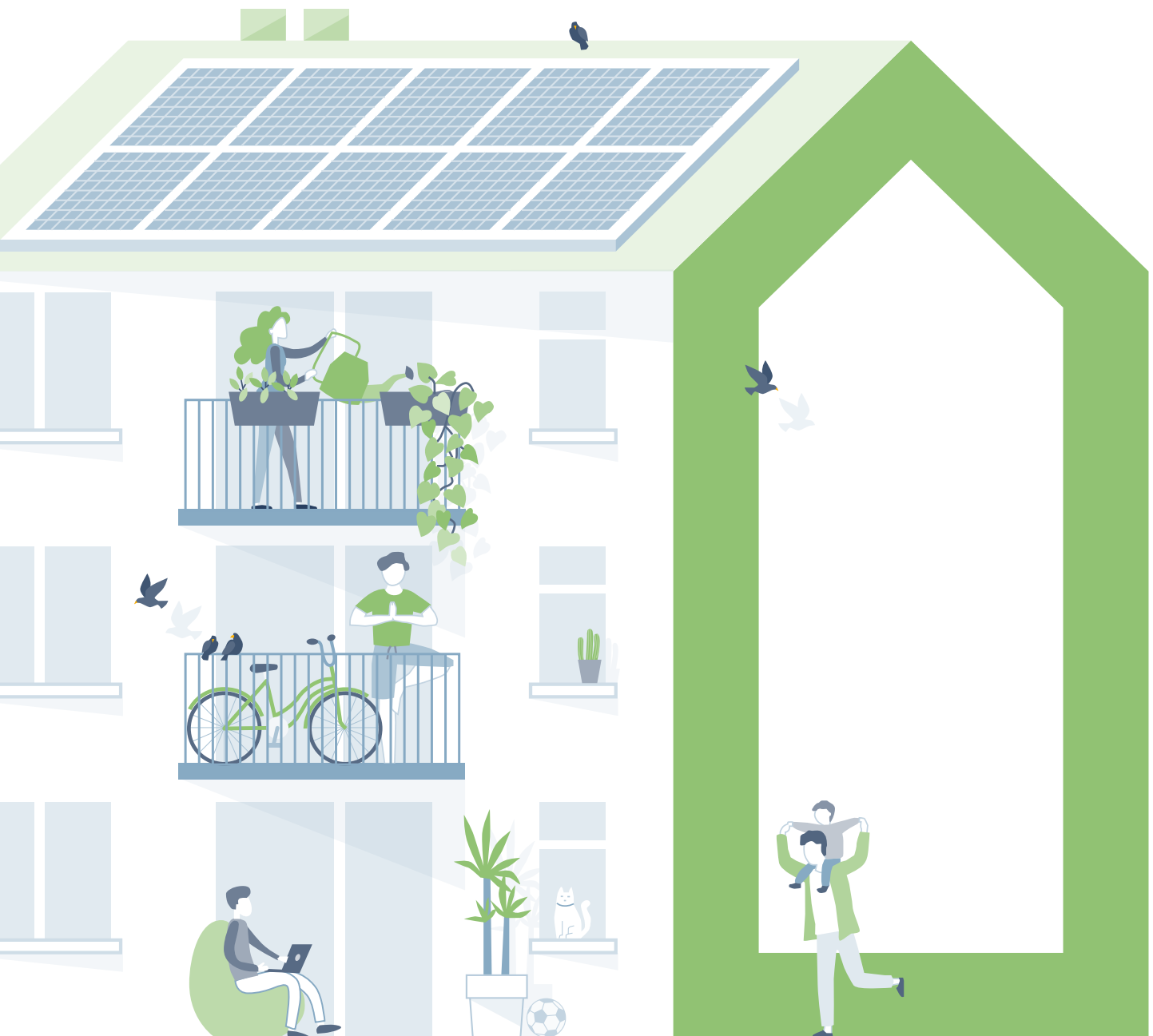


Our homes, our responsibility



Sustainability Report 2021

TAG
Immobilien AG

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Editorial

[GRI 102-14]

Dear readers,

With a portfolio of more than 87,500 residential units, we offer people a home in ten regions of Germany. In Poland, too, we are increasingly creating new living space in response to the needs of the population. Our business gives rise to a special responsibility: towards our tenants, our employees in Germany and Poland, the environment, and to society. We fulfil this responsibility by orienting our business activities towards sustainability, balancing business, ecological, and social interests.

In our efforts, we place a major priority on climate protection. We seek to become as carbon-neutral as possible by 2045 – and thereby do our part to limit global warming to 1.5 degrees Celsius. To put our climate goals into practice, in 2020 we began developing a decarbonisation strategy, which we finalised in the reporting year. As we gradually implement measures to increase energy efficiency and save resources, we always keep in mind that climate-friendly housing must go hand in hand with affordability for our tenants. Besides avoiding and reducing CO₂ emissions in our portfolio and at our office locations, we are also increasing TAG's resilience to climate-related risks.

We can only shape a sustainable future by working together and constantly keeping the latest requirements in mind. That is why our sustainability programme is not set in stone, but is an evolving document that we adapted once again in 2021. It is important to us to involve our employees even more intensively in the realisation of our sustainability goals. That is why we are ensuring even more commitment to achieving these goals by clearly assigning responsibilities at all levels of the Company. We have also fine-tuned our material topics and adapted some targets and measures to meet new requirements.

We want to offer our tenants a secure home and good service long-term and – as far as we are able to in our capacity as landlords – help them in difficult situations, such as those caused by the Covid-19 pandemic. Customer focus is therefore a core value that we further expanded on in 2021 under the umbrella of our Triple E Project. We optimised operational processes, increasing the benefit for tenants and business partners – especially with regard to accessibility, process speed, and transparency. We involved employees from the affected areas in the restructuring of work tasks and their reallocation within the Company. We started implementing the project in July 2021, and will continually keep optimising our processes and procedures.

Likewise, we are optimising the customer service process in Poland through our new rental business, which we launched in 2021. By building up the rental portfolio, we are creating contemporary housing that is in high demand in Poland's major cities – especially as there is an estimated shortage of around 1.5 million flats in the country's urban centres. We have been active in five different local markets since May 2021, offering effective services to tens of thousands of tenants. Focused on the needs of young people as our main target demographic, we have implemented a whole range of customer-focused IT solutions whilst also implementing our ESG strategy.

Whether in Germany or in Poland – we work to ensure a well-kept environment and to strengthen community spirit in our neighbourhoods. Community involvement, which we have practised for years in many of our residential neighbourhoods, is important to us, especially in view of the changing demographics. In our TAG Miteinander Stiftung (TAG

Together Foundation), we focus on supporting children and young people as well as the elderly.

