of 2025	⚡
	• Renovation or renewal of approx. 100 to 120 heating systems annually	annual	☑➔
	• Convert nearly all heating oil systems in the EWS portfolio to lower-emission fuels (target share below 1 %)	2022	⚡
	• Reduce CO ₂ emissions by approx. 3,000 tonnes through heating system refurbishment	until 2024	☑➔
	• Equipping around 250 heating centres of Energie Wohnen Service GmbH with remote monitoring technology to optimise operational control	by end of 2021	⚡
	Finalise the decarbonisation strategy including quantification of the target to further reduce CO ₂ emissions from currently 31.9 kg/m ² p.a. in the overall portfolio, and define further measures	2021	⚡
Reduce resource consumption and optimise resource use <i>(J) Sustainable resource management</i>	Optimise waste management in the existing inventory and at office locations	short to medium term	⚡
	• Expand professional waste management (reduction of residual waste, collection of paper and recyclables for recycling) through own real estate service and external service providers	short to medium term	⚡
	• Review waste management and paper cycle at office locations for potential improvements and promptly implement the measures identified	2021	⚡
	Resource-efficient management of business trips and vehicle use by employees	continuous	☑➔
	• Largely avoid business travel by air for internal Group meetings	continuous	☑➔
	• Offer subsidised use of public transport, e.g. through subsidies for monthly tickets for at least 650 staff members	continuous	☑➔
	• Expand the offer of environmentally friendly vehicles (e.g. bicycles, e-bikes, e-vehicles) with the aim of creating such offers in at least half of our German regions	2022	⚡
Increase transparency and sustainability and ensure compliant behaviour in the supply chain <i>(L) Supply chain</i>	Regularly review existing supplier and framework contracts for addition of sustainability criteria	on an ongoing basis, at least annually and when a new contract is concluded	☑➔
	Expand the resource-saving, digital ordering and billing process with framework contract partners	continuous	⚡
	• Increase this ratio from the current 60 % to at least 80 % in the small-scale maintenance sector	by end of 2023	⚡

☑ planned ⚡ in implementation ➔ ongoing ☑ achieved

Tenants and Society · Our Responsibility to Society

Areas of action and <i>material topics</i>	Goals and subgoals	Timeline	Status
High tenant satisfaction <i>(E) Customer focus and service quality</i>	Conduct a tenant survey to determine tenant satisfaction at least every three years	every 3 years, next: 2021	☑➔
	• Satisfaction rate (proportion of tenants who are very satisfied or satisfied with TAG as a landlord) of at least 70 %		☑➔
	Continue monitoring facility management services including survey of tenant households	at least annually	☑➔
	Long-term tenancies	continuous	☑➔
	• Maintain average length of residence of currently 10 years, at least	continuous	☑➔
	Expand and continue communication formats (e.g. the new digital forms of communication established in 2020 in the wake of the pandemic situation: app, new website)	continuous	☑➔
	Expand and continue services and support for tenants (e.g. counselling for senior citizens)	continuous	☑➔
	• Extend offer to equip flats with smart assistance and emergency call systems to at least 6,000 households in Gera	2021	↗
Target group-specific offers <i>(E) Customer focus and service quality</i>	Continuously increase the inventory of barrier-free and age-appropriate flats from the current level of around 1,670 flats	continuous	↗
	Suitable housing options for young people ('Young Housing') in at least 20 locations	continuous	☑➔
Continue social efforts and strengthen our residential neighbourhoods <i>(D) Liveable neighbourhoods</i>	Continue the promotion of social projects (donations and sponsorship)	continuous	☑➔
	• Expand the efforts of the newly established TAG 'Miteinander Stiftung' (TAG Together Foundation) to promote social projects, with the foundation donating a volume of at least TEUR 150 annually	from 2022	↗
	Continue cooperation with local social organisations	continuous	☑➔
	Promote social commitment of our employees by expanding the 'Alltagshelden' (Everyday Heroes) project	continuous	↗

☑ planned ↗ in implementation ➔ ongoing ☑ achieved

Employees · Strengthen our employees

Areas of action and <i>material topics</i>	Goals and subgoals	Timeline	Status
Preserve and expand the company culture and co-determination <i>(F) Company culture of appreciation, transparency, and participation</i>	Continue the employee stock option programme	annual	☑➔
	• annual volume of at least TEUR 1,500	annual	☑➔
	Pay a profit-related annual bonus for all employees depending on the increase in the dividend	2021	☑➔
	Conduct annual staff surveys on specific topics	annual	☑➔
	• Percentage of employees who are very satisfied or satisfied with their current work situation of at least 70 %	annual	☑➔
	At least two company-wide events per year for all employees (e.g. Group-wide Christmas party, TAG relay race, etc.).	annual	☑➔
Expansion of staff qualification and further training <i>(G) Employee qualification and training</i>	Train TAG specialists to become trainers	continuous	⬆
	Continue and expand the STEP training concept	continuous	☑➔
	• At least 8 hours of further training per employee and year	annual	☑➔
Strengthening work-life balance, family-friendliness, and diversity <i>(H) Work-life balance, family-friendliness, and diversity</i>	Diverse workforce with balanced gender ratios	continuous	☑➔
	• Share of women in the total workforce of at least 50 % (currently approx. 53 %)	continuous	☑➔
	• Share of women in management positions (1 st and 2 nd management level) of at least 40 % (currently 50 %)	continuous	☑➔
	• Share of women on the supervisory board of at least 25 % both for the shareholder representatives and for the entire board (currently 25 % and 33 % respectively for the entire board)	continuous	☑➔
	• Share of women on the board of directors of at least 33 % (currently 33 %)	continuous	☑➔
	Expand incentives and motivation instruments for employee retention (offer work from home/remote work, offer preventive health measures)	continuous	⬆
	Continue and expand the 'Wir für eine bunte TAG' (Together for a colourful TAG) project	continuous	☑➔
Promoting young talent and recruiting staff <i>(G) MEmployee qualification and training</i>	Expand the role of employees as company ambassadors (career site on the internet, job listings, tenant magazine, external platforms)	continuous	⬆

☑ planned ⬆ in implementation ➔ ongoing ☑ achieved

Our commitment to the implementation of the Sustainable Development Goals

At their General Assembly in 2015, the member states of the United Nations unanimously adopted the 2030 Agenda. The core of the Agenda are the 17 Sustainable Development Goals (SDGs). They are intended to initiate a global transformation towards a more just and sustainable society. For the first time, the SDGs take into account all three dimensions of sustainability equally: Social, environmental and economic. They apply to all countries of the world, developing countries, emerging economies and industrialised countries. All are called upon to make their contribution to enabling a decent life worldwide and preserving the earth's natural resources. The interplay between politics, business, science and civil society is crucial.

At TAG, we consider it part of our corporate responsibility to contribute to the implementation of the SDGs. This is because we are convinced that business plays a leading role in shaping a sustainable future.

In 2020, we identified the SDGs relevant to TAG. We have derived these from our key topics and focus areas. We also looked at the areas in which we can make the greatest contribution, now and in the future. By integrating the SDGs into our Sustainability Report, we make our performance visible and show potential for further development.

We have identified the following SDGs: 5. Gender Equality, 7. Affordable and Clean Energy, 10. Reduced Inequalities, 11. Sustainable Cities and Communities, 13. Climate Action, 17. Partnerships for the Goals.

Our contribution to achieving the goals



SDG 5 Gender Equality

Material topics: Work-life balance, family-friendliness, and diversity

More than 50 % of the workforce at TAG are women, including in management positions. Salaries are influenced exclusively by the requirements profile for the position, professional experience, and any additional qualifications. We promote a healthy work-life balance, among other things through flexible working time models and the option of working from home. Around one third of the employees on parental leave at TAG are male (since we started evaluating this in 2019; see section on 'Our employees shape our future').



SDG 7 Affordable and Clean Energy

Material topic: Optimising energy efficiency and emissions

We are continuously working to improve our energy efficiency and reduce emissions. To this end, we carry out energy-efficient refurbishments in existing properties, take sustainability criteria into account in new construction, and use Smart Home solutions to increase energy efficiency (see 'Developing our portfolio responsibly' section).



SDG 10 Reduced Inequality

Material topics: Liveable neighbourhoods, customer focus, and service quality

We place a particular focus on supporting children and teens as well as the elderly, especially those from economically weaker sections of the population. We sponsor a wide range of recreational activities and offer social assistance. We also take the needs of senior citizens into account in our new construction or renovations, for example by reducing barriers in our housing. The non-discriminatory allocation of housing is laid down in our anti-discrimination guideline. We also participate in a programme for the integration of the long-term unemployed (see 'Our Responsibility to society' section).



SDG 11 Sustainable Cities and Communities

Material topic: Marketable portfolio development for broad sections of the population, including reasonable rents

Housing is a basic need. Our core business is to provide affordable housing for broad sections of the population. In our neighbourhoods, we pay attention to a healthy social mixing and actively contribute to a good quality of life. To this end, we support local initiatives, associations, and social institutions (see 'Our responsibility to society' section).



SDG 13 Climate Action

Material topics: Optimising energy efficiency and emissions, sustainable resource management

We use resources sparingly, both in the renovation of existing properties and in new construction. This also applies within the Company. We apply environmental criteria when selecting suppliers. We are also currently developing a decarbonisation strategy to further reduce CO₂ emissions. In our neighbourhoods, we promote biodiversity in the outdoor areas (see 'Developing our portfolio responsibly' section).



SDG 17 Partnerships for the Goals

Material topics: Liveable neighbourhoods, dialogue with tenants, municipalities, and other stakeholders

We work with various social institutions, neighbourhood initiatives and other associations to support our tenants in their everyday lives. Beyond this, we are in continuous dialogue with cities and municipalities. TAG is also a multiple winner of the Social Transfer Award given out by the Braunschweig Chamber of Commerce and Industry (see 'Our responsibility to society' section).

Ongoing exchange with stakeholders

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

We want to keep developing our sustainability strategy. To do this, we need to know the needs and expectations of our internal and external stakeholders. TAG therefore seeks continuous exchange with its stakeholders and involves them wherever possible. In the reporting year, this exchange took place mainly digitally. The selection of particularly relevant stakeholder groups is based on their proximity to TAG's core business. The following stakeholder groups are particularly relevant in this context:

Our tenants

Our tenants are our most important stakeholder group. Their wishes have a direct influence on our economic success. We offer our customers many different ways to reach us. At our locations, customer service representatives are available as personal contact persons in 67 tenant offices. In addition, tenants can contact us by letter, phone, email, the tenant app, or by using the online form on our the residential brand website. We also use district conferences and roundtable discussions on housing for interaction and exchange. During the Covid-19 pandemic, it was often not possible to provide personal support to our tenants. Instead, we further improved and expanded our digital communications (see 'Satisfied tenants' section).

We provide our tenants with useful information on matters of housing on the website of our residential brand, in our tenant newsletter, and in various brochures. We send out tenant letters to announce construction and renovation measures, e.g.

With our tenant app, we also offer interested customers a mobile application for submitting their queries regarding the rental contract, conversions or repair measures, and other questions about housing. It can also be used to send feedback on customer service. Following the pilot phase in 2019, the tenant app was introduced in all of TAG's regions during the reporting year. Over time, more features will be added and its user-friendliness further improved.

For several years now, we have offered housing consultations at our main locations. The focus here is on senior living and serviced living. In the year under review, this service was again frequently used. At the main locations, our tenants can also take advantage of our social counselling services. New and existing tenants also have the opportunity to view model flats (see 'Satisfied tenants' section).

About every three years, we survey our tenants about their satisfaction and their wishes regarding housing. The next tenant survey will take place in 2021. We translate the findings into tangible measures.

Our employees

With their efforts and commitment, our employees ensure attractive residential portfolios and satisfied tenants. In return, they expect good working conditions, fair treatment, and opportunities to help shape the Company and pursue their personal development. Therefore, ongoing exchange with our employees is an integral part of our company culture (see 'We live our values' section).

We use various communication channels to inform our employees. We provide information on the intranet, the social intranet, and at our intranet terminals. We also use email distribution lists, brochures, and flyers. In addition, our project groups provide an opportunity for cross-site, cross-disciplinary, and cross-hierarchical exchange.

At the sites and within the teams, we encourage our employees to actively raise concerns. To get feedback from our employees, we use the annual performance appraisals and employee surveys. Team events, idea workshops, and joint celebrations or sports competitions provide additional opportunities to talk to each other. In the reporting year, there was a strong shift to digital channels and formats.

We also continuously build awareness of sustainability among our employees and encourage them to get involved. In the year under review, on our intranet, we called on our employees to develop ideas for sustainability measures at TAG and submit them. They were checked for feasibility, and some of them have already been implemented or were developed further and won prizes.

The regional works councils and the general works council share information on current topics at regular intervals, at the locations or in the Group. Information relevant to the Company is discussed with managers and the Management Board and thus made transparent.

Our suppliers

We work closely with suppliers and service providers in the management, maintenance, and modernisation of our inventories. As we expect from them, they likewise expect fair and reliable business practices from us (see 'Supply chain and materials' section).

We usually maintain long-standing relationships with our trade, commercial, and other partners. Mutual exchange is important here. Direct contact with their TAG contact persons takes place in person on site, by phone, or by email. This personal contact was limited in 2020 due to the pandemic. On the other hand, we were able to improve the connection to our partners by optimising digital processes (see 'Supply chain and materials' section).

We provide our suppliers with information and contact details on our websites. We also send out information memos and invitations to tender. Furthermore, we operate an electronic craftsman portal for paperless order and invoice processing. We regularly check the work of our service providers and give the supplier direct feedback on it.

Shareholders, banks and other investors

Our shareholders contribute their capital to our business activities and have confidence in our business model. Debt financing, e.g. from our partner banks and bond investors, also influences our success.

We are in regular contact with shareholders, banks, other investors, and analysts. Transparent communication is important for both sides. In the reporting year, we also conducted a survey of this stakeholder group on key sustainability topics. We continuously publish business information, quarterly financial reports, and press releases on the TAG website. We also inform these stakeholders at international conferences, on roadshows, at the Annual General Meeting, and at our bank and capital market days. All formats were carried out mostly digitally in 2020.

Local neighbourhood initiatives

With our neighbourhood management (see 'Liveable neighbourhoods' section), we strive for socially balanced and liveable neighbourhoods. That is why we support local initiatives and interest groups as well as associations and social institutions at our locations.

In 2020, the Covid-19 pandemic severely limited the scope of our local engagement. In principle, however, we are always directly and personally on site as part of our tenant support and neighbourhood management. We are open to suggestions and ideas and implement them as long as they fit with our company strategy. In 2020, for example, we rented and renovated a property for social purposes in a residential neighbourhood in Erfurt. Going forward, additional activities for children and youths will take place here, organised by the city and supported by TAG.

We also provide information and contact details on the residential brand website. In the reporting year, we revised the website to make it even more appealing and user-friendly. In addition, we issue press releases to provide information about developments in the Company and in the neighbourhoods.

Local politics and associations

As one of the largest private housing companies in Germany, we are also in the focus of local politics, associations, and urban development. We are actively involved in real estate-related topics.

As part of neighbourhood management, we are directly on site for all matters. When we take over properties in a new municipality, we often introduce ourselves and our business model to the municipality in person. We invite local politicians to special events in our neighbourhoods (see 'Liveable neighbourhoods' section). We make it possible for politicians to tour our neighbourhoods at our main locations, and use these on-site meetings to exchange views on matters of housing policy. We also actively participate in district conferences and roundtable discussions on housing. Of course, all personal appointments were severely limited in 2020.

Other stakeholders

The activities of other housing companies exert an indirect influence on our business actions. That is why we continuously monitor the market and our competitors. This is the only way we can respond promptly and appropriately to opportunities for investment or changes in the market.

We are in frequent exchange with these stakeholders in connection with neighbourhood projects. Dialogue also takes place at the Management Board and department head level. We regularly exchange ideas with colleagues from other companies on current topics in the housing industry. In this way we can learn from each other, get ideas for projects, and work together more effectively on neighbourhood projects.

Compliance and integrity

Our principles of governance

(GRI 102-12)

The Supervisory Board and Management Board of TAG see corporate governance as an essential prerequisite for sustainable business success – because responsible corporate governance strengthens the confidence of our stakeholders in the leadership and management of TAG.

The premise for our entrepreneurial actions is always to safeguard the interests of our stakeholders, to justify decisions transparently, and to manage risks appropriately.

The German Corporate Governance Code (GCGC) 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 undertook to follow these guidelines as early as 2002. Once a year, they issue a Statement of Compliance, which is accessible on TAG's website. We also transparently communicate the working methods of the Supervisory Board and Management Board, and the equal participation of women and men in management positions, on our website.

Compliance as an instrument of corporate governance

(GRI 102-16)

For us, compliance is a fundamental task for the Company, one that serves the fulfilment of good corporate governance. We understand the term to mean adhering to the rules for complying with all processes and requirements that affect our Company. This includes voluntary commitments as well as internal guidelines and organisational measures. In addition, we adhere to societal rules as well as moral and ethical values.

Compliance with human rights and the laws that apply in Germany is a matter of course for us. We expect all employees to comply with the relevant legal regulations and internal guidelines. Our Business Principles sum up the legal requirements.

Our Business Partner Code is intended to ensure that our business partners, too, conduct themselves in a compliant and ethical manner. Any proven violation of this code will be punished and, depending on the severity, can lead to an immediate termination of the business relationship. Such a situation did not occur in the reporting year.

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 Management Board consisting of three persons. The members of the Management Board are appointed by the Supervisory Board. Their term of office is up to five years each.

Claudia Hoyer (Chief Operating Officer, COO) has been a member of the Management Board at the operational level since 1 July 2012. A business graduate and real estate economist, she is responsible for Real Estate Management, Acquisition and Sales, Strategic Real Estate Management/Marketing, Shared Service Centers, Facility Management Services (caretaker services), Craftsman Services, Central Purchasing, Business Apartments, Energy Residential Services, Multimedia Real Estate, Business and Change Development, Digitalisation, and Environmental Social Governance (ESG).

Martin Thiel (Chief Financial Officer, CFO) has served as Chief Financial Officer since 1 April 2014. A business graduate, he is in charge of Group Accounting, Financing and Treasury, Taxes, Controlling, Investor and Public Relations, and ERP/Data Management.

Dr Harboe Vaagt (Chief Legal Officer, CLO) was appointed to the Management Board on 1 April 2011. A Doctor of Law, he is responsible for Human Resources, Legal Affairs (incl. Data Protection), Judicial Rent Collection, IT, Compliance, Internal Audit, and Homeowner/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. At least four times a year, the Management Board reports to Supervisory Board meetings. The Supervisory Board is informed about business developments on a monthly basis. The Management Board involves the Supervisory Board in decisions of fundamental importance for the Company.

The regulations on the composition and term of office of the Supervisory Board are set out in TAG's Articles of Association (Chapter IV §§ 7 ff.), which can be viewed on the TAG website. Four members of the six-member Supervisory Board are elected by the shareholders, two members by the employees. Three members each of the Supervisory Board form an Audit Committee and an HR Committee. The Supervisory Board conducts regular efficiency reviews. For this purpose, the members are questioned in writing. The results are jointly discussed and evaluated in a subsequent meeting and, if necessary, implemented in updated regulations.

The Management Board and Supervisory Board are subject to the processes and rules prescribed by law, including those for dealing with conflicts of interest. They are defined in the respective rules of procedure. The Management Board and the Supervisory Board also undertake, in the annual Statement of Compliance with the GCGC, to observe the recommendations contained therein on how to deal with conflicts of interest. Any potential or existing conflicts of interest at the Management Board level must be disclosed to the Supervisory Board. The Supervisory Board reports on this at the General Meeting.

Group-wide risk management

(GRI 102-11, 102-15)

The Management Board uses a central risk management system to ensure that all material risks are identified, measured, managed, and monitored throughout the Group. This is meant to reduce potential risks, safeguard the Group's continued existence, and support the successful further development of the TAG Group. The system is continuously refined in consultation with the Supervisory Board.

As part of the internal, quarterly risk reporting, sustainability risks (ESG risks) have also been explicitly queried since 2020. These were previously integrated into the various divisions. Each year, TAG's Management Board comments in detail on all significant risks for the Company in the risk report, which is integrated into the Annual Report (see Annual Report 2020, p. 61 ff.). In the year under review, the Management Board did not become aware of any risks that could threaten TAG as a going concern.

To better manage sustainability risks, we also further developed the principles and guidelines for sustainability at TAG Immobilien in the reporting year. One focus of our risk assessment is on climate-related risks, in line with the recommendations on the disclosure of climate-related financial risks published by the Task Force on Climate-related Financial Disclosures (TCFD). In its statement (see 'Implementation of the recommendations of the Task Force on Climate-related Financial Disclosures' section), TAG commits to putting the TCFD recommendations into practice. It also refers to the relevant information in the Sustainability Report and Annual Report 2020.

Our compliance 'traffic light': prevent, identify, respond

(GRI 102-17, 103-1, 103-2, 103-3, 205-2, 418-1, 419-1)

Compliance Management System and Business Principles

Our compliance programme ensures adherence to legal requirements and the Group's internal regulations. Our Business Principles form the basis for this. Among other things, they contain general rules on business relationships, non-competition clauses, conflicts of interest, and data protection. Responsibility for this area lies with the Compliance Officer, who reports to the Management Board.

Our Compliance Management System has three components: prevent, identify, and respond. Prevention includes compliance training for our employees, which is conducted regularly and on an ad hoc basis several times a year.

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

All new employees receive copies of the Business Principles, the IT Policy, and the Privacy Policy. All TAG employees are

responsible for conducting themselves accordingly. Violations will not be tolerated.

Training on relevant compliance topics is conducted on a regular basis. The focus is on risky areas. Special topics are taught, new developments presented, and the basics refreshed. In the year under review, the focus was on compliance basics, the content of the Business Principles and compliance communications in the TAG Group.

Employees have the option of reporting legal violations anonymously by post or via a form on the intranet. Since 2020, our whistleblowing system can also be accessed via the TAG website. External parties can also contact the TAG Group Compliance Officer to report possible compliance violations. Alternatively, an external lawyer who acts as an independent reporting office can be approached. The Management Board's Compliance department documents all reports and enquiries. Violations that come to the attention of the department are recorded and reviewed. Depending on the nature of the incident, case-specific measures are taken. These include disciplinary or labour law consequences, claims for damages, or the filing of criminal charges. If necessary, we adapt our preventive measures.

In the reporting year 2020, there were no breaches of compliance regulations at TAG. There were a total of around 120 reports in the reporting period. Most of these were reports on cash receipts subject to reporting requirements, which relate exclusively to cash payments for rent, rent arrears, or security deposits. The review of the reports and notifications did not reveal a compliance violation in any case.

Poland-based Vantage has had its own risk and compliance management system in place for years; it was integrated into TAG's systems in 2020.

Policy management and control mechanisms

Guidelines specify principles, conditions and objectives for the correct performance of processes at our Company. Important guidelines for TAG include the underwriting and competence guidelines as well as various other internal guidelines. These are laid down in our Business Principles and apply to all business groups. They include guidelines on maintaining IT security, tax compliance, data protection, promoting diversity and preventing discrimination, avoiding and preventing corruption, capital market obligations, and donations. All guidelines are available on the intranet; the data protection guideline is also available on the TAG website.

The dual control principle applies to all contracts and other documents relating to TAG's financial liabilities or other obligations.

In 2020, we updated the data protection policy, the IT policy and the policies on business trips, travel costs, and expenses. In the reporting year, there were no substantiated complaints regarding the applicable data protection provisions.

Prevention of corruption and political influence mongering

(GRI 103-1, 103-2, 103-3, 205-2, 205-3, 415-1)

The prevention of corruption is just as important for our long-term business success as it is for our stakeholders. Compliance with the rules is laid down for all TAG employees in the Business Principles, which also contain information on compliance with anti-money laundering laws. In addition, the anti-discrimination guideline and the anti-corruption guideline were adopted at the beginning of 2020 to further focus our positioning on these topics. We regularly inform our employees about anti-corruption guidelines and procedures and other compliance topics, and offer topic- and event-specific training when there are new developments. In the reporting year, we developed a Compliance Card with key points for compliant behaviour and made it available to our employees. Our new training document 'Compliance – Key facts in brief' contains important questions on specific topics. It is designed to help make employees even more aware of how to recognise compliance-relevant issues. We also conducted compliance training in 2020 in the form of a quiz with general questions on compliance – from business principles to case studies on gifts and benefits.

Our 'WE Culture' project (see 'Achieving more as a team' section) also carries our Business Principles into the Company. We attach great importance to respectful, social interaction, and take a clear stand against discrimination, bullying, and corruption.

Violations of our Business Principles and guidelines or laws are not tolerated. In the event of misconduct, the manager and the Compliance Officer must be informed immediately; this can also be done anonymously. In the reporting year, we also made our whistleblower system accessible to external whistleblowers and expanded it to include an independent reporting office. This allows us to respond in good time and avert any damage to TAG.

TAG continuously checks for corruption risks. Various processes have been put in place for this purpose, primarily involving reporting obligations and automated checks. We have installed multi-stage approval and control processes, especially for purchases and sales. In addition, the internal audit department reviews the departments and specialist areas for corruption risks on a regular basis.

The dual control principle has proven its worth as a monitoring instrument in the prevention of corruption as well. In the reporting year, there were no confirmed incidents of corruption at TAG and no legal proceedings due to anti-competitive behaviour. Donations, sponsorships, and other promotional measures for politicians, political parties or political organisations are expressly prohibited in the anti-corruption guideline.

Outlook 2021

We will focus on the expansion and further optimisation of our compliance management. Our training programmes are constantly being updated and carried out. Their spectrum ranges from training for each new employee to topic-specific training for certain departments. This includes, e.g., prevention of corruption risks. We respond to new legal regulations by implementing newly required process structures or expanding existing process structures. It is to be expected that the 'Association Sanctions Act' will lead to a need to implement new compliance requirements. We will stay informed about the progress of the legislative process and prepare the implementation of the new legal requirements.

Shaping the future together: Digitalisation drive 2020

The coronavirus pandemic has presented us with new challenges in many respects, especially in communicating with our tenants and staff. The fact that we were able to switch to digital channels and formats more quickly in this situation is largely thanks to our 'Mission'21' project. Since March 2019, our employees have been working on innovative approaches to optimise processes.



The 'Mission '21' project is part of our digitalisation strategy. Since the launch of the project, many of our employees' ideas have already been implemented to optimise processes, facilitate our work, and offer our tenants even better services. "Especially during the Covid-19 pandemic, the measures that have already been introduced helped us a lot, such as the new tenant app or digitally supported staff training," says Henrik Kreime, head of the 'Tenant App and Ticket System' sub-project. "At the same time, many projects accelerated again in the reporting year. This enabled us to achieve further improvements – for tenants and staff alike."

Experienced and young colleagues, constructive minds, creative idea developers and process experts from different departments and locations work together in the project teams. Together, around 80 employees developed, tested, and implemented further digital work facilitation and functions in all sub-projects during the reporting year. "Thanks to our colleagues' different perspectives, our teams are constantly coming up with new ideas that advance our digitalisation," says sub-project manager Henrik Kreime.

The tenant app plays a crucial role in supporting our tenants. It enables us to deal with our tenants' concerns more quickly and to improve the tenant service. In 2020, we further simplified the use of the app and optimised and developed new ticket systems. A lot of our tenants used the app in the reporting year.

The project teams have also facilitated various work processes for our staff, for example in contract management and digital document management. For example, the digital incoming and outgoing mail processes were further developed and extended to all LIM regions. We have also optimised the complaints process and simplified email archiving.

»Thanks to our colleagues' different perspectives, our teams are constantly coming up with new ideas that advance our digitalisation.«

In the 'Personnel' (staff) sub-project, we created new explanatory videos for staff, prepared training materials for online use and introduced our digital colleague Max. "Max is a chatbot," explains Sandra Wegner, head of the 'Personnel' sub-project. "Visitors to our careers site with a focus on training/studies can contact him at any time of the day or night and ask him their questions. This enhances our service for potential applicants."

Since the start of the project in March 2019, we have realised a total of around 370 go-lives in ten sub-projects, thereby achieving our aim of shaping our entrepreneurial future ourselves. We will continue some of these projects as part of 'Mission Future'.



Developing our portfolio responsibly

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

Our residential portfolio is the foundation of our business activities, which makes it our most important asset. A sustainable management and development of our portfolio is an essential part of our business activities. This includes a responsible use of resources, and climate protection.

With our entry into the residential real estate market in Poland, we are now active in the new-build sector as well. So since 2020, our business model has covered the entire life cycle of a property. This entails additional challenges relating to climate and environmental protection, as well as in the supply chain. At the same time, however, it also opens up new opportunities for us to plan buildings sustainably and to incorporate climate protection and resource conservation at an early stage.

In the long term, we want to develop and manage a nearly climate-neutral portfolio. To this end, we are currently developing a comprehensive decarbonisation strategy, which we aim to finalise in the course of 2021. In this strategy, we are building on measures we are already implementing, such as the refurbishment of building shells and heating systems, and developing a viable model for the future. In phase 1, which we have just completed, we took stock of the situation and assessed our overall portfolio from an energy perspective and in terms of the CO₂ emissions generated. Building on this, in Phase 2 we will develop tangible concepts and measures that we intend to implement by 2050. In doing so, we will also increasingly focus on the possibilities of efficient facilities management and the use of non-fossil fuels.

As part of our decarbonisation strategy, we are working on practicable solutions to ensure that rents remain affordable in the long term. Otherwise, there is a risk that climate protection in existing buildings will lose acceptance among broad sections of the population. This would also reduce the opportunities for building owners to implement energy-efficient modernisation measures.²

Digitalisation offers another way to save energy and is also part of our decarbonisation strategy. Smart Home solutions in buildings, for example, can interconnect building technology and household appliances. Flexible mobility concepts in neighbourhoods also create opportunities to protect the environment. Mobility solutions such as car sharing and shuttle buses with electric drives can reduce air pollution. Besides better air, modern mobility concepts also ensure a better quality of life, especially for older people.

Climate protection and the energy transition, demographic change and digitalisation are tasks for society as a whole that have a strong interdependency with our business activities.

Our approach for a responsible development of our portfolio

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

Our core competence in active property management is crucial to our long-term success. We seek to maintain properties, systematically develop them, and reduce vacancy.

Against this backdrop, the efficient use of resources in our portfolios and offices is an important concern, both from an ecological point of view and for economic reasons.

That is why we assume ecological responsibility in our marketable portfolio development, and actively contribute to climate protection.

Key components of our sustainable, ecological way of managing the Company are optimising energy efficiency, reducing emissions, and sustainable resource management. After all, long-term and economically sensible growth is only possible if resources are conserved. In optimising our portfolio, we are striving for a nearly climate-neutral building stock in the long term. We achieve this through efficient management, reducing emissions, raising the energy efficiency of the buildings and heating systems, and increasingly using non-fossil fuels. We create further opportunities for energy-saving measures and a more efficient use of resources with our own energy management, for which we established our subsidiary Energie Wohnen Service GmbH in 2016 (see 'Our corporate structure' section). In order to further promote

climate protection at TAG in a long-term and targeted manner, we began developing a decarbonisation strategy in 2020 and are working on specific goals and targets for an environmentally and climate-friendly portfolio (see 'Climate and environment' section). We are careful to ensure fair business practices and social and ecological standards across the entire supply chain. Transparency and regular dialogue are important to us in our cooperation with suppliers.

Reducing the energy consumption of our residential properties is an essential part of our environmental protection measures. We actively contribute to lowering energy consumption and thus CO₂ emissions by carrying out an annual refurbishment programme. This includes, among other things, measures for thermal insulation or the renewal of our heating systems. We also regularly review whether further energy-saving and efficiency-improving measures can be implemented. In this way, we also increase the attractiveness of our housing offers.

We only have a very limited influence on our tenants' individual consumption of electricity and water. However, we take specific measures to promote responsible use and economical consumption. For example, we install motion detectors, use energy-saving light bulbs, and water-saving plumbing fixtures. In addition, we inform our tenants about ways to save resources on the website of our residential brand and in brochures. Our staff in the tenant offices on site also offer consultation on these matters.

The TAG Management Board has the overall responsibility for environmental issues within the Group. The respective specialist and regional departments are responsible for their implementation in the operations. In future, all individual measures implemented, e.g. at office locations and in the energy budget, are to be centrally recorded and monitored. In 2020/2021, the legally required energy audit according to DIN EN 16247-1 was carried out. We set down our principles and guidelines for environmental protection in writing at the beginning of 2020. The regulations were already incorporated into our business strategy and operational practice in the reporting year. The guideline contributes to a more consistent examination and systematic application of sustainability criteria in our portfolio management. It provides orientation for everyone involved and creates clarity. Using the guidelines helps our employees apply the sustainability checks in their business processes more naturally. This in turn leads to more suggestions for improvement arising from the employees' daily practice.

The COO and the corresponding LIMs and department heads are responsible for property management, acquisition, and sales. Our customer-focused tenant and leasing service is organised regionally and carried out locally, as is the adminis-

²energietag.de – Wohngebäude: Klimaziele sozialverträglich erreichen (Residential buildings: Achieving climate targets in a socially responsible way)

tration and management of our portfolios. Everyone involved works closely with the central administrative departments.

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

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

Our requirements for ethically and legally impeccable behaviour are part of our Business Principles. All of our external suppliers must agree to our Business Partner Code (see 'Compliance and integrity' section). Employees are instructed to immediately report any perceived violations to their supervisors or the Compliance Officer. This can also be done anonymously using the digital report form. Employees as well as external business partners can use this form.

Target implementation

(GRI 103-1, 103-2)

In the year under review, TAG invested EUR 105.4 million in its portfolio in Germany (2019: EUR 99.8 million). This not only preserved our portfolio and ensured its long-term let-ability, but also advanced our demand-driven development. We carried out modernisation measures for EUR 71.3 million (2019: EUR 66.5 million), al-

EUR 105 m
invested in the portfolio

ways taking into account our sustainability criteria. In 2021, we aim to carry out modernisation measures at a similar level. In particular, the focus will be on energy-conserving and emission-reducing measures. In addition to energy-efficient refurbishments and comprehensive modernisation measures, these include individual modernisations such as insulating building shells, replacing windows, and renewing heating systems.

To ensure transparency and compliant behaviour in our business relationships, we drew up a Business Partner Code in 2018. In the reporting year, we were able to complete the updating of all existing supplier contracts and framework agreements. We also continually review the framework agreements as part of our risk management. Meanwhile, we are also working on contract amendments to ensure that products used in deliveries from manufacturing areas

outside the European Union comply with the regulations on human rights.

At present, we are focusing on acquiring additional framework contract partners in the field of maintenance, and integrating them into our electronic craftsman portal so that we can keep expanding our resource-saving ordering and billing process. In 2020, we further increased the number of framework agreement partners. Since framework agreements regulate general cooperation, they are particularly well suited for efficient order processing as well as putting compliance regulations and sustainability standards into practice. Currently, about 60 % of supplier orders in the area of small-scale maintenance and about 83 % in the area of empty flat refurbishment are processed paperlessly using this channel. Our goal by the end of 2022 is to increase this figure to around 80 % in the area of small-scale maintenance as well. In the area of comprehensive modernisation measures, almost 80 % of the investment volume is already being processed using our framework contract partners.

Going forward, we will continue our efforts to connect more craftsmen and suppliers to our craftsman interface, an external electronic interface to our internal ERP system. 80 % of our craftsmen and suppliers are already connected to this interface.

We have digitised further sub-processes and moved closer to our goal of paperless communication. We intend to handle more and more work and communication processes paperlessly. Resources were also saved in the areas of janitorial services and waste management. This was achieved through efficient and responsible use of materials, recycling, and waste reduction. In 2021, we want to specifically review waste management and the paper cycle at the office locations to identify further potential for improvement.

In-house energy management has numerous advantages. Among other things, we can better control the supply and optimally leverage synergy effects in our modernisation measures. In this way, we actively contribute to CO₂ savings.

In future, Energie Wohnen Service GmbH will cover the energy management and supply of around 90 % of our total portfolio. Currently, our subsidiary supplies 42 % of our portfolio with heat. We also want to further optimise the purchase of fuels and energy management as part of our decarbonisation strategy. For example, our goal is to increase the share of fuels from renewable sources. We are running pilot projects to test solutions for the remote monitoring of heating systems. Going forward, this technology should contribute to the more efficient operation of the systems and enable measures to be taken faster if necessary. In the years ahead, we want to be able to remote-monitor the majority of our

heating systems, and are working with external providers to this end. Our goal is to equip around 250 of Energie Wohnen Service GmbH's heating systems with remote monitoring technology by the end of 2021, thereby enabling digital operational control. This will enable us to derive measures from afar to keep system efficiency high.

We will continue the successive renewal of our heating systems by Energie Wohnen Service GmbH in future, too. This will enable us to achieve significant increases in efficiency, which in turn will lead to energy, emission, and cost savings. Every year, around 100 to 120 heating systems are renewed or renovated. Our goal is to modernise the majority of our systems in the next few years. By the end of 2021, almost all heating oil systems in the EWS portfolio are to be converted to lower-emission fuels.

We also want to further optimise our employees' business trips and our use of vehicles. Moreover, we support our employees in reducing emissions on their commute to work (see 'Internal measures are working and are being optimised' section). Company bicycles are available at some locations. The TAG caretaker service has started to add electric vehicles to its fleet. As part of our work on the decarbonisation strategy, we are currently reviewing these measures and expanding them further where appropriate.

Target evaluation

The operational portfolio ratios of our locations developed positively in the reporting year. Occupancy in our portfolios was high, with vacancy at 4.5% in the Group's residential units at the end of the year. We recorded low tenant turnover and no significant deficiencies during portfolio inspections and functional tests. Our financial and other key 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 review the structure of our portfolio.

Supplier and framework agreements are constantly reviewed for any required additions of sustainability criteria, and adjusted if necessary. We evaluate the status of the contracts once a quarter. If legal requirements are changed or if there are negative experiences with suppliers, we review our specifications, bidding conditions, and framework agreements, and make additions and specifications.

We regularly review our energy efficiency and emission reduction targets based on consumption trends.

In connection with our monthly and quarterly reporting, specific individual topics are also evaluated. This exchange takes place at regional and national level. We also incorporate the feedback we receive from tenants, business partners, and local stakeholders.

Maintenance and modernisation as needed

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

We invest continuously in our portfolios. In doing so, we take into account the regional requirements of the market. 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 flats that suit different target groups.

For a future-proof portfolio

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

We regularly carry out maintenance and modernisation measures at all our locations. This is how we preserve and increase the value of our properties. This ongoing investment makes it possible for us to manage our portfolio in a resource-conserving way. It also enables us to adapt our properties to the requirements of our tenants and the market.

In our measures, we place particular emphasis on the use of environmentally friendly and durable products and materials. In this way, we ensure the lasting functionality of the substance and equipment of our portfolio. Indirectly, we contribute to the conservation of resources this way. Beyond this, we also pay attention to the reusability and recyclability of materials.

As part of modernisations, we improve the energy efficiency of the flats and buildings using a variety of measures (see 'Climate and environment' section).

Our flats come with up-to-date multimedia connections and an extensive range of TV offerings. In the reporting year, our subsidiary Multimedia Immobilien GmbH, founded in 2016, supplied around 70 % of our households.

Another pillar in our forward-looking portfolio development is investing in Smart Home technology (see also 'Satisfied tenants' section). Following the success of our pilot project in Cologne, we already implemented further Smart Home measures in Döbeln in 2019, and have started renting out the modernised flats.