As a responsible employer, we expanded occupational health and safety measures as well as opportunities for flexible and remote working during the Covid-19 pandemic, and intensified our communications via digital channels. Our corporate culture of mutual appreciation, which is also characterised by an attitude of respect and transparency towards each other, contributes just as crucially to our business success as the personal responsibility assumed by each and every one of us.

Accolades from rating agencies validate the effectiveness of our sustainable corporate development. In a report published in August 2021 by Sustainalytics, one of the leading companies for market research, ratings and data on ESG (environment, social, governance) matters, TAG ranked 27th out of a total of 1000 real estate companies analysed worldwide. This reflects a year-on-year improvement and puts TAG in the TOP 3 % of all companies in this sector. TAG was also able to further improve its ranking with other renowned ESG rating agencies in the past financial year, achieving excellent scores.

The year 2022 once again presents all of us with entirely new challenges due to the global political situation. Since the outbreak of war in Ukraine, we at TAG have been deeply concerned about the fate of the people in the region. Due to our business activities in Ukraine's immediate neighbour Poland, this tragedy feels very close to home. We are trying to help where we can. In Germany, our efforts include donations, logistical help, and the offer of flats at our locations to accommodate Ukrainian refugees. In Poland, we are active through our subsidiaries and provide on-site relief, including financial assistance.

At present, the impact of the war in Ukraine on the housing industry is difficult to assess. The influx of refugees will tend to increase the demand for housing, while at the same time energy and material prices are rising and supply chains are becoming more difficult. Even and especially in these turbulent times, we are steadfastly continuing our path of sustainability in our role as a provider of affordable housing for broad sections of the population.

We cordially invite you to enter into dialogue with us! Your feedback helps us to move closer to our goals.

We wish you an inspiring read and look forward to your suggestions and wishes as well as any constructive criticism you may have for us. Feel free to reach out to us in person or write to us at nachhaltiger@tag-ag.com.

Kind regards,



Claudia Hoyer
COO



Martin Thiel
CFO

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 (also abbreviated as '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 since 2020 on the DAX 50 ESG sustainability index as well. The latter takes into account criteria from the fields of environment, social affairs and governance (ESG).

TAG is headquartered 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. Gdańsk and Kraków were added in the reporting year 2021, and Warsaw in 2022 as part of the acquisition of ROBYG S.A. 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 87,576 units (including 86,325 residential units and 1,105 commercial units located in the housing estates). The total value of the German portfolio at the reporting date is EUR 6.387,4 m.

With the acquisition of the Wrocław-based Polish company Vantage Development S.A. (Vantage) at the turn of 2019/2020, we laid the foundation for our Company's regional expansion beyond Germany. In December 2021, we acquired another Polish company: ROBYG S.A. (ROBYG), the leading developer of apartments in Poland with a strong position in the Warsaw and Gdańsk markets. The transaction became legally effective on 31 March 2022.

The acquisition of ROBYG will significantly expand our investments in the Polish housing market. Together with our existing subsidiary Vantage, we intend to build up a rental housing portfolio of more than 20,000 apartments in Poland in the coming years. In our view, Vantage's good market position

in Wrocław, Poznań and Łódź and its existing experience in the rental business will be ideally complemented by ROBYG's strong position in Warsaw and Gdańsk. As of 31 December, 2021, we had a rental portfolio in Poland of approximately 400 completed apartments through Vantage and a contractually secured pipeline to build an additional approximately 9,200 units for rental. In total, around 12,100 units are planned (including properties for sale). The total value of the portfolio in Poland as of the reporting date was EUR 347.9 million. As of 31 December 2021, ROBYG had a contractually secured pipeline to build approximately 25,500 apartments (including approx. 4,500 units already sold).

One of our goals is to make affordable housing available to tenants from a variety of social groups (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 assure 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 'Optimising energy efficiency and emissions' section). To this end, we finalised our long-term decarbonisation strategy and underpinned it with a timetable and specific measures. In accordance with the Paris Climate Agreement, our goal is to reduce our CO₂ emissions as much as possible by 2045. Our decarbonisation strategy was formally adopted by the Management Board and the Supervisory Board.

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 the quality and time of the execution of services. This creates added value for our tenants and our Company.

At the end of the reporting year we had 1,469 employees, of which 1,299 in Germany and 170 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. The TAG Miteinander Stiftung (TAG Together Foundation) we founded in financial year 2020 pools 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 2021 were

¹ The basis here is the number of employees (1,299 in Germany and 170 in Poland) as of 31.12.2021. In the Annual Report, the number of employees was calculated in accordance with the provisions of the German Commercial Code (HGB) (total: 1,390, of which 1,220 in Germany and 170 in Poland).

MFS Massachusetts Financial Services Company, USA (9.9 %), BlackRock, Inc., USA (8.1 %), The Capital Group Companies, Inc., USA (7.7 %), Flossbach von Storch AG, Germany (5.0 %), BayernInvest Kapitalverwaltungsgesellschaft mbH, Germany (4.9 %), and Versorgungsanstalt des Bundes und der Länder, Germany (4.7 %). ESG issues are increasingly coming into focus for our investors, too.

➤ tag-ag.com/shareholder-structure

Our ➤ **Annual Report 2021** contains further information on our portfolio strategy and key economic indicators.