In Cologne, we began installing a photovoltaic system in the same rental property at Zollstockgürtel in the reporting year. Our operating partner in this project is EINHUNDERT Energie GmbH. Once the system is completed, we will offer tenants the opportunity to use the green electricity generated on site in the form of a tenant electricity model. Tenants will also be able to view their consumption and the costs incurred via an app. The system is expected to save around 22 tonnes of CO₂ per year.

We regularly ask our tenants whether they are interested in Smart Home solutions, especially as part of modernisation projects. We also offer them an opportunity to get to know the technology at various locations. This makes the solutions more comprehensible for many tenants. Overall, the offer is well received, especially by younger tenants. Increas-

ingly, however, smart homes are also 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 'Our efforts commitment in Gera: Better quality of life in the neighbourhoods' section). So in September 2020, we teamed up with Better@Home Service GmbH to launch the pilot project 'BeHome' in Gera. We offer everyday support, to senior citizens in particular, with a digital platform that includes sensors and alarm buttons as well as Smart Home solutions and an option for video telephony with family and neighbours, or even with physicians in the area. The marketing phase started in March 2021; the pilot phase is scheduled to run for one year. 'BeHome' is part of the SMARTCity Gera project.

Responsible new construction

In entering the Polish residential real estate market, TAG expanded its business model to include the new-build sector. Within the next three to five years, we intend to build up a portfolio of around 8,000 to 10,000 residential units in Poland.

Our investments follow clear criteria for location and building facilities. All buildings are planned so that there is access to at least ten basic services within an 800-metre radius. These include shops, physicians' surgeries, and pharmacies. We also make sure that there is a public transport stop nearby that is served by at least two lines. Alternatively, our buildings are located near a train station that is served by at least one line. In addition, we set up bicycle racks and an optimal number of parking spaces by our investments, that meet the requirements of the public land use plan. All our buildings will be barrier-free and easily accessible for disabled people, by means of appropriate entrances, lifts, and parking spaces (see 'Our responsibility to society' section).

Continuous investment for a competitive portfolio

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

In the reporting year, we invested a total of EUR 105.4 million in the modernisation and maintenance of our properties in Germany. Compared to the 2019 financial year (EUR 99.8 million), we increased our investments by around 6 %. At EUR 71.3 million, the share for modernisation was up by around 7 % year on year. We invested EUR 35.0 million in maintenance measures (2019: EUR 33.3 million).

In the years ahead, we expect the cost for materials and services to improve by just a few percent. However, we plan to invest in our portfolio at a similar level. This is in the interest of our tenants and shareholders: We keep our portfolio up to date and at a competitive level. With this strategy, we also continuously reduce our vacancy.

A total of EUR 90.4 million was invested in project developments in Poland in the reporting year, of which EUR 46.0 million was invested in projects intended to build up the rental business.

EUR Mio.	2020	2019	2018
Maintenance	35.0	33.3	34.3
Modernisation	71.3	66.5	58.1

Supply chain and materials

Sustainability across the entire life cycle

(GRI 102-9, 102-10)

When selecting products and working with external service providers, we always consider the entire expected life cycle.

We choose – as far as it is economically justifiable – an energy-efficient, environmentally friendly, and long-lasting solution. To achieve this, we use a standardised procurement process. We also save resources in commissioning and billing by digitising processes. We prefer to work with service providers from the region, because short journeys have less of an impact on the environment.

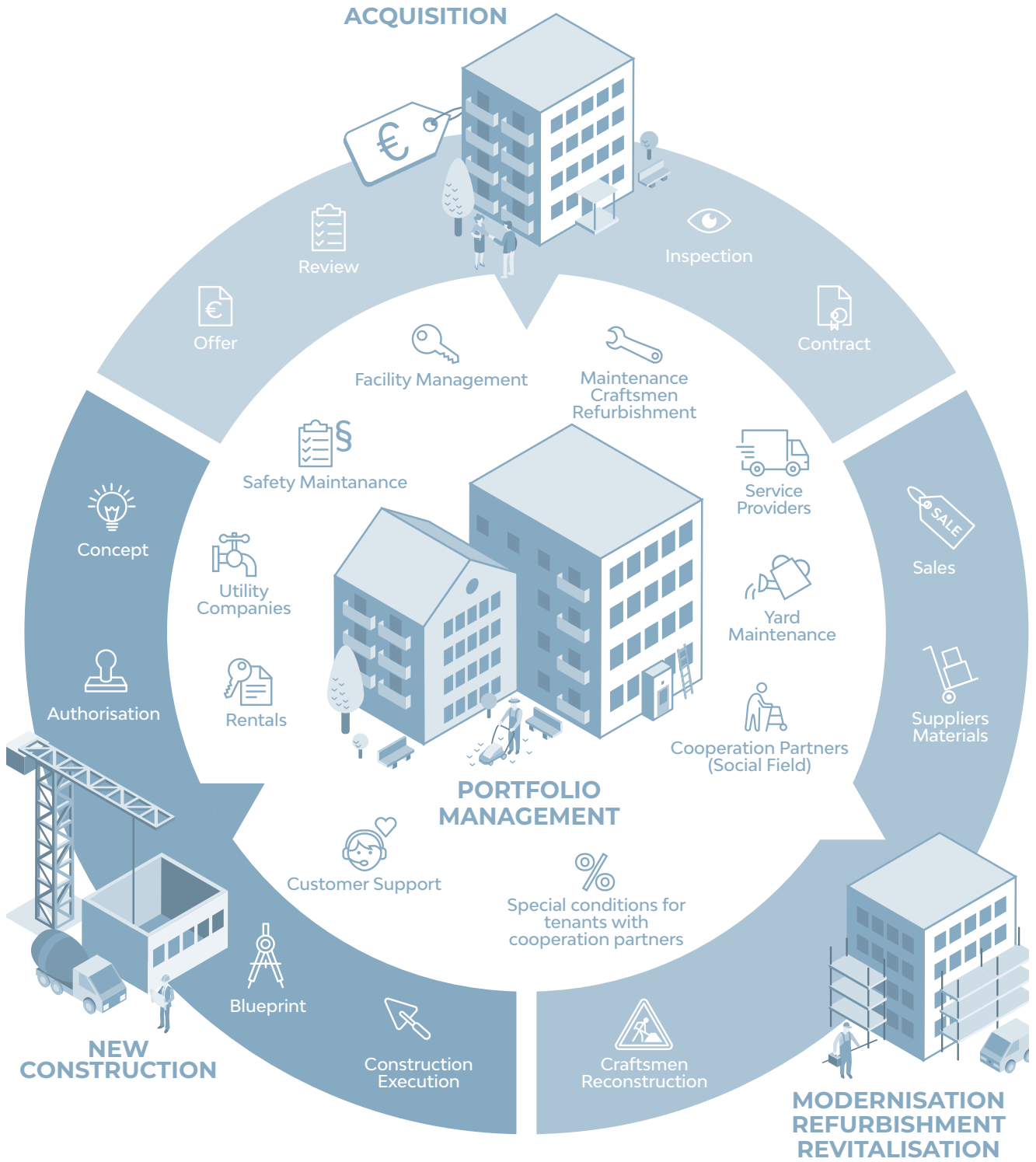
Furthermore, we give preference to regional and recycled building materials at all locations. We try to exclude the use of materials that are harmful to health as far as possible by setting specific standards. We promote biodiversity in our landscaping (see 'Climate and environment' section).

In the services we provide internally for our tenants, we pay attention to the use of environmentally 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 jointly review the volumes we have purchased of individual product groups. If necessary, we coordinate alternatives with our suppliers if products with similar properties but that have certain advantages are available. These include, for example, lower price, more resource-efficient production processes, or better durability.

It is important to us to implement our sustainability concept even more stringently in our procurement management. With this in mind, we specified our 'Principles and Guidelines for Ecologically and Socially Responsible Procurement' and summarised them in a separate guideline at the beginning of 2020. This gives everyone in the Company clear orientation and encourages improvement measures. Since 2018, we have been made it mandatory for companies that work with us to sign our Business Partner Code. We regularly review existing contracts and supplement them with additional sustainability parameters as needed.

Real estate life cycle at TAG



TAG's value chain

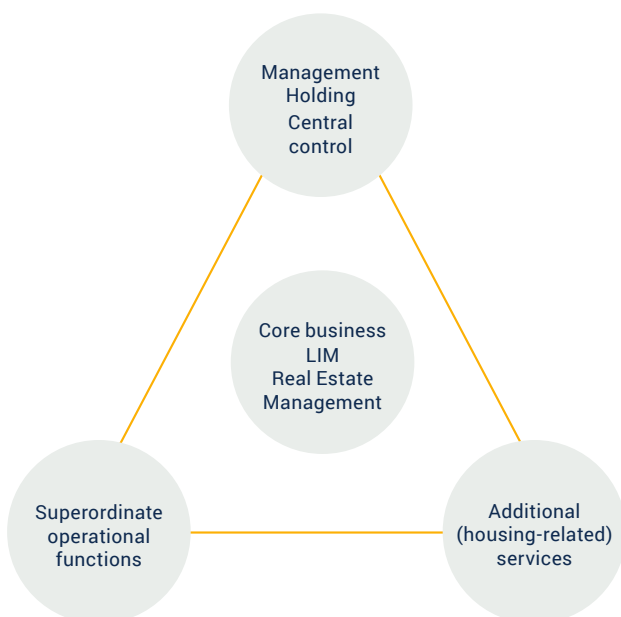
(GRI 103-1, 103-2, 103-3, 102-9, 102-10)

Our core business is the letting of affordable housing. We manage the necessary processes for this centrally as well as decentrally.

The Central Purchasing department manages all supplier relationships and the entire procurement management across the Group. It determines the requirements of the entire Group and places them on the market according to ecological and economic aspects. Procurement is carried out through framework agreements. In most cases, our service providers are also connected to our craftsman portal. This facilitates a resource-saving and speedy commissioning and invoicing process.

All suppliers are evaluated on a regular basis. Central Purchasing carries out the primary assessment according to economic criteria and sustainability aspects. Our service monitoring forms the second assessment level. For one, our tenants can rate the performance of our subcontractors. And for another, our employees assess their work. Beyond this, we continually review the framework agreements, evaluating, among other things, test certificates, quality reports, and controlling reports.

Our core business



Social and environmental sustainability in the supply chain

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

We select our service providers in standardised, transparent tender processes. Besides compliance with relevant regulations and standards, relevant factors include specifications for individual products and materials. Key selection criteria, aside from the tender price and technical suitability, are reliability, quality and regionality. We prefer to work with partners from the region who also produce in Germany. In the reporting year, more than 95 % of our framework contract partners were regionally operating companies. Due to the strictly controlled legislation that applies 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 basically no heightened risk of child labour or undeclared work among our suppliers. Nevertheless, to ensure that our suppliers consistently comply with the requirements, we have explicitly anchored them in our supplier contracts. For example, we expressly point out that all installed products must be manufactured in compliance with the recognised rules for the observance of human rights, even if they are sourced from manufacturing areas outside the European Union. TAG does not accept any deviations from the relevant labour and social standards, to which we are expressly committed. In addition, we raise awareness of these issues among our own employees as part of our annual compliance training. They are anchored in our Anti-Discrimination Guideline as well as in our Green & Social Procurement Policy.

Safety and health, sustainable and partly recyclable materials and natural raw materials, social aspects and standards, as well as fair business practices also play an important role. We specify the relevant product and material properties in our service specifications. We try to exclude or minimise further risks through concrete specifications in the bidding conditions and contracts. This is explicitly anchored in our Principles and Guidelines for Ecologically and Socially Responsible Procurement (Green & Social Procurement Policy).

We do not consider any bidders who have violated the German Posted Workers Act (AEntG) and been fined. To minimise such a risk, we require a self-disclosure statement from each supplier. In addition, every contract partner has been obliged to comply with our Business Partner Code since 2018. A passage about this code has been added to new contracts. Should a supplier violate the code, this can lead to a termination of the contractual relationship.

Our Business Partner Code has been integrated into the Craftsman portal. It can also be viewed on our website. Existing supplier or framework agreements are regularly reviewed for any necessary addition of sustainability criteria and adapted 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 obliging our suppliers to train their employees on a regular basis. This includes, for example, use of the craftsman portal and proper documentation. These competences are the basis for ensuring that services are provided on time and in the scope agreed. If contractual requirements are not met, the cooperation is terminated.

We have raised awareness for the issue of sustainability among all our external suppliers and internal service providers. For example, we conduct annual health and safety training for our craftsman service providers. Among other things, we explain how to conserve resources and use materials sustainably. This training also encourages the workers to come up with their own suggestions for improvement. Our employees are instructed to immediately report any perceived violations to their respective superiors and to the Compliance Officer. In the event of non-compliance with our requirements, or violations of our Business Partner Code, further steps will be taken. Proven violations can lead to exclusion from the awarding of contracts or to the termination of the existing business relationship and the contract or order as well as to the assertion of claims for damages.

Despite all the measures we take, we realise that we cannot completely rule out violations by our external suppliers against legal standards of labour law or social standards, or against environmental protection regulations. However, we are not aware of any such violations for the reporting year. There were also no violations of the General Data Protection Regulation.

Our subsidiary Vantage had already formulated criteria for sustainability in its supply chain as well. Further coordination processes are planned to ensure a joint approach and implementation.

Using sustainable materials

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

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

We have set out the detailed properties for specific products and materials in our overall specifications. Among other things, it is important that the products are durable, recyclable, environmentally friendly, biologically harmless, as well as health-compatible and easy to maintain. If possible and economically justifiable, certified products and materials are preferred. We are in continuous dialogue with our suppliers about the origin and processing of the resources used.

To conserve resources, we reuse materials whenever possible. As part of the complete renovation of bathrooms, for example, we check whether bathtubs or showers are suitable for re-installation. In electrical, we always install devices with uniform standards that make them easily combinable with each other.

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

Use of materials in new construction

Likewise, in new construction we make sure to use sustainable materials. In the construction of a building, regional materials are used that are durable and have good usage properties.

We also use low-emission adhesives and sealants in our investments. These contain low amounts of solvents based on volatile organic compounds. We apply the same strategy to paints and coatings.

Climate and environment

More climate protection with our decarbonisation strategy

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

We are currently working with EWUS Effiziente Wärme- und Stromlieferung GmbH to develop a decarbonisation strategy designed to continuously reduce our CO₂ emissions. In it, we will outline our path of CO₂ reduction until the year 2050. By minimising our CO₂ emissions, we can also keep the additional costs of CO₂ pricing low for TAG and our tenants. Besides, we contribute to fulfilling the national climate targets, which stipulate that Germany should produce 55 % less greenhouse gases in 2030 compared to 1990.

In the first step of our strategy development, we collected and analysed all key data so as to evaluate the entire portfolio under energy aspects and with regard to the CO₂ emissions generated. The average CO₂ emissions (CO₂ equivalents) determined for the entire portfolio were 31.9 kg per m² for the year under review 2019. In the next step, we will develop concrete concepts and measures that we want to implement by 2050. We will focus primarily on measures for the energy-related modernisation of heating systems and building shells, the changeover to more efficient system controls, and the use of non-fossil fuels. For the next few years, we will plan and schedule specific measures in the strategy. In the longer term, we will also consider steps that we will review and adapt over the years in light of the latest technical developments.

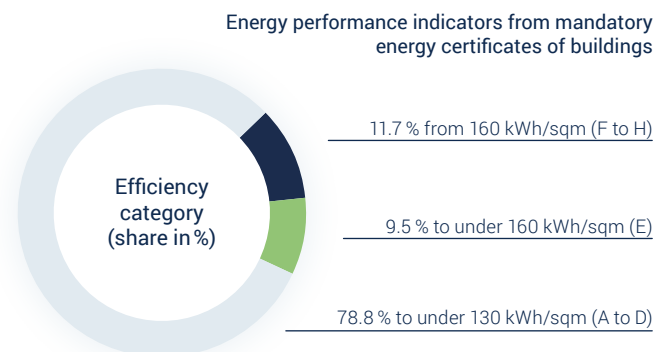
One component in achieving our goals is our subsidiary Energie Wohnen Service GmbH, which makes it possible to professionalise the TAG Group's energy management. By having our own energy service provider, we seek to create additional value in the spirit of sustainability. In the year under review, Energie Wohnen Service GmbH again helped to reduce our emissions. This was achieved, among other things, through the ongoing modernisation of heating systems and the efficient use of energy sources.³

Environmentally friendly energy supply and reduction of emissions

(GRI 103-1, 103-2, 103-3, 302-2, 305-5)

By expanding our energy management 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.

In addition, our subsidiary is responsible for the maintenance and modernisation of the heating systems. Functional checks and monitoring of the systems are carried out at regular intervals. In Purchasing, we continuously optimise the mix of our fuels. An integrated energy management ensures greater efficiency. Our focus is on optimal control of the heating systems and efficient heat generation.



We achieve CO₂ savings primarily by switching to fuels with lower emission factors. By modernising the plants, we increase energy efficiency. This reduces primary energy consumption and CO₂ emissions. Also, the establishment of a central database provides more transparency. This allows us to evaluate data more efficiently, detect errors quicker and take immediate countermeasures as needed.

Since 2018, we have been operating pilot systems for remote reading and more efficient heating control at various locations. So we are testing different technical solutions with various cooperation partners that enable real-time monitoring of system efficiency, and rapid countermeasures if necessary. In this way, we want to optimise systems operation and save more energy by increasing energy efficiency.

³We have a total real estate area of 5.3 million m² (as of 31 December 2020). Of this, we use around 26,700 m² for our administrative activities. This corresponds to about 0.6 % of the total area. This means that – from our point of view – we do not have a significant influence on the total energy and water consumption. For this reason, we do not differentiate between internal and tenant-used space in our reporting of ecological indicators.

When we modernise our buildings, we also improve their energy efficiency. According to the evaluation of the energy performance certificates for our portfolio, the energy performance of around 75 % of our flats was better than the average for all residential buildings in Germany in the reporting year. dena.de – Gebäudereport (Building Report)

At 31 December 2020, we supplied approx. 35,700 units with heating energy and hot water through Energie Wohnen Service GmbH. For this report, the consumption data of an analysis portfolio of 35,152 units that were supplied and billed by EWS in 2019 were evaluated. This represents an increase of 9.7 % compared to the previous year (analysis portfolio 2018: 32,044 units). We will report on the consumption data for the portfolios supplied with heat by the EWS in 2020 in the following year.

17,863 of the 35,152 units in the 2019 analysis portfolio were heated with district heating through Energie Wohnen Service GmbH, 16,893 units were heated with gas, and 396 were heated with fuel oil.

This means that the consumption share of the portfolio supplied with district heating in the analysis portfolio increased from 46.8 % to 50.8 %. The consumption share of the portfolio supplied with natural gas decreased from 49.9 % to 48.1 %.

In relation to the floorspace, energy consumption in the 2019 analysis portfolio decreased to an average of 103.7 kWh per m² (like-for-like: 108.2 kWh per m²). The calculated CO₂ emissions (CO₂ equivalents) have decreased to an average of 26.6 kg CO₂eq per m² (like-for-like: 27.7 kg CO₂eq per m²). This is also due to the fuel switch in inventory previously supplied with heating oil. Any systems still operated with heating oil will be modernised by the EWS in the next few years. A switch to energy-efficient and more environmentally friendly fuels is planned as part of this process.

When modernising, we convert windowless bathrooms into daylight bathrooms wherever possible. This helps to reduce the electricity demand. We also advise our tenants on energy-saving living at our tenant offices and provide relevant information on our website and in brochures. In our common areas, we reduce electricity consumption by installing motion detectors and energy-saving lamps, among other things.

Energie Wohnen Service GmbH continued the renewal of heating systems in the reporting year, professionally modernising a total of 309 central heating systems (2019: 159).

In the process, 28 systems were combined. The total output of the modernised heating centres is 22,968 kW. Of these, 19 district heating stations with a capacity of 4,275 kW were converted and 18 central heating stations were converted from heating oil to natural gas with a heating capacity of 1,222 kW. As part of special projects, six former night storage heating systems were completely renewed and converted to natural gas.

Starting next year, these modernisations are expected to save us another 2,530 MWh of primary energy in fuels annually. Together with the effects of switching from oil to natural gas, our CO₂ emissions will likely be reduced by 946 tonnes per year from 2021 on.

Highly efficient pumps and energy-saving components are reducing our primary energy demand for operating electricity by around 54 %. From 2021, this will allow us to save a further 444,061 kWh per year. This corresponds to an additional reduction in CO₂ emissions of around 249 tonnes per year.

This means that the heating system refurbishment can be expected to reduce CO₂ emissions by a total of 1,195 tonnes per year from 2021 on.

Reducing emissions in new construction

When building new flats, we take energy efficiency and the use of resources into account from the very beginning to save CO₂ emissions. We design the buildings to be efficient and ensure that specific measures are taken during construction. Vantage Development inspectors monitor the operation and performance of basic building systems such as heating, ventilation and air conditioning, lighting, hot water, and power generation systems. The inspectors are involved in the design and development phase and check the systems as part of building maintenance.

One of our goals is to increasingly use renewable energies. With this in mind, photovoltaic panels were installed at our 'Buforowa 89' residential project in Poland in 2020 to generate electricity from solar energy while also reducing the heat island effect on the roof. In the near future, we will install photovoltaic panels at all our rental projects. We also plan to incorporate more green roofs into our projects, as was done in the 'Buforowa 89' project.

We also save emissions with our lighting concepts. They include energy-efficient LED technology as well as traffic and twilight sensors, and zoning of the lighting in the stairwells. Wherever possible, we work with natural lighting in the stairwells. Overall, these measures reduce lighting costs by 70 to 80 %.

Also, we do not use CFC-based refrigerants in air-conditioning and central ventilation systems.

Internal measures are working and being optimised

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

In 2015, an external provider drew up an energy consumption profile of our building equipment and technology. Based on this, optimisation potential was identified that result in annual savings of around 33,400 kWh. In 2020, we continued putting these recommended measures into practice.

Another energy audit was carried out in 2020/21. As part of the audit, the energy consumption of the business locations was analysed again and examined with regard to further savings potential. The auditors identified approaches for saving energy and reducing CO₂ in various technical areas. These were examined for technical feasibility, structural practicability, and economic viability. In particular, the recommended actions refer to a switch to energy-saving lighting at larger locations as well as individual measures in facility optimisation. The further sensitisation of employees to save energy through their behaviour at the workplace was also recommended.

We also advise our employees on the sustainable and conscious use of IT equipment in our guidelines and directives. By using 'Green IT', we save cooling energy and electricity at our data centre in Düsseldorf.

By digitising further processes and reducing printed documents, we were again able to save paper. We ensure the return of wastepaper for 100 % raw material recovery through further partners. In the reporting year, around 27 tonnes were returned to the paper cycle, including from document shredding (2019: 24 tonnes).

When communicating between various locations or with business partners, we increasingly use online conferencing and conference calls. This has reduced business travel and saved resources.

Especially in the 'Mission 21' and 'WE Culture' projects and in the sustainability team, virtual project rooms in shared chats are now increasingly used for communication. Digital communications have been given a boost by the Covid-19 pandemic, too.

The increased exchange among our employees on the topic of sustainability also gives rise to new ideas for saving resources. In the reporting year, for example, at the request of our employees, we changed the supply of beverage bottles to water dispensers at additional larger locations.

Furthermore, we provide our employees with personal vehicles or pool cars for the performance of their official duties. Use of the train is preferred to driving a car. We also promote travel by public transport by subsidising job tickets. In addition, we encourage our employees to use car-sharing services, among other things by offering discounted conditions. In 2020, we expanded the car-sharing service to include the Dresden location. Company bicycles, including e-bikes, can be used at various locations. These are mainly used by our real estate service teams. An expansion of this offer is planned. Furthermore, larger bicycle basements have been set up at some locations.

Compared to 2019, the number of kilometres travelled by rail has decreased significantly due to the pandemic, from 907,973 to 454,222 kilometres. The number of journeys also decreased, from 2,564 in 2019 to just 851 in 2020. Compared to car use, this meant that 95.6 % of CO₂ emissions, 66.7 % of nitrogen oxides and 95.8 % of particulate matter were avoided in the reporting year. Taking into account the final energy consumption including the upstream chain, we consumed 58.9 % less energy through rail use in the reporting year compared to car use. Our CO₂ emissions from the use of diesel and petrol vehicles decreased by a total of 7.1 % compared to 2019.

The significantly lower use of trains compared to the only slightly lower use of cars is due to the fact that trips in connection with projects and team meetings were reduced and switched to digital formats. Meanwhile, journeys in the context of our core business, such as caretakers, craftsmen, technicians, and customer service staff, could hardly be reduced.

At Vantage's head office in Wrocław, too, various environmental protection measures have been implemented since 2019. Water filters were installed in the kitchen taps, making filtered tap water available to the employees. This eliminates the need to buy bottled water. In addition, there is a rule that waste must be collected separately. And only recycled paper is used for printing.

Environmental compliance

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

For the reporting year 2020, we are not aware of any violations of environmental protection laws and regulations.

All contracts with our external suppliers contain the relevant specifications to which suppliers and their subcontractors must adhere (see 'Supply chain and materials' section).

These guidelines are also part of our 'Principles and Guidelines for the Protection of the Environment' and our 'Principles and Guidelines for Ecologically and Socially Responsible Procurement,' which came into force in 2020 and apply across the Group. The guidelines, which summarise and substantiate our previous regulations, can be viewed by all employees on the intranet. In addition, an excerpt from the principles is published on the TAG website. Implementation of our environmental protection targets is reviewed at least once a year.

Our principles and guidelines apply at Vantage in Poland as well. Moreover, our business activities in Poland are carried out in accordance with both Polish and German requirements and laws.

Dealing with climate change: preventive measures in our portfolios

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

Climate-related changes may cause an increase in 'physical risks' in Germany and Poland and cause damage to inventories and neighbourhoods. These risks include extreme weather events such as heavy rain, storms, or drought. TAG sites may also be affected. Therefore, it is important to recognise these risks at an early stage and to prevent them by taking appropriate measures.

Risks from extreme weather events are already part of TAG's risk management. They were specified in 2020 and are reviewed on a quarterly basis. So far, we have not recorded any increase in related building damage. Therefore, there has been no associated need for additional investment in protective measures, nor has there been an impact on building insurance costs.

To prevent risks, during construction measures, we pay attention to keeping soil sealing low, for example. When renovating façades and roofs, we calculate larger volumes of water for rainwater drainage and in drainage planning in general. We use our control and documentation system to regularly check whether the measures taken are effective. In this way,

we guarantee compliance with our road safety obligations (see 'Satisfied tenants' section).

Our contribution to resource conservation and biodiversity

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

Water consumption in our properties is primarily influenced by the behaviour of our tenants. However, we ourselves can indirectly control consumption through targeted, smaller measures. For example, we use sanitary appliances with water-saving functions to help tenants save water.

At our larger sites, we have commissioned external service providers with waste management. Here, through stringent waste separation and appropriate consultation, the volume of residual waste is reduced and that of recyclable materials is increased. In the year under review, we added another major site to our waste management through Musterknaben eG. In Gera, we have operated a waste consultancy and learning office since 2015. Here, our TAG environmental ideas serve to illustrate proper waste separation. Beyond this, regular activities are held to introduce children to the topic in an age-appropriate way.

At some locations, e.g. in Chemnitz, our subsidiary TAG Immobilien Service GmbH is in charge of waste management. Here, too, the volume of residual waste is reduced and that of recyclable materials increased with stringent waste separation and appropriate consultation. In 2020, further waste facilities were converted to chip-based waste volume recording, e.g. at the Angermünde site.

In all of its landscaping, TAG refrains from using chemical pesticides. Wild plants are removed either mechanically or thermally. This method is more time-consuming than using chemicals, but helps to better protect nature.

To strengthen environmental awareness in our neighbourhoods, we regularly organise environmental campaigns with tenants and local protagonists at many locations. In the reporting year, this was often only possible to a limited extent due to the pandemic. In Salzgitter, however, TAG participated in a gardening project for children, e.g.

At our business locations, for example, we save paper through digital document management, electronic approval procedures and archiving, as well as our paperless order processing. In the reporting year, we saved more than 380,000 pages of paper by electronically processing orders via our craftsman portal (see also 'Internal measures are working and being optimised' section).

Sustainable from the start: Our new building projects

The new construction business segment opens up the possibility for us to integrate sustainability into the entire life cycle of a property, starting with the initial design. We incorporate social aspects into the development and execution of our residential projects in Poland, as well as climate and environmental protection measures. Our project 'Buforowa 89' in the south of Wrocław is an example of this.



Our subsidiary Vantage Development is realising a development project with over 400 flats on Buforowa street in the district of Jagodno. The district is located in the south of Wrocław and is surrounded by a lot of greenery. At the same time, Jagodno has a good infrastructure with shopping, service and recreational facilities. And the city of Wrocław is investing locally in new educational facilities and the expansion of the public transport network.

"Above all, we want to offer our tenants in the Buforowa 89 project flats constructed in a modern way and in an attractive location, with access to a comprehensive shopping, services, and educational infrastructure. Buforowa 89 meets all these conditions," says Dariusz Pawlukowicz, member of the Vantage Development Management Board.

From the very first planning step, the goal was to gear Buforowa 89 to the needs of different groups of residents. We want to offer young and older people, families and singles, a high quality of life - in their flats as well as in the surrounding neighbourhood. That is why our project includes playgrounds and recreational areas as well as commercial space. Some flats will also have their own garden.

"In designing the details of the buildings, we also consider ecological criteria that contribute to environmental and climate protection," adds Dariusz Pawlukowicz. In the first phase of the project, photovoltaic panels were installed on the roof of one of the buildings. The electricity generated by these panels is used to power the common areas, which not only reduces CO₂ emissions but also cuts the cost of electricity consumption. On the other building, we have installed a green roof. The planting serves to filter air pollutants. In addition, during hot summer months, the green roof protects against high temperatures inside. In winter, it serves as additional thermal insulation.

»In designing the details of the buildings, we also consider ecological criteria that contribute to environmental and climate protection.«

Energy-efficient LED lighting activated by motion sensors is installed in the common areas of the multi-apartment buildings. In the rental flats, that are currently under construction, we are going to install waste separation containers and water purification filters at the taps, so that the tenants can go completely without buying bottled water. We are also implementing these measures in other rental projects.

"It is important to us that the residents enjoy spending time in their neighbourhood. That's why we pay a lot of attention to creating a healthy and liveable environment," says Dariusz Pawlukowicz. In the Buforowa project, for example, 89 'oxygen gardens' are being created with specially selected plant and tree species that act as air purifiers and have bactericidal properties. In the construction of the playgrounds that are part of Buforowa 89, we will completely dispense with polyurethane surfaces in the next stages.



Resource conservation in new construction

In Poland, we start protecting resources as early as the new-build planning stage. With regard to water as a resource, our design solutions make it possible to keep the amount of rainwater discharged into the sewage system at the same level as before the building was constructed.

By installing separators, two-stage filters, and drainage systems, we offer solutions to increase the quality of rainwater discharged into the sewage system. In addition, wherever possible, we collect rainwater for reuse in the irrigation of our green spaces. This solution is used implemented in rental projects.

We always plan the execution of construction activities in such a way that the impact on the environment is kept to a minimum. For example, we limit the construction work to the immediate vicinity of the building and minimise the volume of dust and soil particles released into the air. The work is carried out in such a way that any soil loss due to water or wind erosion of the property during the construction phase is minimised.

Once the buildings are completed, we equip them with waste containers that allow for waste separation.

Ongoing efforts for more biodiversity

The management of our existing spaces is carried out according to defined quality standards and processes. Central Purchasing manages the tendering process for our green space maintenance. In the reporting year, we managed around 3.0 million m² of green spaces in total. The green space tendered by Central Purchasing was around 1.6 million m², mainly located at our sites in Erfurt, Gera, Dresden, Chemnitz, Brandenburg an der Havel, Angermünde, Eberswalde, Bestensee, Merseburg, Nauen, in the Lausitz region, Görlitz and Salzgitter. We have also concluded framework agreements for tree maintenance and monitoring and are responsible for around 42,600 trees, as in 2019. We make green waste available to biogas plants and regional farmers for further processing.

By organising tree planting campaigns and creating orchards or insect meadows in our neighbourhoods, we contribute to the preservation of habitats for animals and plants. In some cases, we work with local partners. In 2020, we redesigned around 40 meadows so that they offer insects, small animals, and birds better opportunities to thrive. In Bernburg, a wildflower meadow was planted on the campus in cooperation with the university, and in Gera the first hedgehog hotels were set up for the winter. After extensive testing, we will replace the previously used plastic mowing strings with biodegradable mowing strings, to reduce the microplastics released into the environment.

Our biodiversity measures also serve to promote environmental awareness among the tenants and increases the quality of life in the neighbourhood (see 'Liveable neighbourhoods' section).

In 2019, we introduced a central tree register. By the end of 2021, the entire tree population under our management will be recorded in this register. The register facilitates systematic tree care, planning for new and replacement plantings, and compliance with road safety requirements. All the inspection and maintenance companies we use are certified or accredited. For example, only tree inspectors trained according to recognised German standards carry out the inspection of the trees and determine the maintenance measures. In order to ensure that maintenance is carried out in a way that conserves resources and protects the environment, all maintenance companies will in future work according to a standardised list of services. In drawing up these specifications, we followed the latest German standards.



Our responsibility to society

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

Primarily due to demographic, social, and ecological change, ensuring that the demand for affordable and needs-driven as well as climate-friendly housing is simultaneously met has become a task for society as a whole. As a housing company, we are prepared for the changes that have been forecast. However, the Covid-19 pandemic has also presented us with unforeseen challenges, which we have met with social responsibility and flexible solutions.

Statistical surveys indicate that the demographic situation on the housing market will continue to change. By 2035, the number of people over the age of 64 in Germany will have increased by around 4.8 million. To ensure that this elderly population can continue to participate in social life, many of our locations will require new housing concepts. The need for innovative mobility and care concepts is also increasing.⁵ A modern infrastructure of this kind, which reduces greenhouse gases, is also indispensable in view of climate change.

Increasing urbanisation is gradually leading to population growth in many cities and thus also to an increased housing shortage. Even now, affordable housing is already a scarce commodity. Four out of ten households currently spend more than 30 percent of their net income on rent.⁶

In this challenging environment, because we are a provider of attractive, affordable housing for broad sections of the population, we take responsibility, towards society and in particular towards TAG's tenants and their living conditions. 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. To this end, 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.

⁵berlin.de – Berlin-Institut – (Gem)einsame Stadt
⁶spiegel.de – Wo die Wohnungsnot am größten ist

In 2020, we established the non-profit TAG Miteinander Stiftung (TAG Together Foundation). Under the aegis of the foundation, we pool our social activities to improve the living conditions in our neighbourhoods in an even more targeted way. With the foundation, we want to contribute to people living in good conditions, enjoying a community spirit, and treating each other as good neighbours. Our efforts focus on supporting children and young people, families and senior citizens, as well people in need who have fallen on hard times through no fault of their own.

In 2020, the Covid-19 pandemic presented our tenants, too, with special challenges. And so, as a responsible housing company, for several months we refrained from increasing rents by adjusting them to the local comparable rent, and did not proceed with terminations and evictions from occupied flats. In cases involving salary losses, we offered tenants instalment payments and deferrals. We also participated in many aid projects, for example, supporting food banks at several locations to provide tangible local support.

Our Polish subsidiary Vantage is also committed to social responsibility. Our projects in Poland influence urban development as well as the residents' quality of life in our neighbourhoods. Vantage has practiced local engagement for years, working closely with local communities and supporting their initiatives and projects.

Service and commitment for our tenants on site

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

With regard to our tenants, four areas are essential in our sustainability strategy: a market-oriented development of our portfolio 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 13).

EUR 5,48 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. As of 31 December 2020, average rent across our residential units was EUR 5.48 per sqm. We consider our markets to be very stable and not very susceptible to economic cycles.

We are in dialogue with all key stakeholders in our ten regions in Germany. 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 approach (see 'Our corporate structure' section) in ten regions with a total of 67 tenant offices enables us to be close to our customers (see 'Satisfied tenants' section). In the year under review, we were only able to open our tenant offices to a limited extent due to the pandemic. All tenants were informed about alternative contact options by phone, email and our new tenant app, which provides tenants across the portfolio with extensive functionalities. And the new TAG Wohnen website offers more comprehensive and attractive information than its predecessor.

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. We organise training courses to prepare our account managers for new situations that arise as a result of social change or also the current pandemic situation (see 'Ready for the future with a qualified team' section).

In Poland, too, we attach great importance to customer service. At present, home buyers still form a larger customer group than tenants. Both buyers and future tenants are advised and supported by experienced, qualified employees. We place great value on transparency and a trusting partnership.

Continuous implementation of our goals and new measures

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

Marketable 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 106.8 million in our portfolio during the year under review in Germany (2019: EUR 99.8 million) (see the section on 'Demand-based maintenance and modernisation' and the 2020 Annual Report). Investments at a similar level are planned for 2021.

Besides maintaining the portfolio, 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. At the Döbeln site, for example, we modernised two six-storey so-called 'point blocks', installing lifts and enlarging the bathrooms. The newly converted flats are suitable for a variety of target groups, including and especially older people.

In partnership with local nursing services, we have offered our tenants additional services and care since 2019. At our major locations, our tenants can avail themselves of our free residential, social, and senior citizens' consultation, an offer that is in great demand.

We offer attractive housing for young people in many university cities. In 2020 we changed the name of this offer from 'studi home' to 'Junges Wohnen' ('Young Living'). The new name is meant to emphasise that our flats are suitable not only for students, but also for apprentices and anyone moving into their first own flat. We also offer shared flats. In the year under review, we added a new student residence in Bernburg and other suitable flats to our portfolio.

Interested parties are invited to visit our website for detailed information about the various locations and special promotions, including those of the municipalities.

In Poland, we aim to provide attractive, ecologically high-quality housing for the emerging rental market. Van tage's residential units have modern amenities and good local infrastructure, with kindergartens, schools, shopping facilities and medical practices in the vicinity. The locations

also offer green spaces, good public transport connections, and cycle paths.

Liveable neighbourhoods

By engaging in the local communities, we seek to make our residential areas even more liveable. An important step towards bundling and expanding our local commitment was the establishment of the TAG Miteinander Stiftung (TAG Together Foundation) in 2020, which supports social projects. We also launched the 'Alltagshelden' (Everyday Heroes) project to strengthen our employees' volunteer work.

Basically, our focus is on organising tenant events and supporting 'Aktiv-Treffs' (Activity Lounges) as well as children's and family centres. For many years we have also been involved in projects and campaigns at kindergartens and schools, and have supported the upgrading of urban districts with orchards, insect meadows, playgrounds, and football pitches.

In our neighbourhood management, we are increasingly focusing on measures that have a positive impact on the environment and climate. Accordingly, we combine social and ecological commitment in some projects, for example through cooperation with partners in insect meadows or orchards. This not only increases the quality of life; it also builds awareness for nature conservation among tenants, especially children and youths.

In 2020, we continued our cooperation with local social organisations. Especially during the Covid-19 pandemic, we worked with our partners in the neighbourhoods to continue providing support, counselling and recreational services, especially for children, young people and senior citizens as well as for the socially disadvantaged. They are an important pillar for many tenants. However, personal contact was not possible for a long period of time, which is why many offers were limited or partly took place online.

Going forward, we want to continue our social commitment at this high level and expand it even further as needed. To optimally tailor our services to our tenants' needs, we monitor how they are received, and where there may be a need for further development.

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), and it is also appreciated by our business and cooperation partners. We will conduct the next Tenant Survey in 2021. Our aim is to maintain this good level and further improve the quality of individual services. In doing so, we will focus primarily on digital offers that improve the quality of services, especially during the Covid-19 pandemic. To ensure the satisfaction of our tenants in particular, we also monitored our service providers in 2020. 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.