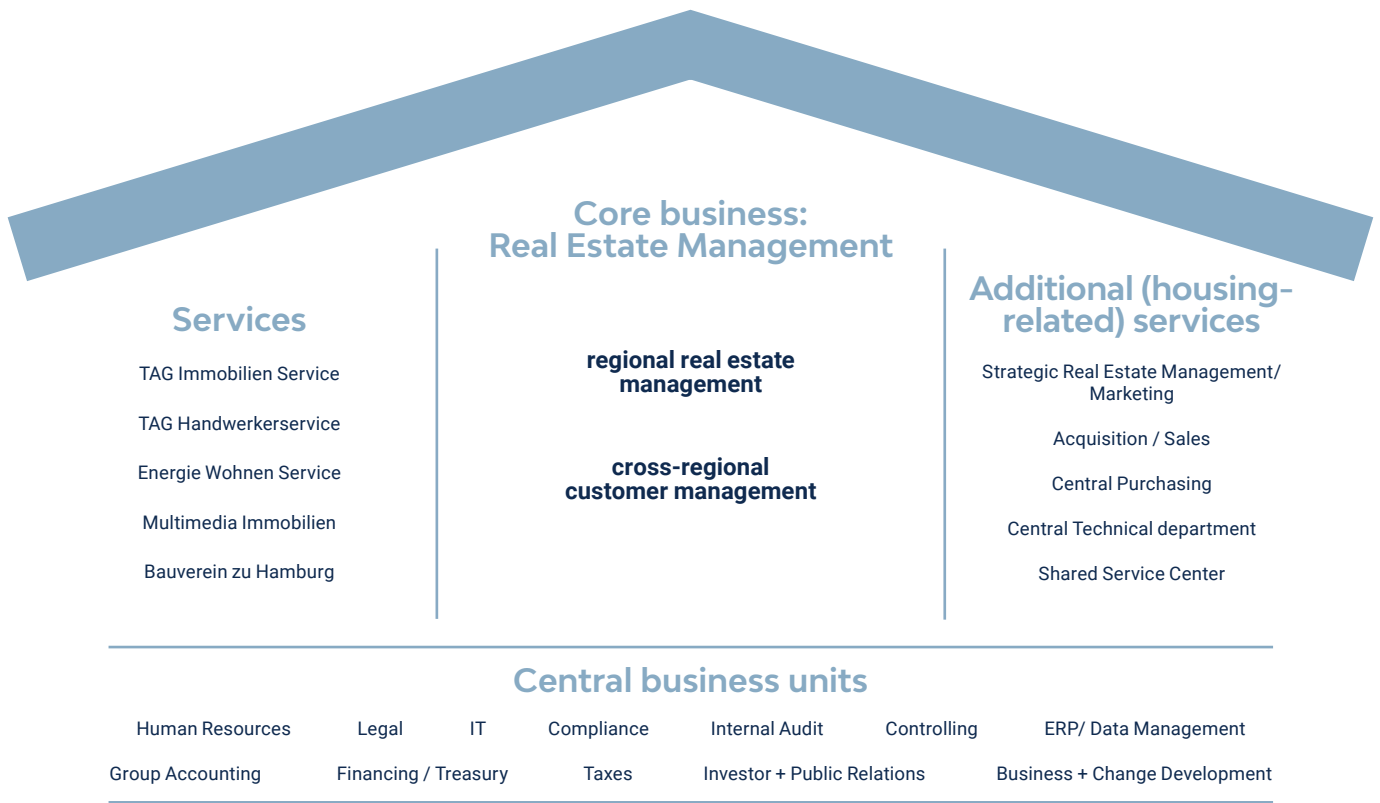
Our corporate structure: A combination of centralised and decentralised management

[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 5). 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 ten '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 also 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.

Once the first rental projects in Poland were completed, the new product 'rental flats' was launched to the Polish housing market under the rental brand 'Vantage Rent'. In the course of this, a new department for tenant services was formed. The employees of the new department are a contact point for all tenants after conclusion of the contract. The sales and marketing department is responsible for all tasks, including communication, related to the rental process. Digital communication formats are especially popular with the predominantly young tenants (see highlight page on IT solutions for customer management at Vantage Rent).

Evolution of the organisational structure

The decentralised organisation of our LIM regions makes it possible for the local LIMs to consider specific characteristics and challenges of their locale. 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. Flat hierarchies and short decision-making paths facilitate independent action (see 'A company culture of appreciation, transparency and co-determination' section).

We further developed our organisational structure in 2021 as part of the Triple E Project. Since July 2021, some real estate services that were previously provided in a decentralised way have been carried out across all locations. In the course of this, we also made some structural changes on site in the LIM regions. In the future, real estate management will be divided into the two main areas of letting and property management. The region's property managers and landlords are responsible for customer concerns through personal contact in the neighbourhoods, for commercial and technical property management, as well as for inspecting vacant flats and letting them locally. They also offer our tenants the additional services provided by our subsidiaries.

With a view to increasing customer benefit through better availability by phone and fast processing of routine enquiries, as well as bundling our competences, we have created a new service unit for Customer Management across regions. This is the first point of contact for dealing with the concerns of our tenants. The quality management team in the Customer Management department ensures the quality of the processes handled and is responsible for improving processes. The team is also in close contact with the other departments. Some other sub-tasks from the LIM region were transferred to our Shared Service Center, such as the processing of objections to the utility bills. The new Central Technical Department is responsible for larger investment projects, major maintenance measures, and other technical and overarching measures in the entire TAG portfolio. These can thus be better coordinated while the technicians in property management can concentrate on smaller maintenance projects and especially on vacant properties. The reallocation of housing management tasks also frees up more time for personal support of tenants on site and for all concerns regarding the properties in our portfolio. The real estate management team is specialised and focused on its core processes and concentrates on the related strengths and goals.

Own service companies guarantee quality standards

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 in 2021, more than 80 % of our tenants were again very satisfied or satisfied with our services.

TAG comprises several service companies. TAG Immobilien Service GmbH has been our caretaker company since 2012. Around 500 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 support our property managers in monitoring traffic safety in and around our housing estates. Our portfolio-wide tenant survey in 2021 shows that this is well received: In particular, satisfaction with our caretaker service increased from 79% in 2018 to currently 81.5%.

TAG Handwerkerservice GmbH handles craftsman services in our residential properties in the greater areas of Brandenburg an der Havel, Nauen, Chemnitz, Döbeln, Dresden, Leipzig, and Magdeburg, as well as – since 2021 - Schwerin. This enables us to prepare flats for new lettings more quickly and efficiently, in particular, and also to offer repair services at some locations.

We ensure a well-functioning energy supply and efficient energy management through our subsidiary Energie Wohnen Service GmbH (EWS). By renovating heating systems and switching to new technologies, EWS also makes a significant contribution to reducing CO₂ emissions in the existing portfolio. In this way, we also take responsibility for the environment and help to save energy and conserve resources (see 'Market-driven portfolio development for broad sections of the population' and 'Optimising energy efficiency and emissions' 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 tele-phone and internet at low cost.

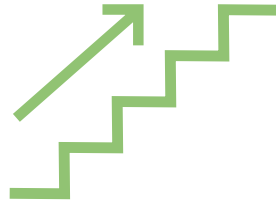
Through Bau-Verein zu Hamburg Hausverwaltungsgesellschaft mbH, we provide real estate services for homeowners (homeowner management), and manage rented residential portfolios on behalf of third parties (third-party management). In this connection, we make use of existing expertise and generate added 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 2021, the TAG Immobilien Group comprised 101 fully consolidated companies including the Polish subsidiaries. The Polish subsidiaries form a separate subgroup within the Group. In the reporting year, apart from the acquisition of ROBYG S.A. in Poland, which was announced in December, 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. 71,500 units Expansion to approx. 78,000 units planned in the medium term, approx. 90% of the total portfolio)
TAG Handwerkerservice GmbH	Craftsman services, including modernisation, refurbishment of empty flats (since 2015)	6 regions Brandenburg a.d.H. incl. Nauen, Leipzig incl. Magdeburg, Chemnitz, Döbeln, Dresden, Schwerin
Energie Wohnen Service GmbH	Heat supply, energy management, facility management (since 2016)	approx. 41,000 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. 61,600 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. 9,800 units 4 main regions: Berlin, Erfurt, Gera, Hamburg