To expand our customer service, we introduced and trialled a service app for tenants for the first time at our Chemnitz location in 2019. In 2020, we further developed this tenant app and finally launched it in every German region we operate in. We have also already gathered feedback and used it as a basis to add further functionalities and increase the user-friendliness. In December 2020, we also launched our new [TAG Wohnen-Website](#). It contains a lot of service information for tenants as well as additional offers and editorial articles.

Dialogue and monitoring for effective planning

In addition to the measures we have taken to date, 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 efforts according to the findings.

We also plan to regularly evaluate enquiries received via our new tenant app. We expect this to provide us with further information on the optimisation potential of our processes and residential portfolios.

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

Our services monitoring is used 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.

The enquiries and suggestions we receive during our housing consultations are used to plan our modernisations effectively. We check across locations to see whether tenants' ideas can be implemented, what the existing needs are, and which measures can be standardised to create synergies. We also always take local conditions into account.

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.

Satisfied tenants

We are your contact for all housing issues

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

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 us to provide tenants with personalised support, which we see as the basis for long-term, trustful tenant loyalty at TAG.

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 5.48 per sqm (2019: EUR 5.39 per sqm). The average rental price for new lettings was EUR 5.64 per sqm per month (2018: EUR 5.60 per sqm). On a like-for-like basis, rental growth from rent increases for existing tenants, from re-letting and modernisation surcharges amounted to 1.4 % in the year under review, compared to 1.9 % in the previous year. If the effects of vacancy reduction are also taken into account, total rental growth in 2020 was 1.5 % (previous year: 2.4 %).

We were able to keep our vacancy at a low level in 2020. In the residential units, the vacancy rate was 4.5 % at the end of the year after 4.6 % at the beginning of the year. Across the whole portfolio, i.e. including the acquisitions of the financial year and the commercial units included in the overall portfolio, the vacancy rate as at 31 December 2020 was 5.6 %, compared to 4.9 % at the end of 2019. In most regions,

our vacancy rate is significantly lower than the average vacancy in the respective municipality. We see this as proof that we have managed the right balance between market development and socially responsible rents. By also granting discounts for the use of various rooms, for example for tenants' meetings, we systematically prevent vacancy and act economically. At the same time, we create a social benefit by doing so.

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 2020, we added a student residence with 31 flats to our portfolio in Bernburg (Saale). 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. During the Covid-19 pandemic, we offered our tenants the opportunity to take advantage of our advice at an early stage, for example if they were likely to fall behind with the rent due to a loss of wages.

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 2020, around 37 % of our rental contracts had a term of more than ten years.

Health and safety

(GRI 103-1, 103-2, 103-3, 416-2, 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 2020, no significant violations of regulations relating to the health and safety of our tenants were reported.

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. In 2020, TAG Immobilien Service GmbH began replacing analogue reports and protocols with a smartphone-based system at some locations. The programme uses data from the ERP system and submits securely documented reports that can be further processed by the property managers within the prescribed deadlines or specifications. This optimises both the reporting chain and the systematic elimination of defects. In the financial year ahead, TAG Immobilien Service GmbH will extend this method to all its sites. Everything is documented and becomes part of our quarterly risk reporting to the Management Board. 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. However, due to the Covid-19 pandemic, our tenant offices were only open to a limited extent in 2020 and were closed throughout our locations. On the other hand, our customer advisors were available to tenants by letter, phone, or email. In addition, tenants could and still can contact TAG via the online form on our website and also via the tenant app. All of these channels can also be used outside opening hours.

In the year under review, we replaced our nationwide printed tenants' newsletter with a new online format: the magazine. It is available to all interested parties on our TAG Wohnen

website and provides a wide range of information about housing and news from the neighbourhoods. In addition, TAG employees introduce themselves and give an insight into their everyday lives. The regional tenant print magazines are still available in the regions of Erfurt, Gera, and Salzgitter.

In the year under review, we also launched our new **➤ TAG Wohnen-Website**. This digital platform will allow us to provide our tenants with up-to-date information even faster. We are currently gathering feedback about the new website employees and tenants, which may result in slight adjustments.

An important new communication channel, especially during the Covid-19 pandemic, is our tenant app. We have offered it nationwide since 2020. 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. In particular, the app covers frequently requested features. These include repair reports, a chat with the account manager, name changes, and permits. It also allows tenant documents to be viewed such as the tenancy agreement and utility bills.

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 25 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. In 2020, our events could only take place occasionally. We were also only able to rent out the guest flats temporarily. When the situation allows it again, we will host events and reopen our guest flats.

We provide our tenants with additional services through our subsidiaries (see section on 'Our corporate structure' section). 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. The last Tenant Survey in 2018 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. The next survey is planned for 2021. Our tenants can also evaluate external service providers as part of our services monitoring.

Through digital networking, we want to increase our tenants' home comfort and safety (see 'Our efforts commitment in Gera: Better quality of life in the neighbourhoods' section). After we implemented another project with Smart Home solutions at the Döbeln location in 2019, our new 'BeHome' pilot project was launched in Gera in September 2020.

Together with Better@Home Service GmbH (BeHome), we offer our tenants a digital platform as everyday support. The joint platform is specially designed to meet the needs of older people who want to live independently and safely at home. The offer includes Smart Home and Smart Assistance solutions, pools physicians and other health services for users and includes offers from TAG's cooperation partners and local businesses. The tablet, which is made available to all users, also offers the possibility of video telephony with friends and family or with physicians from the surrounding area. Gera@Home is part of the SMARTCity Gera project. As part of this nationwide project, Gera promotes progressive projects that contribute to the digital networking of citizens, service providers and institutions in Gera.

Especially during the Covid-19 pandemic, the digital platform enables people to continue to participate in social life and use local services or products. This also strengthens the regional businesses. Marketing will start in March 2021. The pilot phase is planned for one year.

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 2020.

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 1,670 (2019: 1,590) were disabled- or wheelchair-accessible in the year under review. Approximately 12,300 (2019: 12,200) flats are 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, so we are increasingly working on lockable solutions.

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

In the year under review, several additional service offerings were introduced at various locations. In June 2020, we set up a parcel station in a residential district in Jena in collaboration with the provider PAKETIN GmbH. This will indirectly help reduce CO₂ emissions by eliminating the need for multiple delivery attempts.

In August 2020, we launched a collaboration with the start-up Etepetete GmbH. As part of the collaboration, we offer our tenants discounted organic fruit and vegetable boxes. The special thing about these boxes is that they contain high-quality organic fruit and vegetables that do not meet retail standards because of their shape. Etepetete therefore saves them from going to waste. Our own offices can also take advantage of this offer.

Since October 2020, we have also been offering recipe boxes through our cooperation partner Hello Fresh Deutschland SE & Co. KG, which contain precisely portioned ingredients and recipes for various dishes to cook yourself. Regional foods are preferred for this and their distribution is largely climate-neutral.

Vantage also addresses the needs of various social groups in its neighbourhoods. Since 2018, Vantage has been involved in the Co-Creation of Public Services in Europe (Horizon 2020) project, which is being carried out by the University of Wrocław and the Active Senior Foundation. In Wrocław, the project investigates senior citizens' specific requirements in the design of public space and how they can influence it. Based on the findings, a meeting place was built in summer 2019 in the 'Port Popowice' project in Wrocław, that has become a place of encounter and integration for the residents. Due to its extensive investment in Port Popowice, Vantage has become a key protagonist in the project.

Our efforts commitment in Gera: Better quality of life in the neighbourhoods

At our Gera location, we used the year 2020 to further expand our efforts to ensure a good quality of life. In collaboration with the city of Gera and other cooperation partners, we are implementing innovative digitalisation projects.

TAG has been investing in holistic neighbourhood management in Gera for many years, supporting a wide range of social initiatives. In September 2020, we teamed up with Better@Home Service GmbH (BeHome) to launch a new project. Under the project, we offer our tenants a digital platform as an everyday support service. The joint platform is specially designed to meet the needs of older people who want to live independently and safely at home.

“The BeHome platform connects assistance and emergency call systems with a variety of local services and provides communication options, thereby simplifying everyday life for users,” says Claudius Oleszak, head of Business & Change Development.

The platform pools physicians and other health services for users and includes offers from TAG's cooperation partners and local businesses. The tablet, which is made available to all users, also offers the possibility of video telephony with friends and family or with physicians from the surrounding area.

»The BeHome platform connects assistance and emergency call systems with a variety of local services and provides communication options, thereby simplifying everyday life for users.«

As TAG, we have also been intensively involved in the working groups of the Gera SMART-City project and have helped to propose and plan the offer of TAG and Better@Home as a pilot project in the city of Gera. This model approach was selected and confirmed by the city of Gera as a SMARTCity project. As a pilot municipality of the Smart Cities model project of the Federal Ministry of the Interior, for Building and the Home Affairs (BMI), the city of Gera has been implementing various projects since 2019 in order to increase the quality of life for all residents by means of digitalisation and to make residential areas more attractive and modern. With BeHome, we are promoting this approach, especially for our tenants, and are thus also continuously pursuing the offer and equipping of flats in our portfolio with smart home technology.

EMMA – The electric shuttle bus

In 2019, together with the local Fischer Academy, we gave the go-ahead for a self-driving pilot project and provided start-up funding. The EMMA project is funded by the Thuringian Ministry for the Environment, Energy and Nature Conservation.

From December 2020 to March 2021, we trialled the self-driving electric shuttle bus EMMA for the first time with our partners in the Lusan district of Gera. During the two-month trial period, four passengers at a time could use the shuttle bus free of charge on weekdays between 8 am and 4 pm. On board was a trained attendant who could steer the bus manually in case of malfunction. Whether from home to the physician's, tram, shops or family, the shuttle bus should make it easier for the residents in the neighbourhood to reach many of their daily destinations. The WZB Berlin Social Science Center and Nuts One GmbH are in the process determining the final route and ideal stopping points. And together with the university, we examined the acceptance of the self-driving, environmentally friendly bus. For this purpose, a passenger survey was conducted by the university during the entire pilot period. In addition, TAG conducted a survey of TAG tenants living in the Gera-Lusan district. We received over 430 responses from our tenants. Around 72.9 % of all survey participants stated that mobility options were a factor for them when choosing a flat. This result further strengthens our commitment in this area for the future.



“As a housing company, we no longer see ourselves as just a residential landlord,” says Claudia Hoyer, member of the Management Board of TAG Immobilien AG. “Social trends and changing needs are turning us into life service providers in our neighbourhoods. Community projects like EMMA increase the quality of life for many people and enable older people, for example, to remain at home in their neighbourhood for a long time.”

The local transport project co-initiated by TAG is also an important milestone for Gera. This is because the city has applied to be a practical testing ground and partner for the planned ‘Deutsches Zentrum Mobilität der Zukunft’ (‘German Center for Future Mobility’) in Munich. For this purpose, TAG, together with the Thuringian Minister for the Environment, Energy and Nature Conservation, Anja Siegesmund, and the Mayor of the City of Gera, Julian Vonarb, actively supported the working group of the City of Gera in preparing an expertise for the location of Gera for the city's application as a practice site of the ‘German Center for Future Mobility’.

Liveable Neighbourhoods

Working for a diverse spirit of community

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

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.

We want to do justice to the diversity of the tenants in our flats with our social activities. This is why we promote and sponsor projects that strengthen solidarity and a spirit of community in the neighbourhood. In particular, we want to support children and young people, families and senior citizens, as well as people who are in need through no fault of their own. In 2020, we also anchored this aspiration in our principles and guidelines for social commitment. In addition, we have established the TAG Miteinander Stiftung (TAG Together Foundation) to pool and expand our commitment.

Our social commitment in Poland

In Poland, too, we work to improve the quality of life for residents in their neighbourhoods. Vantage works with urban residents who are committed to making positive changes in their neighbourhoods. In one initiative, urban residents work together to strengthen the neighbourhood in Port Popowice and promote a good quality of life. Vantage has maintained an open exchange of ideas with residents since the beginning of the neighbourhood's development and supports the initiative's campaigns. In 2018 and 2019, they included the 'Popkurzacz' neighbourhood campaign, in which residents jointly cleaned the areas along the river Oder, West Park and Popowicki Park. Vantage also sponsored a picnic that brought together the different age groups that live in Port Popowice. In addition, the developer supports various initiatives submitted as part of Wrocław's participatory budget.

In the year under review, Vantage supported Heart of Szczepin's projects in their application to be considered in the Wrocław participatory budget. One of the submitted initiatives involves redesigning a green space on Górka Szczepińska as a meeting place for the local community. Vantage

promoted the project through advertising banners, social media communications, and poster printing.

Since 2018, Vantage has also been working with the ProCuro Foundation which aims to integrate children with disabilities, especially through art activities. Vantage regularly provides financial and material support to ProCuro. In 2018 and 2019, for example, Vantage employees donated art supplies and money to the foundation. In 2020, Vantage, together with other business partners, contributed financially to the foundation's renovation projects. The common room for children at a special school and an educational centre in Dobroszyce were modernised and re-equipped with educational toys, games and a television.

The Covid-19 pandemic hit the Polish healthcare system hard in 2020. Therefore, Vantage decided to support the local hospitals in Wrocław by donating money and medical equipment to the facilities. All purchases were made after consultation with the medical staff.

Holistic neighbourhood development

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

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. If we suspect a violation of the anti-discrimination policy, employees and external stakeholders alike can use our whistleblowing system, which was expanded in 2020 to include an anonymous ombudsman's office. There were no confirmed cases of discrimination in the year under review.

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 Jumpers – Jugend mit Perspektive e.V.' association in Erfurt, Gera, Salzgitter, and Schwerin.

In cooperation with various partners, we offer our tenants spaces where people can come together at 21 locations: our 'Aktiv-Treffs' (Activity Lounges). Our local partners include the Arbeiterwohlfahrt (Workers' Welfare Association), the Arbeiter-Samariter-Bund (Workers' Samaritan Association), Caritas, Diakonie, Johanniter-Unfallhilfe e. V., Volkssolidarität (People's Solidarity), and other regional and local institutions, such as local services for the elderly, and nursing homes or associations.

We support neighbourhood community efforts by providing assistance with questions about housing, and supporting our tenants' own personal initiatives. During the Covid-19 pandemic, we provided support especially in emergency situations. 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, create a better understanding of each other, 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, because we want our efforts to reach first and foremost the tenants and residents of our neighbourhoods, and to improve their quality of life. 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 provided special support to various local associations of the Arbeiterwohlfahrt (Workers' Welfare Association), the Arbeiter-Samariter-Bund (Workers' Samaritan Association), Caritas, Diakonie, Johanniter-Unfallhilfe and Volkssolidarität (People's Solidarity), and further increased donations due to the pandemic. In addition, in 2020 we donated to the food banks in various regions;

they are an important support for some of our tenants, especially during the Covid-19 pandemic. As in previous years, we supported sports clubs in our neighbourhoods, such as the TAG Icefighters Salzgitter ice hockey team or the cyclists of SSV Gera. We also donated to social, cultural and educational associations, such as Kindervereinigung e.V. Gera, SuPer-Salzgitter e.V., Deutscher Kinderschutzbund and Studenten-Förderverein Gera e.V.

Our local engagement 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.

This 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 103-1, 103-2, 103-3, 203-1)

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, installing new benches, and building new playgrounds, e.g. in Stralsund. In total, we operate more than 350 playgrounds and football pitches. When designing the spaces in our portfolio, we take our tenants' suggestions and wishes into account (see 'Satisfied tenants' section). Also, when we renovate our portfolio 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 cooperated with the car-sharing provider Flinkster since 2019, and since 2020, with teilAuto as well. Our tenants and employees on site can use their car-sharing services at discounted rates. In this way, we facilitate a flexible, connected use of various forms of public transport for our tenants and residents. In 2019, we jointly opened Flinkster car-sharing stations in our residential areas of Salzgitter and Erfurt. Five and four vehicles are available there, respectively. In 2020, we expanded the car-sharing offer to Dresden. New rental stations were set up at two locations.

In Erfurt, we launched the 'Mobilplaner' pilot project in the Berliner Platz residential district in August 2020. Together with Deutsche Bahn, we are developing a platform to support our tenants in their everyday mobility and to help shape it. Mobilplaner allows for comparing different mobility offers, such as bus, train and local car-sharing offers. 18 tenants are taking part in the pilot project. However, the analysis has been complicated by the Covid-19 pandemic, as hardly any mobility offers are used during this time. The project will therefore be extended or transferred to a new project.

In September 2020, a workshop was jointly organised with the Verkehrsclub Deutschland (VCD) traffic association on the topic of 'mobility close to home'. As a result, possible mobility offers are currently being examined with the VCD in several LIM regions.

In Gera we co-initiated a pilot project for self-driving vehicles in 2019. Together with a local company, Fischer Academy GmbH, we provided the equity component for the mobility project. In December 2020, the self-driving electric shuttle bus EMMA began trial runs in the Lusan district of Gera. It covers the 'last mile' between public transportation and the front door. To determine the final route and ideal stops, we are working together with the Berlin Social Science Center (WZB). Together with the Dual University in Gera, we are also determining the acceptance of the self-driving, environmentally friendly bus in the last mile. The project is funded by the Thuringian Ministry for the Environment, Energy and Nature Conservation. At the same time, it is the initial project with which the city of Gera is applying to the 'Deutsches Zentrum Mobilität der Zukunft' (German Center for Future Mobility) as a practice location.

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 increased the location's attractiveness for our tenants.

In Poland, too, we are committed to the development of eco-friendly transport, and include access to public transport in our neighbourhood planning. New buildings are regularly constructed near a public transport stop served by at least two lines. Alternatively, there is a train station nearby that is served by at least one line.

In addition, we support sustainable transport development by financially supporting two bicycle stations in the Wrocław City Bike network: in the Promenady Wrocławskie housing estate and in Port Popowice. This makes Vantage the only developer in Wrocław to be actively involved in the development of the urban bike network in the capital of Lower Silesia.

Dialogue with cities and municipalities

Our employees at the locations are in regular contact with authorities and other public institutions on real estate issues. 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 invite tenants to participate in activities and tours of our neighbourhoods. We also work with local protagonists on infrastructure projects, such as the self-driving vehicle project mentioned above.



Our employees shape our future

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

In 2020, the Covid-19 pandemic affected many areas of our daily work and corporate culture. For months, we reduced real contacts as much as possible and worked together mostly virtually. In this situation, our digital processes and work tools proved to be very helpful. At the same time, however, it also became clear how important direct, personal interaction is.

So as far as possible, we facilitated exchange via digital channels, expanded our online formats, and initiated community-building campaigns. The unusual pandemic situation presented our corporate culture with new challenges, but also confirmed us on our path of advancing digitalisation, supporting togetherness and co-creation, and further optimising our communications.

After all, fair treatment and room for co-determination promote employee satisfaction and their commitment to the Company, which is an essential prerequisite for our commercial success. Our employees' dedication and prudence helped ensure that TAG's business continued to develop positively in 2020 despite the Covid-19 pandemic.

We also continued to work on securing skilled labour in the face of demographic change. The selection and deployment of the right employees in the right positions is crucial for our future viability. We want to attract the best talent to TAG and keep them in the Company long-term.

As a responsible employer, we seek to create an environment for our employees in which they enjoy their work and in which they can develop and grow. We offer a wide range of training and development opportunities and are committed to promoting a healthy work-life balance.

In 2020, we again focused on three key areas for empowering our 1,443 employees.⁷

Our Company culture once again played an important role. It is characterised by respectful and appreciative interaction within the Company and with external stakeholders. As one of the supporting pillars of TAG, it helped us to deal with the extraordinary situation of the pandemic. Wherever possible, we expanded our communications and continued projects that promote team spirit and make our Company's values tangible for all employees and customers. In addition, we initiated the new project 'Alltagshelden' ('Everyday Heroes'), in which we promote our employees' social and ecological efforts.

Well-trained and dedicated employees are the basis for TAG's success. That is why we support our employees and encourage them to play an active role in shaping the Company. And we were able to develop new ways for them to actively shape the Company despite the pandemic (see 'Ready for the future with a qualified team' section).

One prerequisite for attracting the best employees and keeping them with the Company long term is to offer them optimal conditions. That is why we promote diversity, practice equal opportunity, and offer numerous possibilities for achieving a more flexible work-life balance. We have adopted a new company agreement on working from home and will continue to allow as many employees as possible to work from home in the future (see 'Responsibility and trust for our employees' section). We also want to present ourselves as an attractive employer for new applicants.

How we manage our employee topics

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

At TAG, human resources management is one of the central departments and is overseen by the Management Board (CLO) for the entire Group. The various areas of responsibility report to the department management. They include Staff Support and Development, Recruiting and Employer Branding, Payroll Accounting, and Travel Management.

Staff Support takes care of all matters related to employment contracts, and Staff Development is in charge of training and further education. Recruiting and Employer Branding is responsible for attracting and retaining employees. Staff support is provided centrally by the Human Resources department as well as on a decentralised basis by the regional managers. The Management Board receives a quarterly report on various key indicators from the Human Resources department.

We identify important topics and needs through exchange with our staff. We hold team meetings and management discussions at all levels of the Company. In addition to annual performance appraisals, we also conduct surveys at regular intervals to assess in-house cooperation, satisfaction, service quality and optimisation potential. The results are used in jointly developing improvement measures (see 'Ready for the future with a qualified team' section).

Dialogue with our employees also includes the possibility of approaching us with criticism and complaints. Our employees can contact their supervisors, the HR department, or the works council directly. To report violations of legal regulations and/or guidelines or company rules, a form for anonymous reporting is available on the intranet as well as on the internet.

Our Goals

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

Our goals are derived from our sustainability strategy and the material topics we have identified in the 'Employees' action area.

A company culture of appreciation, transparency and co-determination

We want our employees to be happy and to identify with TAG and our Company's goals. We therefore continue to rely on the active participation of our employees at all levels of the Company, and on open communications on all essential topics of the Company's development. We are continuing our company-wide projects to strengthen cross-team networking and cooperation between colleagues. Through our stock-option programme, we continue to offer our employees the opportunity to participate in the Company's success as shareholders. In 2020, our employees each received a special payment of EUR 750.00 as a token of appreciation for their work under the difficult conditions of the Covid-19 pandemic.

In the reporting year, we stepped up our in-house communications and digital exchange via the social intranet. As part of the Mission '21 digitalisation project, we expanded existing formats and made them more user-friendly. We developed explanatory videos for many different topics, such as technical tasks, IT tips, and for using the project rooms on the social intranet.

⁷The basis here is the number of employees (1,305 in Germany and 138 in Poland) as of 31 Dec 2020. In the Annual Report 2020, the number of employees was calculated in accordance with the provisions of the German Commercial Code (HGB) (total: 1,354, of which 1,221 in Germany and 133 in Poland).

Staff qualification and further training

The focus of staff training is on providing individual support to our employees according to their skills and development goals. In 2020, we started to train TAG specialists as trainers. This will enable them to pass on their knowledge even better to colleagues internally in the future. This project is currently under development. Our in-house training concept



'STEP@TAG', developed in 2019, will be continued. The acronym STEP stands for Seminars, Team building, exchange of Experience and promotion of Potential. This will enable us to provide better information about our Group-wide range of seminars as well as strengthen the exchange of experiences. The 2019 pilot project 'Patenschaften für neue Mitarbeiter*innen' ('Mentorships for new employees'), which is designed to make it easier for new colleagues to join the Company, will be expanded. In 2020, we worked on developing a guideline that colleagues across TAG can use for the onboarding and induction of new employees. The goal is for the locations to work according to a common minimum standard, but one that also leaves room for manoeuvre.

Work-life balance, family-friendliness, and diversity

We want to keep ensuring a good balance between personal life, family, and work also in the future. In the event of relocations for personal reasons, we continue to facilitate a transfer to suitable TAG locations. Flexible working time models enable our employees to reconcile their private and work commitments. We are continuously expanding our incentive and motivation tools to build employee loyalty. In the wake of the Covid-19 pandemic, we have extended our company agreement on working from home so that more employees can take advantage of the work-from-home option not just now, but in future as well. We are constantly expanding our range of preventive health measures for our employees. We rely on a diverse workforce, pay attention to balanced gender quotas, and punish any form of discrimination.

Promoting young talent and recruiting new employees

We use a variety of measures to recruit young talent, like making it easier for our apprentices to enter professional life after graduating from school. We also offer them long-term employment and support their professional development. Among other things, we promote the acquisition of methodological skills through continued training as well as mentoring and sponsorship programmes, finance further studies, or support their transfer to other departments. By involving employees in project work, we strengthen networking between colleagues at different locations, which in 2020 was mainly done through digital channels. We have relaunched the project 'Wir für eine bunte TAG' (Together for a colourful TAG), with which we aim to better coordinate and promote sustainability issues.

We want to keep pressing ahead with our initiatives to strengthen our employer brand and recruit employees also in the future. Our employees are increasingly acting as ambassadors for the Company. They post pictures and texts providing insights into their everyday working life at TAG: on our careers page on the internet, in our job listings, or in the tenant magazine on the TAG Wohnen website, as well as on third-party platforms such as kununu.de.

Target evaluation

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

We continuously evaluate our TAG projects through steering committees. In the Mission'21 digitalisation project (see 'Shaping the future together: Digitalisation drive 2020' section), a steering committee meets monthly during the project. There are regular steering groups beyond this as well. In the reporting year, several of these meetings took place digitally. In the 'WIR-Kultur' project the steering group reviews the progress made on the topics and the feedback received every month or two. The Management Board receives interim reports and participates in the steering committees as needed.

Occupational safety committee meetings are held four times a year. These are held by the Group's occupational safety officer together with the local works councils and safety officers. The externally appointed safety experts 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 our external consultants.

We live our values

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

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 anchored in the guidelines of our company culture.

We want our employees to feel at ease, to enjoy their work, and to be able to contribute and develop their skills.

One prerequisite for this is intensive staff support and regular personal contact with our staff. Due to the pandemic, this mainly took place on digital paths in the reporting year.

TAG's organisational structure with its flat hierarchies and short decision-making channels facilitates dialogue between employees and their supervisors, and encourages self-responsible action.

In the long term, everyone benefits from this ongoing exchange of information and fair mutual treatment. Our employees can help shape the Company and further their own professional development. Direct feedback from our employees confirms that active participation strengthens their satisfaction. A survey of employees in December 2020 showed that despite the pandemic conditions, around 74 % of them are very satisfied or satisfied with their personal work situation, even during the pandemic. They also gave a positive rating to the Corona-related protection measures and the collaboration under these conditions.

As an employer, we benefit from the ideas, knowledge and commitment of our employees (see 'Achieving more as a team' section). TAG's customers and partners appreciate our positive company culture and innovative solutions.

Achieving more as a team

One of the goals we pursue in our business development is to improve the sense of community among all employees. Because we believe that we can achieve more as a committed team. That is why we launched the 'WIR-Kultur' ('WE Culture') project in 2018.

It involved TAG employees agreeing to our 'WIR-Code' ('WE Code'). The values and guidelines it contains include mutual respect and appreciation, a sense of responsibility, a cooperative management culture, active participation, open communication, sharing of experiences, and positive role models.

As we couldn't hold any team events to strengthen our Spirit of 'WE' in the first half of the year, we started the 'Lachen erlaubt' (Laughter allowed) campaign during the Covid-19 pandemic to build a spirit of community. We invited staff to create funny pictures, videos, or tips for the current situation and share them with others on the intranet.

In the summer, we were able to resume work in the project teams. They focused on the following topics: Communication/networking/digitalisation, Spirit of 'WE' between TAG and customers, and Welcoming/Mentorships/Visiting and Mentoring.

In 2020, we also initiated the 'Alltagshelden' (Everyday Heroes) project. It is designed to promote employees' volunteer work in the social or ecological sector, and offers a platform for (exchanging ideas on) this. The focus of this social engagement is on our tenants, especially seniors and children.

Analogue and digital co-determination

We give our employees responsibility and encourage them to act independently. In 2019, we introduced a social intranet throughout the Company. This social corporate network empowers our employees to better exchange information with each other and was increasingly used especially during the Covid-19 pandemic. Among other things, the platform offers the option of setting up digital project rooms, so that colleagues from different locations can work together effectively in these rooms. It also enables the exchange of information regarding joint leisure activities to promote team spirit outside of working hours. We have also set up intranet terminals for our caretakers and craftsmen without a fixed office or workstation.

In order to stay in touch with our employees, we conduct surveys at regular intervals. In the reporting year, various surveys were conducted throughout the Group:

For one, we wanted to know how satisfied our employees are with their work under pandemic conditions. And for another, we asked for feedback on various projects and topics, such as sustainability at TAG, the Mission'21 project, the new TAG Wohnen website, and our explanatory videos.

To execute our digitalisation strategy, we also continued the Mission'21 project (see 'Satisfied tenants' section). The aim of the project is to work with the employees to create the technical and procedural conditions for a digital future. This includes, for example, simplifying and streamlining everyday processes to save time. Due to the Covid-19 pandemic, the technical options for cooperation in particular were expanded at a faster rate during the reporting year.

Involvement of employee representatives

Workplace co-determination is prescribed and regulated in Germany as part of the Works Constitution Act.

The works councils are elected by the employees and represent their interests vis-à-vis the employer. Issues relating to labour law, the day-to-day business, and business development are negotiated together and worked out in a spirit of partnership. These include, for example, working conditions. Written company agreements are also concluded between the parties. Like the collective bargaining agreements between the parties to a collective agreement, they fall under the category of agreements under collective law.

At TAG, employee participation is an important part of the company culture. It goes without saying that our company values apply to interactions with the elected employee representatives (see 'Achieving more as a team' section). The aim of this collaboration in a spirit of partnership is the well-being of the employees and TAG as a whole.

The company agreement on mobile working and supplements to the working time regulations were drafted in 2020 on this basis. The works council was also involved, e.g., in updating the guidelines on IT and data protection as well as in implementing the digital payroll. The works council is also represented in various projects and committees, e.g. on the judging panel for the new TAG Award 2020, for which employees were invited to present past projects as well as ideas for future projects. The works council works closely with the HR department.

In the year under review, 46 employees served as works councils. In addition to the general works council with 15 employees, there were eight regional works councils consisting of between three and seven employees, depending on the number of employees at the site. In addition, two employee representatives sit on the Supervisory Board of TAG.

The regional works councils meet approximately every two to three weeks, the general works council every six to eight weeks. Managers and board members are also invited as needed. Once or twice a year, our Management Board consults with committees of the general works council on Group-wide issues. A works meeting is held once a year at our major company locations. Information on innovations and the latest developments in the Company is made available to all employees, e.g. via the intranet or by email.

Ready for the future with a qualified team

Our employees are the basis of our success

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

All employees have an influence on TAG's success. That is why we invest in the training and further education of our employees and promote their qualifications.

The goal of our staff development is to recognise individual talents, to promote employees in a targeted manner according to their abilities and career goals, and to retain them in the Company long-term. Wherever possible, we fulfil the specific training requests of our employees.

Employee recruitment is also of great importance to us. In view of demographic change and the continuing shortage of skilled workers, this has become an even more significant issue. We use various strategies to recruit new employees for our Company.

During the reporting period, TAG hired 138 new male employees in Germany and 71 new female employees, while 16 male employees and 23 female employees started work at Vantage in Poland in 2020. In Germany, 71 male employees and 71 female employees left the Company during the period, in Poland ten male employees and eight female employees left.

Numerous career and development opportunities

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

We want our employees to be satisfied. We therefore use our annual performance appraisals for constructive feedback. Our goal is to motivate our employees, identify special skills and talents, and develop individual support measures. This is how we can offer our employees and the Company the greatest benefit.

Continuous dialogue with our employees is also important to us – which is why they always have the opportunity to contribute their views, make suggestions for improvement and have a personal discussion with their manager as needed.

Internal and external opportunities for further training

Our further training programme consists of various components. Our employees can attend external seminars and courses, internal training, workshops or Group-wide best practice meetings to receive professional and methodological training, swap experiences, and develop their individual potential. Due to the pandemic, many of the events in the reporting year took place in smaller groups or as online formats.

Our new in-house training platform STEP@TAG makes it easier for our employees to proactively find out about and participate in seminars offered within the Group. They can also use it to make suggestions for further training and information offers. In the 2020 reporting year, our employees attended an average of eight hours of training each. This corresponds to a total of approximately 1,500 training days.

We also support in-service training to become a trainer, coach or real estate specialist. In 2020, for example, another employee successfully completed an in-service training course to become a certified real estate specialist. Five employees started this and other training courses during the reporting year.

Wide range of training and study opportunities

Promoting young talent is an important element in strengthening the loyalty of junior staff to TAG. Our training program includes a bachelor's degree in real estate management, apprenticeships in real estate management and office management, as well as industrial/technical apprenticeships in



IT systems integration, painting, plumbing, heating and air conditioning, and tiling and mosaic laying.

During the reporting year, TAG employed 48 apprentices and nine dual-study students at 15 locations in Germany. In 2020, 17 young people started their vocational training with us. This represents a 21-percent increase over the previous year (2019: 14 new apprentices). Three of our dual-study students started their studies in the reporting year. Vantage employed a total of five apprentices in 2020.

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

We believe that qualified junior staff from our own ranks is important for TAG's long-term success. Our training programme is designed to meet 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, 16 young colleagues successfully completed their vocational training, ten of whom we were able to take on as employees.

We use various channels to establish contact with suitable applicants. On our company website, interested applicants can visit our apprenticeship page and get an insight into the apprenticeship professions at TAG. There, and in our magazine on the new TAG Wohnen website, some of our apprentices also report personally on their daily work. In addition, we cooperate with schools in the surrounding area. In the year under review, we mainly expanded our online communication channels and geared them more to the young target group, for example through our chatbot Max.

Further training for our trainers

Pedagogically qualified instructors are also a prerequisite for well-grounded training – which is why TAG founded its 'Ausbilderwerkstatt' (Trainer workshop) in 2015. There, we train our trainers on new learning methods, motivation strategies, and the expectations of the younger generations.

The training takes place twice a year with an average of 20 participants.

Personnel sourcing using up-to-date measures

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

Our employer presence is centred around TAG's career site. On this online platform, we inform interested parties about our lines of work and our company culture, and list vacancies. It is possible to apply directly online in just a few steps using the form provided.

This recruitment process is now completely digitised. A new portal for applicants allows for faster processing of incoming applications, leads to more transparency, short reappointment times, and a higher number of applicants.

Besides traditional staff recruitment options, such as advertising, information brochures, and participation in recruiting events, we also rely on our presence in online media. This includes the digital business network Xing. We are also represented on the employer rating platform kununu.de. We use the ratings we receive there to inform our change processes.

To keep attracting suitable applicants in the future, we continuously update our HR marketing. For example, our employees act as ambassadors for TAG in our job listings, which were updated in 2020, and the careers page was also further modernised in the year under review.

Fair salaries and benefits for our employees

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

Our employees are paid according to performance and market conditions. Salaries are influenced by the requirements profile of the position, professional experience, and any additional qualifications. It goes without saying that we pay at least the nationwide minimum wage. TAG does not employ staff on the basis of collective agreements. The latter, of course, only applies unless otherwise prescribed by law, such as in the craftsman sector, and if there are no commitments to the contrary, such as the continuation of individual contracts from the takeover of employees as a result of acquisitions.⁸

All real estate and office management apprentices receive the same training allowance. This is graded according to

the year of apprenticeship. The remuneration is based on the collective agreement for the real estate industry or is slightly higher. For all other apprenticeships, TAG takes its cue from the upper range of the remuneration recommendations of the Chamber of Industry and Commerce and the Chamber of Crafts.

Participation in the Company's success, and social benefits

We want our employees to see themselves not just as workers, but also as shareholders in our Company. That is why we launched an employee stock-option programme in 2018. Once a year, all employees can purchase TAG shares at discounted conditions. In the reporting year, 26,080 (previous year: 15,300) TAG shares were subscribed by our employees. In 2020, we also paid all employees a profit-related year-end bonus for the first time. We increased this bonus compared to the original plan because our employees worked so hard for the success of the Company during the Covid-19 pandemic.

We offer all employees additional social benefits, such as a company pension scheme, accident insurance, and asset-building benefits. Furthermore, our employees receive discounts on various products, services, and events via our discount portal. We also provide free beverages at our locations.

We want our employees to get to work in a cost-effective and environmentally friendly way – which is why we subsidise monthly tickets for public transport at all TAG locations where the regional transport associations have concluded a corresponding agreement with us. These include, for example, Dresden, Hamburg and Berlin.

⁸This concerns around 2% of the employees, whom we took on as a result of acquisitions.

Responsibility and trust for our employees

Spotlight on equal opportunities and health

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

At TAG, all employees have equal opportunities. Equal treatment regardless of origin, gender, age or physical impairment is a matter of course for us and is anchored in our anti-discrimination policy.

We rely on a balanced mix of young and experienced colleagues. This contributes to the preservation, expansion, and transfer of knowledge. In this way, we ensure TAG's continued existence in the future. For internal projects, we strive for a defined minimum quota of project participants under 30 years of age.

We pay special attention to ensuring that women are adequately represented in management positions within the TAG group of companies. Positions are filled and managers selected based on objective criteria, the requirements profile of the position, as well as professional experience and additional qualifications.

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

The health of our employees is the prerequisite for their ability to perform. For this reason, preventive health and occupational safety have a high priority at TAG. It goes without saying that we provide all employees with workplaces that meet modern health standards.

Occupational health and safety guaranteed throughout the group

(GRI 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7)

The health of our employees is a prerequisite for their well-being and ability to perform. For this reason, occupational safety, fire protection and first aid in emergencies have a high priority at TAG. Accordingly, in the reporting year, we had 21 safety officers (2019: 17; 2018: 15), 59 fire protection assistants (2019: 67, 2018: 54) and 71 first aiders (2019: 75, 2018: 72), as well as five colleagues who serve as evacuation assistants. Each of these employees was trained accordingly.

To protect our staff during the Covid-19 pandemic, we have established a new SARS-CoV-2 occupational health and safety standard for TAG. All employees have received safety instructions from their supervisors. Information was made available on the intranet. And we have provided face masks for all employees. We have also taken extensive protective measures in our tenant offices.

For several years now, external specialists have been entrusted with the professional implementation of occupational safety, health, and medicine at TAG. The implementation of all legal requirements is ensured. In the reporting year, six TAG sites were audited due to the pandemic. No serious deficiencies in occupational health and safety were found.

All employees are personally instructed once a year on topics related to occupational safety. All employees can read about safety-related topics on the intranet. We provide our field staff with appropriate protective clothing for their work. Evacuation drills are carried out every year.

In the reporting year, there were no serious occupational accidents. There were 35 accidents at work (2019: 47). These were mainly accidents on the way to work and minor injuries, for example during the work of our caretakers. This corresponds to an accident rate of 2.7 % (2019: 3.7 %). There is no increased risk of illness or injury for TAG employees. The overall absence rate (incapacity to work of any kind) at TAG in Germany was 6.9 %. As in the previous year, there were no work-related fatalities at TAG in the reporting period.

Occupational safety committee meetings are held four times a year. They are held by the Group's occupational safety officer together with the local works councils and safety officers. The externally appointed safety experts and occupational physicians take part in at least two of these meetings. In addition, an annual evaluation of the measures taken, occupational accidents and findings from workplace inspections is carried out with the external consultants. Due to the pandemic, the first meeting was held in spring 2020 in the form of a telephone conference with a representative of the Management Board, the head of the Human Resources department, and the general works council. The participants discussed the necessary measures and made preparations for their execution.

Preventive measures with practical relevance

Since 2015, TAG has organised a company-wide health day in cooperation with health insurance companies, with changing focus topics. The aim of the event is to improve the everyday working lives of our employees. In the reporting year, the health day could not take place due to the pandemic, and

the annual relay race also had to be cancelled. Instead, there was the virtual team relay, in which teams of five had to run 2,000 kilometres together over five weeks. The new Polish colleagues also took part.