Our path to tomorrow

Material topic

Sub-topics

Economic stability



- › Long-view business strategy including sustainability goals
- › Risk management (including climate-related risks)
- › Breakdown/disclosure of the impact of climate-related risks and opportunities
- › Sustainable financing

Dialogue with tenants, municipalities and other stakeholders



- › Stakeholder dialogue/requirements/orientation
- › Shareholder democracy
- › Transparent communication
- › Stakeholder engagement (on site)

Integrity and ethics, fair business and compliance



- › Corporate governance
- › Conduct in compliance with laws and guidelines
- › Tax compliance/transparency
- › Values, guiding principles, principles incl. respect for international standards of conduct and internal codes
- › Data protection and information management
- › Quality management system & certification
- › Prohibition of child, forced or compulsory labour
- › Anti-corruption
- › Participation in political discourse

Our sustainability strategy

Housing is a basic need. As a large housing company, we are aware of our corporate responsibility. We realise 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.

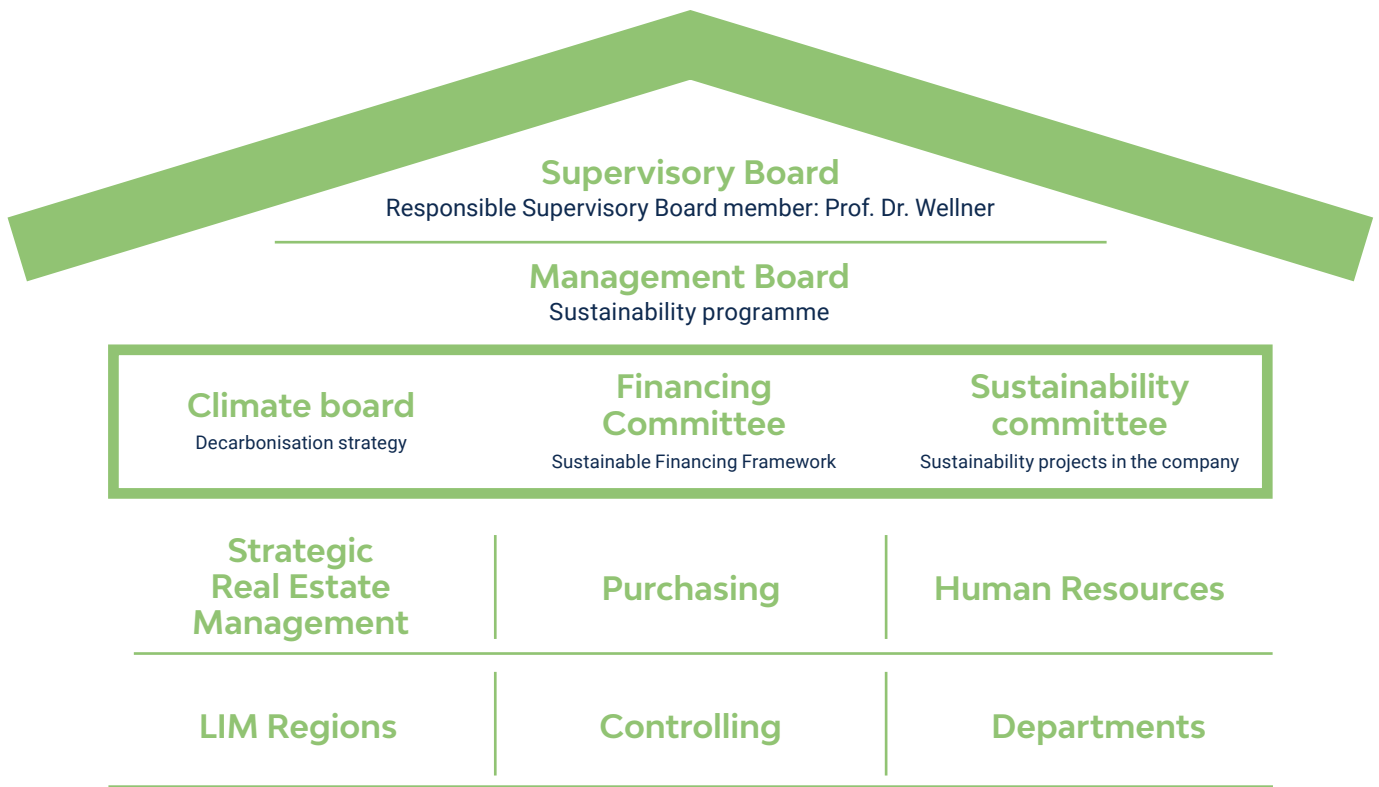
Since 2012, sustainability management at TAG has been directly assigned to the Management Board. In the reporting year, relevant topics were regularly the subject of discussions between the Management Board and the Supervisory Board.

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 2021, the Covid-19 pandemic again influenced developments at TAG. Personal contact within the

Company and with our tenants continued to be limited, so we often used digital channels for communication, building on what we had developed in 2020 and further optimising our digital processes.

We include all economic, ecological and social impacts of our actions along the value chain or the entire life cycle of a property, in our sustainability strategy. Besides our Business Principles, we are guided by various ESG policies in which we have once again specified our requirements and goals. Our intensified sustainability communications, too, 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 and targeted modernisation, we make an effective contribution to climate protection on the one hand, while not exceeding the budgets of our tenants on the other.



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). Sustainability also has its own spokesperson on the Supervisory Board, where Supervisory Board member Professor Dr Kristin Wellner is responsible for the topic.

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 for the urgency of the associated measures. For our decarbonisation strategy, we have formed a separate project team ('Climate Board') that is devoted to this topic.

Sustainability criteria are taken into account in the individual tasks and departments depending on their relevance. The overarching coordination takes place at management level. Since 2021, the department heads have involved the regional and specialist departments even more in the coordination process so as to jointly drive forward Group-wide implementation. Employees are involved according to their areas of responsibility and implement the measures. With the establishment of the Central Technology department in the reporting year, we also created the basis for further developing the technical standards in our portfolio among other things, as well as for more systematically collecting, evaluating, and documenting data throughout the Company.

Sustainability topics are regularly an important part of company-wide information for our employees. In 2020, we had provided the impetus for creating a Group-wide network to work on sustainability issues by launching the project 'Together for a colourful TAG'. We will continue the project so as to better coordinate, communicate, and advance our many Group-wide projects and ideas. The core of the project is a sustainability committee comprised 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 department. 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 enjoy 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 colleagues 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. We also increasingly presented TAG's sustainable activities in our external communications in 2021.