We also continued our digital health programme, which we have offered to all employees in cooperation with a health insurance company since 2018. It centres on strengthening eye and back health, healthy nutrition, and stress management. Since 2020, we have also live streamed a daily home office workout.

To protect the health of our employees, we also offer them regular preventive medical check-ups. In 2020, the offer was downscaled due to the pandemic and was mainly limited to screenings. We work with physicians from the Arbeitsmedizinische Dienste GmbH of the TÜV Rheinland Group.

Employees who work at a VDU workstation receive an allowance for VDU glasses as needed.

Beyond this, our managers have attended our in-house seminar 'Gesundes Führen' (Healthy Leadership) for several years now.

Since many employees at Vantage also worked from home during the pandemic, the HR department in Poland carried out an additional summer health programme in the reporting year. The aim was to motivate employees to be more active outdoors. Vantage employees also took part in a competition to promote exercise and sporting activities.

Results-oriented work with flexible working hours

Our employees work independently and results-oriented. The Company does not monitor their working hours. All employees can structure their working hours flexibly and decide on their own responsibility when tasks are to be completed.

Supervisors ensure that there is no disparity between the scope of tasks and the contractually agreed working hours. Especially during the Covid-19 pandemic, our proven system of self-management led to efficient work.

As a modern employer, we want to offer our employees a working environment that makes it possible to reconcile their work and personal lives. Putting this into action is one of our key challenges.

We offer all employees flexible working time models and various options for part-time work. A temporary reduction in weekly working hours and home office are also possible by

arrangement. If desired, employees can change their place of work. It is important to us that our employees have social security through their jobs. Therefore, we hire as many employees as possible under permanent employment contracts (2020 and 2019: around 91 %). There were no dismissals for operational reasons in the reporting year.

Ideas with added value: Our employees' commitment

TAG is – our employees. Our Company thrives on their commitment, ideas, and cooperation. They drive TAG forward and are committed to society. We encourage their commitment and the 'WE Culture' in our Company true to our motto: "We develop our future ourselves."



Seeking problem solvers, people who understand our customers, and future-shapers: In 2020, we presented our Company's inaugural TAG Award. Under the heading "Going new ways as a team to sustainably leverage opportunities for TAG", we called on people to apply for the award with practical solutions. "Our employees are always mastering new challenges in their daily work, especially in teams and in cooperation with other departments. We want to honour this commitment with the TAG Award," says Albrecht Hempel from the panel of judges. The prize goes to innovative and practical ideas for solving problems, improving processes, or implementing new developments. "We like ideas that have an impact within the Company as well as those that create added value for society," adds Albrecht Hempel. The four-member jury comprised of divisional managers and the general works council members selects the winners in the categories of 'Opportunity generator', 'My skills are your skills', and 'Knowledge transfer'. A Special Prize is also awarded. One of the three winning ideas in 2020 is the "Re-entry for the long-term unemployed" project, initiated by TAG Immobilien Service GmbH and the HR department.

This project enables the long-term unemployed to re-enter working life through the Federal Ministry of Labour and Social Affairs' Participation Opportunities Act. TAG has already hired more than 40 employees under the Participation Opportunities Act. We facilitate the new colleagues' re-entry into working life by providing them with intensive support. Experienced colleagues take on mentoring roles and are always available to answer questions. "We were won over by the idea because it underpins TAG's social and societal commitment," said the jury, explaining its decision. The project organisers are delighted: "The award is a great recognition of our idea and spurs us on to do all we can to implement the project", states Matthias Montag, Project Manager Promotion and Reintegration.

»We like ideas that have an impact within the Company as well as those that create added value for society.«

TAG Everyday Heroes

We also launched 'TAG Alltagshelden' (TAG Everyday Heroes) in 2020. In this project, we promote social and ecological volunteering by our employees. The focus is on our tenants, especially senior citizens and children, and the environment. Especially during the Covid-19 pandemic, it's important for us to support disadvantaged people in our neighbourhoods. "It's great to see how our employees are getting involved", says project co-initiator Anna-Katharina Weenen. A variety of ideas have already been developed, such as cooking healthy meals together, supporting a school lunch programme, and planting fruit orchards. All employees can inform themselves about projects and their results and exchange ideas via the intranet.



TAG Ambassadors

Our employees are the personal face of TAG, not only in the context of their social commitment; they also act as ambassadors for our Company and promote TAG. As part of the 'TAG Botschafter' (TAG Ambassadors) project, our employees promote interaction with potential applicants and make a significant contribution to attracting motivated talent to TAG. They appear in job advertisements on our careers site with authentic photos and personal, honest insights into their everyday working lives. In our new tenant magazine on the TAG Wohnen website, they also introduce themselves to our tenants: approachable, individual, and likeable. "I'm happy to show our tenants who the people at TAG are, and to give potential applicants an impression of our work and the atmosphere here," says Ambassador Stephan Hauser from TAG Immobilien Service GmbH.

A better reconciliation of family and working life

(GRI 401-3)

Our offer of flexible times and places of work benefits families with children in particular. After the end of parental leave, we offer project-based work with flexible deployment times.

In 2020, 15 male employees and 32 female employees took advantage of parental leave. All of them are expected to return to work by 2021/2022. In the reporting year, 14 male employees and ten female employees resumed work after taking parental leave.

Diversity as a gain for the company

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

Different perspectives, experiences, cultures, ways of thinking, and approaches resulting from the environment and background of our employees are essential for us. We believe that lasting entrepreneurial success can only be achieved through diversity. That is why we pay attention to a diverse mix in important projects and decision-making bodies, e.g. in matters of gender and age, and we live equal rights, respect, and tolerance. Accordingly, diversity is an important aspect in our staff recruitment and development.

As in previous years, there were no violations of the General Act on Equal Treatment (AGG) in the reporting year.

The proportion of women in TAG's workforce in Germany has been above 50 % for several years (2020: 50.1 %). In the Polish workforce, the proportion of women was 63 % in the reporting year.

The Management Board has set a quota of at least 40 % women for management positions at the 1st and 2nd management levels, i.e. for heads of real estate management and department heads. As in previous years, this was exceeded in the reporting year (50 %). For the Management Board, the Supervisory Board has set a quota of at least 30 % women. The actual share has been 33 % since 2012. Gender does not play a role in remuneration (see 'Fair salaries and benefits for our employees' section).

In the reporting year, we employed 179 staff members in Germany under the age of 30, in Poland the number was 38. 676 staff members in Germany were between 30 and 50 years old (in Poland: 96), and 450 staff members were older than 50 (in Poland: four). Of our German employees, 37 have a severe disability. This corresponds to around 2.8 % of all employees (2019: 3.3 %). TAG regularly hosts in-house events for all employees on the topic of diversity. Customer-facing employees receive special training in intercultural skills.

We participate in the federal government's programme for the integration of the long-term unemployed. Intensive support and assistance are provided to help these people re-enter the world of work. In the long term, we plan to continue employing them after the subsidies phase. This project received one of the inaugural 2020 TAG Awards as an 'Opportunity generator'. The project was started at TAG Immobilien Service GmbH, in cooperation with the HR department.

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 76 ff.) to provide a more in-depth comparative analysis of individual aspects.

In 2020, the data pool was expanded, in particular through the acquisition of the Polish company Vantage Development (see 'Entry into the Polish real estate market' section). The sustainability activities we have implemented in Poland since then are presented in the respective sections. The first sustainability key indicators were also collected from Vantage Development. They are listed in the Key Indicators section of this report in an additional table column next to TAG's key indicators.

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)⁹. 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 84).

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

Contents 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.¹⁰ Unless otherwise stated, the financial information about the Company is based on the statements in the Annual Report for 2020. The non-financial information covers ecological and social aspects of our corporate actions.

The structure of this year's Sustainability Report follows the previous year's reporting structure and therefore continues to correspond to TAG's areas of activity in the field of sustainability. Innovations due to the market entry in Poland and in the context of the added business segment of new construction have been assigned to the areas of activity accordingly.

Reporting principles

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

⁹The German version of the GRI Standards published in 2016 was updated in July 2018 and is applied in this form in this report.

¹⁰The non-financial indicators presented in this Sustainability Report are not relevant to management in the sense of German Accounting Standard No. 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 April 2020.

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 2020 financial year (1 January 2020 to 31 December 2020). All of TAG's key indicators and information in the report are based on this period, unless otherwise stated. Beyond this, relevant developments in the first months of 2021 are also discussed in the report. These are denoted accordingly. The editorial deadline was 21 April 2021. 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 2019, in internal coordination rounds and based on communication with our stakeholders, we 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. In 2020, the materiality topics will remain in this form. In this way, the report enables the presentation of progress in direct comparison to the previous year.

TAG is currently reviewing its materiality analysis for the reporting year 2021. This review is based on the three dimensions of stakeholder relevance, business relevance, and impact. It also includes extensive stakeholder interviews.

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

Since the takeover of Vantage Development S.A. at the beginning of 2020 and thus the expansion of our business portfolio, supplementary key figures of Vantage are reported here for the first time - where appropriate, especially for the sake of comparability. In the coming years, the joint data collection will be successively extended.

Our path to tomorrow

	Unit	2020	2019	GRI	EPRA	Vantage 2020
Economic¹						
Fully consolidated companies (operating subsidiaries and property companies)	number	103	77			22
Annualised net actual rent	EUR m	334.2	319.9	102-7 201-1		The business model to date has focused on the sale of real estate, not renting. Rental flats and thus income will be added to the portfolio from 2021.
Net actual rent (residential units)	EUR/sqm	5.48	5.39			–
Vacancy (residential units)	%	4.5 %	4.5 %			–
Loan-to-value (LTV)	%	45.1 %	44.8 %			0 %
Compliance and integrity						
Composition of Management Board		3	3			2
female	number	1	1			0
male	number	2	2	102-22	Gov-Board	2
Composition of Supervisory Board		6	6			4
female	number	2	1			1
male	number	4	5			3

¹ Further key figures on TAG's economical performance can be found in the 2020 Annual Report.

Developing our portfolio responsibly

	Unit	2020	2019	GRI	EPRA
Portfolio²					
Units portfolio ³	number	88,313	84,510		
Floor space portfolio ³	sqm	5,302,495	5,094,435		
Share of administrative units in total portfolio ⁴	%	0.6	0.5	102-7	
Floor space for administrative activities ⁴	sqm	26,700	26,000		
Residential units ⁵	number	87,001	83,188		
Floor space residential units ⁵	sqm	5,282,310	4,924,548		
Energy efficiency categories in residential portfolio according to energy certificates⁶					
Energy efficiency level A+	%	0.1 %	0.1 %		
Energy efficiency level A	%	4.1 %	8.3 %		
Energy efficiency level B	%	24.5 %	22.2 %		
Energy efficiency level C	%	32.7 %	31.5 %		
Energy efficiency level D	%	17.5 %	16.6 %	CRE8	Cert-Tot
Energy efficiency level E	%	9.5 %	9.5 %		
Energy efficiency level F	%	7.2 %	7.9 %		
Energy efficiency level G	%	2.8 %	3.2 %		
Energy efficiency level H	%	1.7 %	0.7 %		

²Non-residential units account for approximately 1.5 % of the portfolio (without Vantage, as only sales figures and no data on lettings are currently available here).

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

⁴Includes the space used in Germany for own administrative activities (there is no office space owned by Vantage).

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

⁶Includes demand certificates (approx. 12 %) and consumption certificates (approx. 88 %). Not included are properties for which no energy certificate is required (such as listed buildings) as well as non-residential buildings (in total approx. 5 % of the total portfolio) and properties sold in 2020.

	Unit	Absolute		Like-for-Like ⁹		GRI	EPRA
		2019	2018	2019	2018		
Energy							
Heating energy consumption in total portfolio according to decarbonisation strategy ⁷	MWh	694,750.0	–	–	–		
Heating energy consumption in portfolio ⁸ (Analysis portfolio supplied by EWS)	MWh	215,614.3	219,942.2	203,037.3	216,540.4		
thereof District heating	MWh	105,694.8	96,130.3	93,577.8	95,161.7	GRI 302-2	DH&C- Abs DH&C-LfL
thereof Natural gas ¹⁰	MWh	107,045.2	117,084.1	106,585.2	114,650.8		
thereof Heating oil	MWh	2,874.3	6,727.9	2,874.3	6,727.9		
Energy intensity in total portfolio ¹¹	kWh/sqm	147.3	–	–	–	302-3 CRE1	Energy-Int
Energy intensity - Heating energy (EWS)	kWh/sqm	103.8	116.3	108.2	115.4		

⁷ The values refer to the heating energy consumption in total portfolio (portfolio 2020 without condominium and sales properties). The calculation was made on the basis of actual consumption, supplemented for properties without consumption data by extrapolations, e.g. via energy performance certificates.

⁸ The values refer to the stock in the analysis portfolio supplied by the subsidiary EWS. In the reporting year 2020 the share for the 2019 analysis portfolio was approximately 41 % of the 2019 portfolio or 35,024 units (analysis portfolio 2018: 38 % of the 2018 portfolio or 32,044 units). Total number of units supplied by EWS in 2020: 35,700; in 2019: 35,500 units. As the consumption values will not be invoiced until after the editorial deadline for this report, the values for the 2020 reporting year cannot yet be given here. Note: We use around 0.6 % of the total area for our administrative activities. This means that – from our point of view – we do not have a significant influence on the total energy and water consumption. For this reason, we do not differentiate between internal and tenant-used space in our reporting of ecological indicators.

⁹ The like-for-like analysis comprises: 31,779 units (about 38 % of the total 2019) or about 1,876,235 sqm.

¹⁰ As from 2019, the calculation basis for natural gas is the fuel consumption (also calculated retroactively for 2018). This improves the visibility of the savings effects from enhancing the energy efficiency of the heating systems.

¹¹ The value reported is the average consumption value, calculated on the basis of actual heat consumption values in the total portfolio (2020 portfolio without condominium and sales properties, adjusted for vacant space).

	Unit	2020	2019	GRI	EPRA	Vantage
						2020
Fuel consumption of fleet	liters	491,964	491,442			21,512
Diesel	liters	388,002	382,156	302-1	Fuels-Abs	16,480
Petrol	liters	103,962	109,286			5,032

	Unit	2020	2019	GRI	EPRA	Vantage
						2020
Greenhouse gas emissions in offices¹²						
Total emissions	tons CO ₂ e	1,409	1,406			39
Direct (Scope 1) GHG emissions	tons CO ₂ e	1,409	1,406			39
thereof Diesel ¹³	tons CO ₂ e	1,129	1,112	GRI 305-1	GHG-Dir-Abs	29
thereof Petrol ¹³	tons CO ₂ e	280	294			10

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

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

	Unit	Absolute		Like-for-Like ¹⁵		GRI	EPRA
		2019	2018	2019	2018		
Greenhouse gas emissions in portfolio¹⁴							
Total emissions	tons CO ₂ e	55,284.7	56,554.3	52,007.1	55,693.2		
Direct (Scope 1) GHG emissions (Heating energy EWS Analysis portfolio – Natural gas, Heating oil)	tons CO ₂ e	27,698.3	31,464.3	27,583.3	30,856.0	GRI 305-1	GHG-Dir-Abs
Energy indirect (Scope 2) GHG emissions (Heating energy EWS Analysis portfolio – District heating)	tons CO ₂ e	27,586.3	25,090.0	24,423.8	24,837.2	GRI 305-2	GHG-Indir-Abs
GHG emissions intensity (Heating energy EWS Analysis portfolio)	kg CO ₂ e/sqm	26.6	29.9	27.7	29.7	GRI 305-4 CRE3	GHG-Int
Emission intensity of total portfolio (heat and electricity) according to decarbonisa- tion strategy ¹⁶	kg CO ₂ e/sqm	31.9	–	–	–		

¹⁴The values marked accordingly refer to the stock in the analysis portfolio supplied by the subsidiary EWS. In the reporting year 2020 the share for the 2019 analysis portfolio was approximately 41 % of the 2019 portfolio or 35,024 units (analysis portfolio 2018: 38 % of the 2018 portfolio or 32,044 units). Total number of units supplied by EWS in 2020: 35,700; in 2019: 35,500 units; 2018: 32,044 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. Note: We use around 0.6 % of the total area for our administrative activities. This means that – from our point of view – we do not have a significant influence on the total energy and water consumption. For this reason, we do not differentiate between internal and tenant-used space in our reporting of ecological indicators.

¹⁵The like-for-like analysis comprises: 31,779 units (about 38 % of the total 2019) or about 1.876.235 sqm.

¹⁶The value refers to the heat and electricity consumption (for heat generation) in the total portfolio (2020 portfolio without condominium and sales properties, adjusted for vacant spaces). CO₂ emission factors from the suppliers and the German Federal Environment Agency were used for the calculation.

	Unit	Absolute		Like-for-Like		GRI	EPRA
		2020	2019	2020	2019		
Waste							
Waste in offices ¹⁷	tons	27	24	27	24		
Waste in portfolio¹⁸							
Total amount of non-hazardous waste	cbm	64,376	55,280	55,484	55,280	GRI 306-2	Waste-Abs
- thereof residual waste	cbm	39,312	32,920	32,968	32,920		
- thereof packaging	cbm	16,952	15,080	15,236	15,080		
- thereof paper/cardboard	cbm	8,112	7,280	7,280	7,280		

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

¹⁸The 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. It includes five large sites (25,700 units in total) with waste management by external service providers. The like-for-like analysis includes four large sites (in total approx. 23,100 units).

	Unit	2020	2019	GRI	EPRA
Green spaces					
Green spaces ¹⁹	cbm	3,000,000	3,000,000	304-3	
Trees ²⁰	number	40,299	42,600		

¹⁹Includes the managed green space in the total portfolio (Germany). The 2020 sales projects of Vantage Development include around 14,235 sqm of green space.

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

Our responsibility to society

	Unit	2020	2019	GRI	EPRA	Vantage 2020
Tenants and Society						
Aktiv-Treffs (Activity Lounges), children's and family centres ²¹	number	25	23	413-1	Comty-Eng	-
Support of non-profit initiatives, donations and sponsoring ²²	TEUR	385	291			22
Number of low-barrier residential units ²³	number	1,670	1,590			-

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

²² Donations to social institutions and the like. Not included are staff and material cost subsidies from cooperations (2020: approx. 202.4 T€) as well as rent discounts and free rent for social institutions and other non-financial support. See Annual Report 2020, under "Contributions and Donations".

²³ About 14 % of the units are accessible via lifts (2020, 2019). Vantage: Around 98 % of the units for sale are accessible via lifts, of the units already handed over to female clients 94 % (2020).

Our employees shape our future

	Unit	2020	2019	GRI	EPRA	Vantage 2020
Number of employees						
Total number of employees as of the reporting date ²⁴	number	1,305	1,255			138
female	number	654	664			87
male	number	651	591			51
Total number of permanent employees	number	1,182	1,143			112
female	number	599	598			69
male	number	583	545			43
Total number of temporary employees	number	123	112			21
female	number	55	66	GRI 102-8		13
male	number	68	46			8
Total number of part-time employees ²⁵	number	241	214			0
female	number	193	183			0
male	number	48	31			0
Total number of trainees and students ²⁶	number	57	59			5
female	number	24	34			5
male	number	33	25			0
New employee hires and employee turnover²⁷						
Total number of new employee hires	number	209	275			39
female	number	71	124			23
male	number	138	151			16
Total number of employee turnover	number	142	177			18
female	number	71	77	GRI 401-1	Emp-Turnover	8
male	number	71	100			10
Total rate of employee turnover	%	10.9%	14.1%			11.0%
Rate of employee turnover (TAG Immobilien AG excluding retirements and commercial employees) ²⁸	%	7.6%	7.8%			–

	Unit	2020	2019	GRI	EPRA	Vantage 2020
Parental leave						
Total number of employees that took parental leave ²⁹	number	47	46			4
female	number	32	32			4
male	number	15	14			0
Total number of employees that returned to work in the reporting period after parental leave ended ³⁰	number	24	29			0
female	number	10	17	GRI 401-3		0
male	number	14	12			0
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	number	25	18			
female	number	15	13			2
male	number	10	5			0
Return to work rate of employees that took parental leave ³¹	%	91.7 %	100 %			100 %
Training/staff development						
Average hours of training per year per employee	hours	8	9	GRI 404-1	Emp-Training	–
Occupational safety						
Lost days due to workplace accidents	days	819	639			0
Workplace accidents recorded	number	35	47	GRI 403-2 GRI 403-9	H&S-Emp	0
Absence rate ³²	%	6.9 %	5.5 %			0

					Vantage	
	Unit	2020	2019	GRI	EPRA	
Diversity of management³³						
female	%	46.4%	48.3%		20.0 %	
male	%	53.6%	51.7%		80.0 %	
Age <30	%	0.0%	0.0%	GRI 405-1	Diversity-Emp	
Age 30–50	%	57.1%	62.1 %			0.0 %
Age >50	%	42.9%	37.9%			66.0 %
Diversity of employees						
female	%	50.1%	52.9%		65.2 %	
male	%	49.9%	47.1 %		34.8 %	
Age <30	%	13.7%	14.2%	GRI 405-1	Diversity-Emp	
Age 30-50	%	51.8%	53.3%			27.3 %
Age >50	%	34.5%	32.5%			69.7 %
Average age	years	44	44		3.0 %	
Gender pay ratio						
Ratio of basic salary and remuneration of women to men (all employees) ³⁴	%	101.2%	95.2%	GRI 405-2	Diversity-Pay	35.5

²⁴The basis here is the number of employees (1,305 in Germany and 138 in Poland) as of 31 December 2020. The number of employees in the 2020 Annual Report is calculated in accordance with the regulations of the German Commercial Code (HGB) (total: 1,354, of which 1,221 in Germany and 133 in Poland).

²⁵Not included are employees who are employed in a so-called mini-job.

²⁶Included are trainees and students in dual studies.

²⁷The values refer to the total number of departures: including retirements, expiring fixed-term contracts, termination of training contracts, etc.

²⁸The turnover rate in the commercial sector is usually slightly above that in other business sectors.

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

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

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

³²The 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.

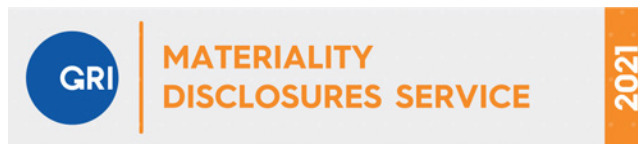
³³The values refer to the Management Board and the 1st management level. The latter comprises the Heads of Real Estate Management (LIMs) and the heads of departments.

³⁴The values refer to all employees including the Management Board.

GRI Content Index

(GRI 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. 6
	102-2	Activities, brands, products, and services	Our business model, p. 6 Our corporate structure, p. 7
	102-3	Location of headquarters	Our business model, p. 6
	102-4	Location of operations	Our business model, p. 6
	102-5	Ownership and legal form	Our business model, p. 6
	102-6	Markets served	Our business model, p. 6
	102-7	Scale of the organization	Our business model, p. 6 Our corporate structure, p. 7 Key Figures, p. 76–77
	102-8	Information on employees and other workers	Key Figures, p. 81
	102-9	Supply chain	Our corporate structure, p. 7 Supply chain and materials, p. 40
	102-10	Significant changes to the organization and its supply chain	Our business model, p. 6 Our corporate structure, p. 7 TAG's value chain, p. 40
	102-11	Precautionary principle or approach	Our corporate governance principles, p. 27
	102-12	External initiatives	Our corporate governance principles, p. 26
	102-13	Membership of associations	↘ Annual Report 2020, p. 20
Strategy			
GRI 102: General Disclosures 2016	102-14	Statement from senior decision-maker	Editorial, p. 2
	102-15	Key impacts, risks, and opportunities	Our material topics, p. 12 Our corporate governance principles, p. 27

GRI Standard	Disclosure	Reference/Comments	Reason for omission
Ethics and integrity			
GRI 102: General Disclosures 2016	102-16	Values, principles, standards, and norms of behavior	Our corporate governance principles, p. 26
	102-17	Mechanisms for advice and concerns about ethics	Our compliance traffic light: prevention, identification, response, p.27
Governance			
GRI 102: General Disclosures 2016	102-18	Governance structure	Central coordination of sustainability topics, p. 16 Our corporate governance principles, p. 27
	102-21	Consulting stakeholders on economic, environmental, and social topics	Ongoing exchange with stakeholders, p. 24
	102-22	Composition of the highest governance body and its committees	Our corporate governance principles, p. 26 Key Figures, p. 76
	102-24	Nominating and selecting the highest governance body	Our corporate governance principles, p. 26
	102-25	Conflicts of interest	Our corporate governance principles, p. 26
	102-29	Identifying and managing economic, environmental, and social impacts	Central coordination of sustainability topics, p. 16
Stakeholder engagement			
GRI 102: General Disclosures 2016	102-40	List of stakeholder groups	Ongoing exchange with stakeholders, p. 24
	102-41	Collective bargaining agreements	Fair salaries and benefits for our employees, p. 67
	102-42	Identifying and selecting stakeholders	Ongoing exchange with stakeholders, p. 24
	102-43	Approach to stakeholder engagement	Ongoing exchange with stakeholders, p. 24
	102-44	Key topics and concerns raised	Our material topics, p. 12 Ongoing exchange with stakeholders, p. 24

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. 7 About this report, p. 75 A complete list of the entities can be found in the Annual Report 2020 , p. 146–148	
	102-46	Defining report content and topic Boundaries	Our material topics, p. 12 About this report, p. 74, 75	
	102-47	List of material topics	Our material topics, p. 12	
	102-48	Restatements of information	Our material topics, p. 12 About this report, p. 74	
	102-49	Changes in reporting	Our material topics, p. 12	
	102-50	Reporting period	About this report, p. 75	
	102-51	Date of most recent report	About this report, p. 75	
	102-52	Reporting cycle	About this report, p. 75	
	102-53	Contact point for questions regarding the report	Contact, p. 98	
	102-54	Claims of reporting in accordance with the GRI Standards	About this report, p. 74	
	102-55	GRI content index	GRI content index, p. 84	
102-56	External assurance	About this report, p. 75		
GRI 200: ECONOMIC				
Economic Performance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Our business model, p. 6 Our corporate structure, p. 7 Maintenance and modernisation as needed, p. 36 Dealing with climate change: Preventive measures in our portfolio, p. 45	
	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	Our business model, p. 6 Key Figures, p. 76 Annual Report 2020	
	201-2	Financial implications and other risks and opportunities due to climate change	Dealing with climate change, p. 45	
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. 34 Target implementation, p. 35	
	103-2	The management approach and its components	Well-maintained residential environment and infrastructure for multiple generations, p. 59	
	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. 37 Well-maintained residential environment and infrastructure for multiple generations, p. 59	
	203-2	Significant indirect economic impacts	Maintenance and modernisation as needed, p. 37	
Procurement Practices				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	TAG's value chain, p. 40	
	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. 16 Social and environmental sustainability in the supply chain, p. 40	
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. 27 Prevention of corruption and political influence-mongering, p. 28	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Prevention of corruption and political influence-mongering, p. 27, 28	
		Confirmed incidents of corruption and actions taken	Prevention of corruption and political influence-mongering, p. 28 No violations identified	
GRI 300: ENVIRONMENTAL				
Materials				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Use of sustainable materials, p. 41	
	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. 41	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. 42 More climate protection with our decarbonisation strategy, p. 42 Internal measures working and being optimised, p. 44	
	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. 44 Key Figures, p. 78	
	302-2	Energy consumption outside of the organization	Eco- friendly energy supply and reduction of emissions, p. 42 Key Figures, p. 78	
	302-3	Energy intensity	Key Figures, p. 78	
	CRE 1	Building Energy Intensity	Key Figures, p. 78	
			Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment	Key Figures, p. 77
Biodiversity				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Our contribution to resource protection and biodiversity, p. 45	
	103-2	The management approach and its components		
		Evaluation of the management approach		
GRI 304: Biodiversity 2016	304-3	Habitats protected or restored	Key Figures, p. 79	
Emissionens				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Eco- friendly energy supply and reduction of emissions, p. 42	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 305: Biodiversity 2016	305-1	Direct (Scope 1) GHG emissions	Key Figures, p. 78	
	305-2	Energy indirect (Scope 2) GHG emissions	Key Figures, p. 79	
	305-4	GHG emissions intensity	Key Figures, p. 79	
	305-5	Reduction of GHG emissions	Eco- friendly energy supply and reduction of emissions, p. 42	
	CRE 3	Greenhouse gas intensity from buildings	Key Figures, p. 79	

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. 45	
	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. 79	
Environmental Compliance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Environmental compliance, p. 45	
	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. 45	
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. 40	
	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. 40	
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. 61 How we manage our employee topics, p. 62 Our goals, p. 62	
	103-2	The management approach and its components		
		Evaluation of the management approach		
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Our employees are the basis of our success, p. 65 Key Figures, p. 81	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		
		Parental leave	A better reconciliation of family and working life, p. 72 Key Figures, p. 82	

GRI Standard	Disclosure	Reference/Comments	Reason for omission
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Spotlight on equal opportunity and health, p. 68
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 403: Occupational Health and Safety 2018	403-1	Workers representation in formal joint management-worker health and safety committees	Occupational health and safety guaranteed across the Group, p. 68
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Occupational health and safety guaranteed across the Group, p. 68, Key Figures, p. 75
	403-3	Occupational health services	Occupational health and safety guaranteed across the Group, p. 68
	403-4	Worker participation, consultation, and communication on occupational health and safety	
	403-5	Worker training on occupational health and safety	
	403-6	Promotion of worker health	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
	403-9	Work-related injuries	Key Figures, p. 82
	Training and Education		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Numerous career and development opportunities, p. 66
	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. 82
	404-2	Programs for upgrading employee skills and transition assistance programs	Numerous career and development opportunities, p. 66
		Percentage of employees receiving regular performance and career development reviews	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. 72	
	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. 83	
		Ratio of basic salary and remuneration of women to men	Fair salaries and benefits for our employees, p. 67 Key Figures, p. 83	
Non-discrimination				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Holistic neighbourhood development, p. 58 Diversity as an enrichment for the company, p. 72	
	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. 72	
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. 40	
	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. 40	
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. 40	
	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. 40	

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. 40	
	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. 40	
Human Rights 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. 40	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 412: Human Rights Assessment 2016	412-2	Operations that have been subject to human rights reviews or impact assessments	Social and environmental sustainability in the supply chain, p. 40	
Local Communities				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Liveable neighbourhoods, p. 58	
	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. 58 Key Figures, p. 80	
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. 40	
	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. 40	
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. 28	
	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. 28	

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. 41 Health and safety, p. 53
	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	100% of the properties are assessed for security risks.
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Health and safety, p. 53 No violations identified
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.27
	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. 27
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. 27
	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. 27 Social and environmental sustainability in the supply chain, p. 40

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. 78	
DH&C-LfL	Like-for-like total district heating and cooling consumption	Key Figures, p. 78	
Fuels-Abs	Total fuel consumption	Key Figures, p. 78	
Fuels-LfL	Like-for-like total fuel consumption		n/a
Energy-Int	Building energy intensity	Key Figures, p. 78	
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions (scope 1)	Key Figures, p. 78, 79	
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions (scope 2)	Key Figures, p. 79	
GHG-Int	Greenhouse gas (GHG) emissions intensity from building	Key Figures, p. 79	
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. 79	
Waste-LfL	Like-for-like total weight of waste by disposal route		
Cert-Tot	Type and number of sustainably certified assets	Key Figures, p. 77	Currently no sustainability certification. The portfolio is stated according to energy efficiency classes as per energy certificates.
Social Performance Measures			
Diversity-Emp	Employee gender diversity	Key Figures, p. 83	
Diversity-Pay	Gender pay ratio ratio	Key Figures, p. 83	
Emp-Training	Employee training and development	Key Figures, p. 82	
Emp-Dev	Employee performance appraisals		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. 81	
H&S-Emp	Employee health and safety	Key Figures, p. 82	
H&S-Asset	Asset health and safety assessments	Health and safety, p. 53	100 % of the properties are checked for security risks.
H&S-Comp	Asset health and safety compliance	Health and safety, p. 53	No violations identified.
Comty-Eng	Community engagement, impact assessments, and development programs	Key Figures, p. 80	

EPRA-Code	Performance Measure	Reference	Comments
Governance Performance Measures			
Gov-Board	Composition of the highest governance body	Our corporate governance principles, p. 26 Key Figures, p. 76	
Gov-Selec	Nominating and selecting the highest governance body	Our corporate governance principles, p. 26	
Gov-Col	Process for managing conflicts of interest	Our corporate governance principles, p. 26	

Implementing the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)

Climate change represents a risk to the global economy that will intensify in future. To counter this risk, in June 2017 the 'Task Force on Climate-related Financial Disclosures' (TCFD), an expert commission set up by the G20 Financial Stability Board, published recommendations for uniform climate reporting. They are aimed especially at sectors with high CO₂ emissions, such as the energy sector, chemicals and steel companies, the mobility and logistics sector, and the real estate industry. In this connection, the eleven recommendations also serve as levers for integrating climate-related risks and opportunities into strategic corporate planning. Standardised reporting on climate risks and increased transparency are hoped to reduce the risk of financial effects of climate change on the capital markets. TAG is putting the TCFD recommendations into practice step by step. This index shows references to relevant content in our reporting for the first time.

Identifying and managing climate risks

As part of our risk management, we already identify and monitor the climate risks that are relevant for our portfolio. In the reporting year, we further pinpointed these. We currently check on a quarterly basis whether and how our locations are affected by climate changes, such as more extreme rains, storms, flooding, and heat. We also determine whether damage has occurred or is occurring due to extreme weather events. Climate changes can also have an impact on our building insurance costs and may make protective measures necessary. These aspects are also constantly in our focus. We review the need for adaptive measures, e.g. to protect against weather-related damage or to reduce energy or water consumption. Last but not least, we always keep an eye on legal requirements and official regulations, for example with regard to CO₂ pricing.

Developing a climate strategy

We are currently developing - also the help of external consultants - a decarbonisation strategy, which we are setting up as a long-term strategy through 2050. The goal is to reduce CO₂ emissions and contribute to meeting the national climate targets. These envisage that, by the year 2030, Germany will reduce its greenhouse gas emissions by 55 % compared to 1990. Moreover, we want to keep the additional

costs of CO₂ pricing low for TAG and our tenants. We are developing this decarbonisation strategy in two phases. Phase 1, which we will complete shortly, focuses on data collection and analysis. We are evaluating the entire portfolio from an energy perspective and with regard to the CO₂ emissions generated, and determining our status quo.

In phase 2, the actual strategy development, we will then elaborate specific concepts, steps, and measures that we want to implement in the future. In particular, these are modernisation measures in our existing portfolio and heating systems; switching to more efficient system controls; and the use of non-fossil fuels. The strategy will comprise concrete short- and medium-term steps as well as proposed long-term steps. Since we are planning from today's perspective and based on today's technical possibilities, we anticipate updates and adjustments over the years.

Taking measures to hedge against climate risks

TAG monitors and assesses all risks that could be caused by climate change. As our portfolio is not located in areas that are currently exposed to serious consequences of climate change, we do not currently see any risks that could arise from extreme weather conditions such as heavy rain or flooding. We carry out regular checks to ensure building safety and have extensive building insurance coverage to protect our portfolio.

We use a monitoring and documentation system to ensure that safety deficiencies are identified in good time. If traffic safety deficiencies are identified during inspections, the responsible employee or external service provider immediately sends a report to our customer service staff. We include all significant reported damages in our quarterly risk reporting to the Management Board. Using a processing and monitoring algorithm, we ensure that the damage is repaired quickly and completely within specified deadlines.

In addition, we take care to minimise the amount of soil sealing during construction measures. In the case of facade and roof renovations, we already design the rainwater drainage to handle large volumes of water.

Reducing energy consumption and emissions

By reducing the energy consumption of our residential properties, we help protect the environment. Our annual refurbishment programme includes measures to reduce energy consumption and CO₂ emissions, such as thermal insulation measures and the renewal of heating systems. We regularly check whether further energy-saving measures can be realised. Every year, at least 1.5 % of the value of our real estate volume at the beginning of the respective financial year is currently invested in the portfolio.

Our subsidiary Energie Wohnen Service GmbH makes it possible to professionalise our energy management. By having our own energy supplier, we seek to create additional value in the spirit of sustainability. Energie Wohnen Service GmbH achieves a reduction in emissions by continuously

modernising heating systems and using energy sources efficiently. As of 31 Dec 2020, our subsidiary Energie Wohnen Service GmbH supplied 42 % of our portfolio with energy.

Beyond this, we place a priority on ensuring that our portfolio can be reached by sustainable means of transport. Accordingly, a basic requirement in our acquisition process is that the locations have good local infrastructure, including public transport links. In the field of sustainable transport infrastructure, we have included various concepts that we are currently testing or have already implemented at larger locations, such as car sharing and environmentally friendly e-mobility.

References to the TCFD recommendations in our reporting

	Governance	Strategy	Risk management	Key indicators and targets
TCFD recommendations	Disclosure of the Company's organisational structures concerning climate-related risks and opportunities	Disclosure of the current and potential impact of climate-related risks and opportunities on the Company's business activities, strategy, and financial planning	Disclosure of the processes for identifying, assessing, and managing climate-related risks	Disclosure of the key indicators and targets used for the assessment and management of climate-related risks and opportunities
Sustainability Report 2020	<p>Section on 'Our path to tomorrow'</p> <ul style="list-style-type: none"> · Sustainability management and dialogue with stakeholders, p. 16 · Our corporate governance principles, p. 26–27 · Our compliance traffic light: Prevent, Detect, Respond, p. 27–28 <p>Section on 'Developing our portfolio responsibly'</p> <ul style="list-style-type: none"> · Climate and environment, p. 42–45 <p>Section on 'Our responsibility to society'</p> <ul style="list-style-type: none"> · Health and safety, p. 53–54 	<p>Section on 'Our path to tomorrow'</p> <ul style="list-style-type: none"> · Sustainability management and dialogue with stakeholders, p. 16 · Our corporate governance principles, p. 26–27 · Our compliance traffic light: Prevent, Detect, Respond, p. 27–28 <p>Section on 'Developing our portfolio responsibly'</p> <ul style="list-style-type: none"> · Climate and environment, p. 42–45 <p>Section on 'Our responsibility to society'</p> <ul style="list-style-type: none"> · Health and safety, p. 53–54 	<p>Section on 'Our path to tomorrow'</p> <ul style="list-style-type: none"> · Sustainability management and dialogue with stakeholders, p. 16 · Our corporate governance principles, p. 26–27 · Our compliance traffic light: Prevent, Detect, Respond, p. 27–28 <p>Section on 'Developing our portfolio responsibly'</p> <ul style="list-style-type: none"> · Climate and environment, p. 42–45 <p>Section on 'Our responsibility to society'</p> <ul style="list-style-type: none"> · Health and safety, p. 53–54 	
Annual Report 2020	<p>Foundations of the Group (Management report), p. 22–25</p> <ul style="list-style-type: none"> · Control system <p>Forecast, opportunity and risk report, p. 64–75</p> <ul style="list-style-type: none"> · Risk report <p>Remuneration report, p. 79–83</p>	<p>Foundations of the Group (Management report), p. 20–21</p> <ul style="list-style-type: none"> · Overview and Group strategy <p>Forecast, opportunity and risk report, p. 64–75</p> <ul style="list-style-type: none"> · Risk report · Presentation of the individual risks with regard to future development 	<p>Foundations of the Group (Management report), p. 64–75</p> <ul style="list-style-type: none"> · Risk report · Presentation of the individual risks with regard to future development 	

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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 all genders.