In Poland, too, we have a cross-divisional advisory team ('ESG Advisory Group') which addresses and evaluates sustainability issues in the Company and initiates and coordinates projects and measures throughout the Company. This team is in regular contact with TAG's Strategic Real Estate Management department in Germany.

When existing rules are changed by the legislator, we promptly update our operational implementation. In the reporting year, a 'Whistleblower System Guideline' was added to our compliance management. It contains explanations on the legal framework and the whistleblowing procedure. In 2020, the Strategic Property Management and Legal departments supplemented and specified the general Business Principles with ESG guidelines. These are the Anti-Discrimination Policy, the Anti-Corruption Policy, and the Environmental Policy, as well as the Procurement Policy and Social Policy (a summary of these can be found on our website). The ESG guidelines make our sustainability programme more transparent and easier to monitor and manage. In 2021, we also started to develop guidance documents on specific topics to ensure consistent standards across the Group. The guidelines will serve as clarifying annexes to our ESG guidelines. For example, we worked with the Sustainability Committee to produce a guide on biodiversity-enhancing measures to complement the Environmental Policy Guideline. Another example is the guide on paper as an annex to the Procurement Policy Guideline.

Our material topics

[GRI 102-15, 102-44, 102-46, 102-47, 102-48, 102-49]

In 2019, we had already reviewed the issues deemed material for our Company, updated some of them, and categorised them more stringently according to specific 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. In the course of revising our sustainability programme, we sharpened the allocation of topics and fine-tuned some of the wording. The 2021 report again 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. In the reporting year, we placed a clear focus on the further development of our decarbonisation strategy.

Another review of the material topics by means of successive stakeholder surveys is planned for 2022. We completed the first partial survey, addressed at shareholders, investors, and banks, in 2020. Our survey of tenants was carried out in 2021; they particularly emphasised the importance of service-related topics. The next step will be to survey major suppliers and public stakeholders in Germany.

In Poland, a group of representatives from various stakeholder groups were surveyed on the issues they consider to be most important, in order to sharpen our understanding of what sustainability means to them. The respondents included tenants, sales customers, local authorities, business partners, NGOs, and local community representatives. The results are still being evaluated (see 'Our responsibility to society' section).

The materiality matrix shows the classification of the material topics under three aspects (see page 15). 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. In 2021, newly built flats were let for the first time under the Vantage Rent brand (approx. 370 units). With the acquisition of ROBYG, Poland's largest residential property developer, which took effect on 31 March 2022, we intend to continue this strategy.

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 and ethics, 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 'Integrity and ethics, fair business conduct, and compliance' 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 2021, we continued our quarterly risk reporting of ESG risks, including regularly checking whether the monitoring needs to be adapted or adjusted. We also expanded our whistleblowing system, and continued to raise awareness for possible compliance risks 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 'Marketable portfolio development for broad sections of the

population' section). In all modernisations, we also take into account the needs and financial possibilities of our tenants.

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 lettability. A current vacancy rate of 5.4 % in our flats at year-end 2021 attests to how well this is received by our tenants.

We intend to create attractive housing for the Polish market, too. Above and beyond this, in 2020 we entered the business of new residential construction for the first time in Poland. In the medium term, i.e. within the next six to seven years, we plan to create a portfolio of at least 20,000 rental units. Sustainability criteria also apply to new construction as well as to portfolio development and management in Poland, which we are constantly developing. In 2021, we made significant progress in various areas, such as implementing the relevant regulations during the construction phase, and designing processes in a resource-conserving way.

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 2020, we established the TAG Miteinander Stiftung (TAG Together foundation), which pools our community efforts for children and youths, families, and senior citizens. We work to improve 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). To ensure that we live up to these principles, we are continuously working to improve our service quality.

We manage all our portfolios from the regions. All rental and management decisions are made directly on site. Since June 2021, our Central Customer Management team has served as the first point of contact for our tenants. Beyond this, our on-site property managers deal with tenant concerns in person, by phone or by email. Representatives are available to our tenants in person at our 44 regional tenant offices.

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

For instance, we have introduced a tenant app across the Group. It enabled us to maintain a high level of service despite the temporary closure of tenant offices due to the Covid-19 pandemic. In 2021, new features were added to the tenant app and the design was refreshed. In the course of this, we were able to further increase the number of users. At the same time, we want to maintain personal contact with our customers, as far as the Covid-19 pandemic allows. From our tenant survey in 2021, we know that good customer service and reliable caretaker services are 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. We also 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.

Because we want to offer our tenants fast, high-quality services, it is a matter of principle for TAG to provide as many services as possible in-house. Our services include caretaker and craftsman services, multi-media offers, and energy management. In 2020, we expanded our tenant services through our new TAG Wohnen website, which we developed further during the reporting year, making it even more user-friendly.

F) A company culture of appreciation, transparency, and participation

At TAG, all employees work independently – but not alone (see 'A company culture of appreciation, transparency and participation' section). Everyone knows our corporate goal and together we try to achieve it. Every activity is valued and

contributes to the Company's success. We promote personal responsibility among our employees and encourage them to actively contribute their ideas. Employee participation is possible through involvement in the works council as well as the Supervisory Board. A 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 ongoing development of our employees' skills is a key issue for TAG (see 'Employee qualification and training' 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. We also especially encourage and support the sharing of experience and transfer of knowledge within the workforce through internal training concepts.

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, which continued to have a high priority in the reporting year (see 'Work-life balance, family friendliness, and diversity' 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 'Diversity as an asset for the Company' 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 mitigating climate change and protecting the environment (see 'Optimising energy efficiency and emissions' and 'Marketable portfolio development for broad sections of the population' sections). In 2020, we began developing a strategy for the long-term decarbonisation of our real estate portfolio, which we completed in late 2021. The strategy includes measures and timelines, so that it serves as our guide. Our goal is to contribute to meeting the climate targets by reducing CO₂ emissions and to minimise the added costs arising from CO₂ charging for TAG and our tenants.

In our measures, we concentrate on areas of the building shell and building technology 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 2021, our subsidiary Energie Wohnen Service GmbH supplied around 47 % of our properties 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 'Sustainable resource management' 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.

With our entry into the business of new construction on the Polish market, TAG's value chain has expanded. So, since 2020, we have 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 [ESG guidelines](#) (esp. those on environment and procurement), the relevant criteria are re-

corded, 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 'Customer focus and service quality' 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) Sustainability in the value and supply chain

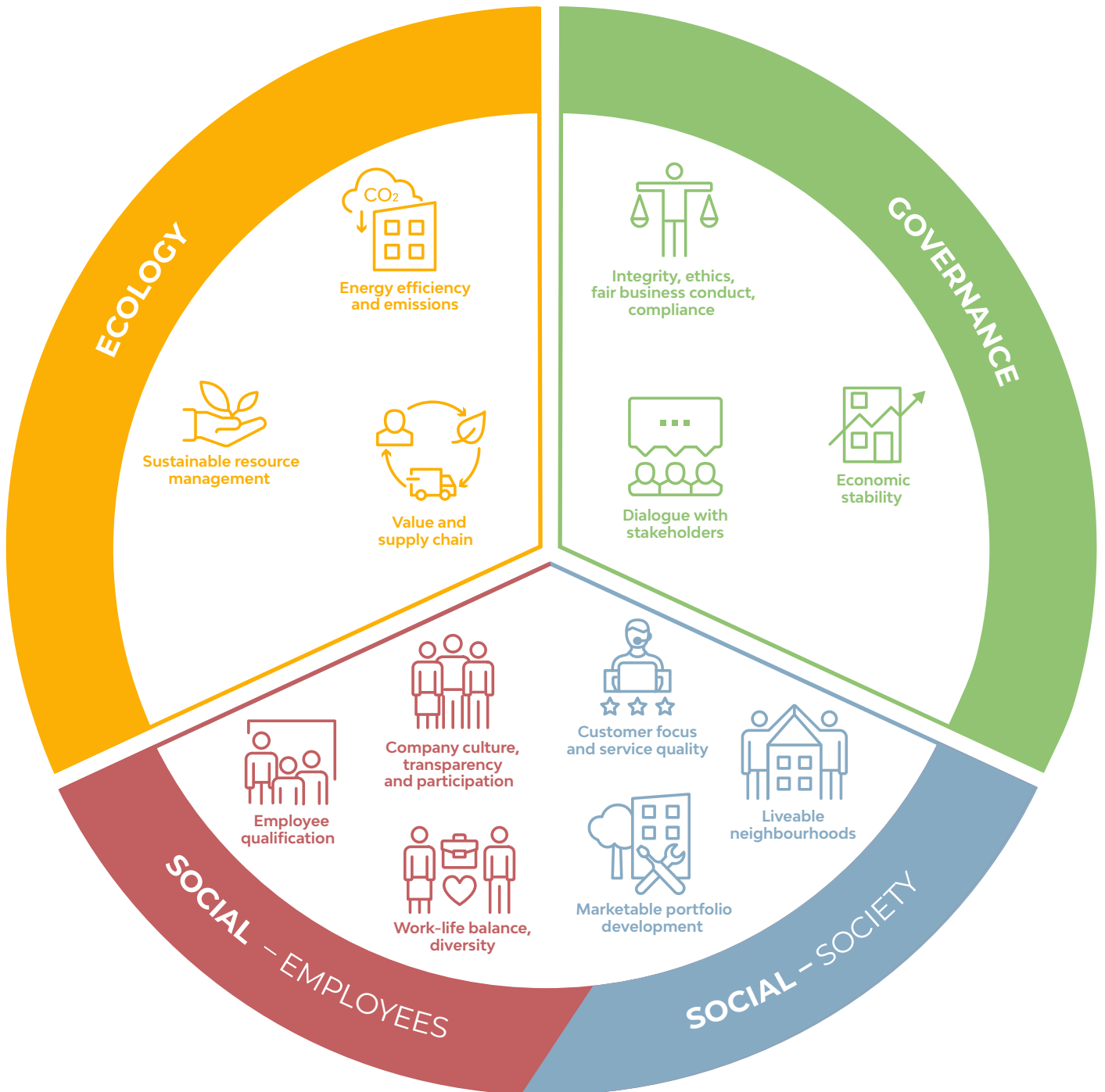
Fair, resource-conserving, and socially responsible procurement practices are an integral part of our procurement policy. In our supply chain, our focus is on long-term partnerships based on trust. Additionally, compliance with quality, social and environmental standards is important to us in all areas of the Company (see 'Sustainability in the value and supply chain' 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.

Materiality matrix



- A) Economic stability
 - B) Integrity and ethics, 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) Sustainability in the value and supply chain



Our sustainability goals

Our sustainability management is our way of contributing to sustainable business, a society worth living in, and protection of the environment. To this end, in the reporting year we sharpened our ecological goals in particular as part of our decarbonisation strategy. We also updated our sustainability programme and adapted it to current requirements.

The status of the goals from the programme to date is addressed in the respective sections, unless they are included in the new table of goals. As part of updating our sustainability programme, the departments will be more closely involved in the achievement of goals and the planning of measures through a clear assignment of responsibilities. Employees from remits and departments take responsibility for the achievement of a given goal or measure as its 'sponsors' or 'owners'. The sponsors are tasked with checking on the progress of goal achievement and regularly reporting to the Management Board. The owners, meanwhile, are responsible for putting the measures for achieving the targets into practice in the operations.

Our economic goal is to secure our future viability (see 'Developing our portfolio responsibly' section). To achieve this, we seek to maintain and, wherever possible, increase the value of our properties, with the aim of ensuring 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' sections). 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 'Sustainable resource management' and 'Optimising energy efficiency and emissions' sections).

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 on a quarterly basis at management level. Based on this, team leaders and employees are then involved.

In addition, we will integrate the United Nations' 17 Sustainable Development Goals (SDGs) into our sustainability strategy more stringently going forward, and provide regu-

lar 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).

As part of updating our programme and focusing more stringently on environmental, social, and corporate governance (ESG) efforts, we have eliminated the financial targets from previous years as described below from our sustainability programme. These were all achieved in the past financial year and will in future form part of our financial reporting in the TAG Annual Report.

- Continuous annual increase in funds from operations (FFO) I per share and increase in FFO I per share by at least 4% in 2021
- Continuous increase of dividend per share and increase of dividend per share for 2021 by at least 4%.
- Maintain an investment grade credit rating from an internationally recognised rating agency

Action area: Our path to tomorrow

Material sustainability topic: Economic stability

Sub-topics: Long-view business strategy including sustainability goals, risk management (including climate-related risks), breakdown/disclosure of the impact of climate-related risks and opportunities, sustainable financing

Goals	Time horizon	Measures	Key Performance Indicators
Implement TCFD recommendations regarding disclosure and integration of climate-related risks and opportunities into the organisational structure	beginning of 2023	Strengthen the governance structure for climate-related risks and opportunities	<ul style="list-style-type: none"> • CO₂ and energy indicators • Implementation of TCFD recommendations
		Identify climate-related risks and opportunities and analyse their impact on business operations, strategy, and financial planning based on various scenarios	
		Strengthen the integration and quantification of climate-related risks and opportunities in risk management	
		Identify the indicators required for risk management	
Increase transparency regarding sustainable business activities, with a focus on sustainable investments and product developments	beginning of 2023	Implement a Sustainable Finance Framework (2022)	<ul style="list-style-type: none"> • Implementation takes place • Information on the EU taxonomy
		Expand the data basis as part of the derived measures regarding EU taxonomy reporting requirements (Q1/2023)	

Material sustainability topic: Integrity and ethics, fair business and compliance

Sub-topics: Values, guiding principles, principles incl. respect for international standards of conduct and internal codes, corporate governance, conduct in compliance with laws and guidelines, tax compliance/transparency, data protection and information management, quality management system & certification, prohibition of child, forced or compulsory labour, anti-corruption, participation in political discourse

Goals	Time horizon	Measures	Key Performance Indicators
Strengthen anchoring of sustainability in decision-making processes and incentive systems	ongoing	Further expand the data base on sustainability throughout the Group	<ul style="list-style-type: none"> • Number of project topics implemented regarding sustainability • Disclosure of Management Board Remuneration
		Have the Sustainability Committee continue and further expand the in-house sustainability proposals scheme, and realise at least three project topics per year	
		Review variable board remuneration linked to ESG criteria, including disclosure of these criteria in the Annual Report (if needed in the Sustainability Report)	
Rule out any data protection breaches as set out in the GDPR, and ensure security of information systems	ongoing	Conduct regular and mandatory data protection training for all employees and provide regular information on existing IT security guidelines and emergency plans	<ul style="list-style-type: none"> • Number of actual data breaches • Regular auditing
		Carry out regular penetration tests to identify potential data protection vulnerabilities and attacks in IT	
		Conduct regular audits on design, structure and responsibility of data protection	
Zero compliance violations in terms of relevant legal requirements and business principles (anti-corruption, anti-discrimination, procurement, Social and Environmental Policy)	ongoing	Have a whistleblowing system for employees and third parties with integrated anonymous ombudsman's office for (anonymously) communicating compliance violations	<ul style="list-style-type: none"> • Number of known compliance violations • Number of compliance requests
		Ensure transparency regarding compliance requirements arising from statutory requirements and business principles, e.g. through internal communication formats	
		Conduct regular mandatory compliance training, taking compliance requirements for the respective departments into account	

Material sustainability topic: Dialogue with tenants, municipalities and other stakeholders

Sub-topics: Stakeholder dialogue/requirements/orientation, shareholder democracy, transparent communication, stakeholder engagement (on site)

Goals	Time horizon	Measures	Key Performance Indicators
Expand regular stakeholder dialogue to identify and take into account key requirements and create opportunities for participation	ongoing	Various dialogue formats/exchange with different stakeholders	<ul style="list-style-type: none"> Dialogue formats per stakeholder group and implementation frequency Promotions or offers to tenants
		Ongoing identification of site/local and non-site stakeholders	
		Continue existing regular surveys of stakeholders (tenants, investors and banks, employees) and extend to further stakeholders (suppliers, social institutions, associations, public stakeholders)	
		Add sustainability performance and requirements to stakeholder surveys	
		Develop a dialogue concept for individual exchange and participation formats for each stakeholder group (e.g. create stakeholder register with dialogue formats)	
Measures to educate and raise awareness for resource-conserving behaviour (e.g. waste separation, cooperation and agreement for sustainable consumption/use of sustainable products, use of advertising materials) among relevant stakeholder groups (tenants, employees, suppliers)			

Action area: Developing our portfolio responsibly

Material sustainability topic: Optimising energy efficiency and emissions

Sub-topics: Energy efficiency/consumption/intensity/supply, share of renewable energies, energy refurbishment/modernisation, emission savings, innovation promotion (e.g. for climate and environment), (employee) mobility, climate strategy

Goals	Time horizon	Measures	Key Performance Indicators
Reduce CO ₂ emissions (total) in the portfolio by approx. 30% to approx. 22.0 kg CO ₂ /sqm p.a. by 2030 compared to base year 2019 (initial accounting)	until 2030	<p>Reduce CO₂ emissions in existing buildings Conversion of almost all heating oil systems in the EWS portfolio to lower-emission fuels (target share below 1%) (2022)</p>	<p>Stock</p> <ul style="list-style-type: none"> Total emissions inventory (Scope 1, Scope 2) Emission intensity total portfolio (heat and electricity for heat generation)
	Subgoal: • Reduce CO ₂ emissions (total) in the portfolio by approx. 10 to 12 % to approx. 28.0 kg CO ₂ /sqm p.a. by 2025 compared to the base year 2019 (initial accounting)	subgoal: until 2025	
Expand the decarbonisation strategy to include the new construction portfolio (existing portfolio and sales portfolio, taking into account the specifics of the Polish energy market)	by end of 2023	Design and develop a catalogue of criteria for low-emission new-build flats	

Goals	Time horizon	Measures	Key Performance Indicators
<p>Further integrate and implement decarbonisation strategy in operations and advance carbon footprinting</p>	<p>ongoing</p>	<p>Business operations Largely avoid business trips by air within Germany for internal meetings</p> <hr/> <p>Offer incentives for use of public transport, e.g. through subsidies for monthly tickets for at least 650 employees, so as to gradually increase the proportion of employees who use public transport to get to work (ongoing)</p> <hr/> <p>Develop a mobility concept that includes expanding the range 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)</p> <hr/> <p>Further develop the travel policy, for transparency and targeted measures</p> <hr/> <p>Overarching Successive collection and processing of Scope 3 emissions data as part of the strategic review (2026)</p> <hr/> <p>Draw up a carbon footprint (Scope 1/Scope 2/Scope 3) with the corresponding KPIs and breakdown by emission source (2026)</p>	<p>Business operations Germany, Poland</p> <ul style="list-style-type: none"> Total emissions from business operations (Scope 1, Scope 2)
<p>Successive increase in energy efficiency through energy-efficient refurbishment of existing buildings, energy-efficient new construction, and savings in administration</p>	<p>ongoing</p>	<p>Stock Increase the share of buildings with an energy efficiency class of at least 'C' (under 100 kWh) from currently approx. 61% to approx. 65% (by end of 2025)</p> <hr/> <p>Equip heating centres with district heating monitoring technology to optimise control of their operation</p> <ul style="list-style-type: none"> add 300 heating centres by 2023 <hr/> <p>Continue pilot projects for the installation of PV systems, CHPs, fuel cells based on hydrogen or natural gas</p> <hr/> <p>Gradually expand the purchase of electricity generated with renewables</p> <hr/> <p>Ongoing investment in the thermal insulation of existing buildings (especially basements, façades, roofs, windows, doors)</p> <hr/> <p>Carry out the energy audits required by regulators</p> <hr/> <p>Overarching Increase transparency by rebuilding the data overview as an energy balance sheet and including additional KPIs (e.g. calculation of the share of renewable energies)</p>	<ul style="list-style-type: none"> Housing stock by energy efficiency classes according to energy certificates Energy intensity total portfolio

Material sustainability topic: Sustainable resource management

Sub-topics: Resource conservation (procurement of sustainable/regional materials) incl. waste management/recycling/circularity, environmental management system, land use and nature conservation, biodiversity, water/wastewater management.

Goals	Time horizon	Measures	Key Performance Indicators
Increase material efficiency by taking a holistic view of material flows in our business activities according to the principle of circularity Subgoal: • Develop a holistic concept and concretise target formulation for reducing the amount of waste-to-landfill	long-term subgoal: 2023	Develop a long-term strategy for circularity	<ul style="list-style-type: none"> • Amount of waste from business operations • Waste quantity stock
		Analysis of material flows across the entire value chain	
		Successive inclusion of recyclability of materials/products in the selection of suppliers	
		Expand professional waste management (reduction of residual waste, collection of paper and recyclables for recycling) by our own real estate service and external service providers (short and medium term)	
		Review of waste management and paper cycle at the office locations for potential improvements and immediate implementation of measures	
Expand data collection and revise waste management approach			
Optimise neighbourhoods in terms of sustainable land use and biodiversity	ongoing	Carry out area analyses in cooperation with Bernburg University of Applied Sciences with a view to expanding wild green spaces	<ul style="list-style-type: none"> • Green space inventory • Trees (number)
		Examine the sealed areas for possible conversion to extensive/biodiverse areas while maintaining their function.	
		Continue systemic tree care using the introduced software based on the central tree cadastre, and plant new trees to add climate-, disease-, and pest-resilient trees to the tree population	
		Analyse building façades: review the potential of planting creepers to regulate the internal climate in buildings	
		Research and consider using green roofs	

Material sustainability topic: Sustainability in the value supply chain

Sub-topics: Compliance with and auditing of internal company standards as well as legal requirements across the entire supply chain = due diligence, supplier and business partner relations/fair partnerships

Goals	Time horizon	Measures	Key Performance Indicators
Compliance with internal company standards and legal due diligence obligations across the entire supply chain (LkSG) Subgoal: • Expand existing structures to fulfil the LkSG	ongoing	Regular review of existing supplier and framework contracts for the addition of sustainability criteria	<ul style="list-style-type: none"> • Proportion of suppliers that have signed the Business Partner Code of Conduct • Number of violations of social/labour/environmental regulations by suppliers
	subgoal: by end of 2023	Expand the resource-saving digital ordering and billing process with framework contract partners • Increase this ratio from currently 60% to at least 80% in the small-scale maintenance sector	
		Conduct an analysis of due diligence obligations in accordance with §3 of the LkSG (Lieferkettengesetz – Act on Corporate Due Diligence Obligations in Supply Chains) with regard to any need for action on the part of TAG, and derive appropriate measures, including expanding risk management, defining internal responsibility, performing regular risk analyses, etc. (LkSG) • Develop an auditing system	
		Add human rights and environmental requirements from the LkSG to the Business Partner Code and bidders/contractors’ self-disclosure questionnaire	
		Review the inclusion of human rights and environmental risks in the tendering and negotiation process, and include questions about such risks in supplier self-disclosure	
	Include human rights and environmental risks in regular supplier controlling to ensure identification, prevention and minimisation of potential due diligence violations in the supply chain • Develop a controlling process (framework and content) for existing business partner relationships • Develop a concept for extending existing KPIs to the supply chain in accordance with the LkSG (focus on large suppliers, for example)		

Action area: Our responsibility to society

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

Sub-topics: Housing as needed (demographic change, inclusion, accessibility), contribution to new construction in densely populated areas, transparent pricing/fair & socially acceptable rents, maintenance and modernisation of existing properties, social impact of the product portfolio

Goals	Time horizon	Measures	Key Performance Indicators
Portfolio development as needed with special consideration of inclusion, accessibility and age-appropriate design (for young and old)	ongoing	Keep increasing the portfolio of barrier-free and age-appropriate residential units	<ul style="list-style-type: none"> • Number of barrier-free housing units • Number of locations with residential offers for young people
		Suitable housing options for young people ('Young Living') at a minimum of 20 locations	
		Carry out region-specific needs analyses regarding inclusion, accessibility, and age-appropriate design (for young and old)	
Maintain the portfolio and ensure long-term lettability and socially acceptable portfolio development	ongoing	Investments in the portfolio in Germany amounting to at least 1.5% of the value of the real estate volume at the beginning of the respective business year	<ul style="list-style-type: none"> • Annual volume of investment in the portfolio (maintenance/modernisation/refurbishment) • Average net actual rent for residential units
		Include investment volume in refurbishment/modernisation/maintenance of existing properties (in EUR/year) in list of KPIs and further breakdown of the KPI	
		Further expand the supply of affordable housing in Germany by predominantly acquiring portfolios where average net rent does not exceed EUR 6.00 per m2	
		Dialogue between tenants and real estate managers in the event of pending rent increases for individual compromise solutions (continue)	

Material sustainability topic: Liveable neighbourhoods

Sub-topics: Infrastructure & neighbourhood development incl. increasing the quality of stay and sustainable transport development, smart cities/smart homes, strengthening diversity and cohesion in neighbourhoods, social engagement (foundations, corporate volunteering, donations/sponsoring, public-private partnerships)

Goals	Time horizon	Measures	Key Performance Indicators
<p>Increasing the quality of stay in the neighbourhoods and expanding the multi-modal, sustainable mobility offer</p>	<p>ongoing</p>	<p>Participate in selected future-oriented pilot projects in the field of mobility (e.g. self-driving vehicles, mobility platforms) to further develop the mobility offer</p>	<ul style="list-style-type: none"> • Mobility-related infrastructure in neighbourhoods • Number of outdoor facilities for communal use with leisure facilities including playgrounds and seating areas
		<p>Continue cooperation with car-sharing providers for discounted offers for tenants in our neighbourhoods</p>	
		<p>Expand the installation and operation of charging stations for e-vehicles in the neighbourhoods (e.g. as part of cooperation with e-mobility providers) in line with demand</p>	
		<p>Expand cooperation for installing parcel stations in residential neighbourhoods</p>	
		<p>Extend site-specific tenant surveys on preferred mobility options in TAG neighbourhoods to all locations (so far only in Thuringia) including demand analysis for installing additional infrastructure for e-vehicles and bicycles, e.g.</p>	
		<p>Cooperate with partners to enhance urban districts with orchards and insect meadows</p>	
<p>Expand the TAG Miteinander Stiftung's commitment to promoting social and cultural projects with a foundation donation volume of at least TEUR 150 per year</p>	<p>ongoing</p>	<p>Continue neighbourhood outreach, among other things by</p> <ul style="list-style-type: none"> • Continuing to support social projects (donations and sponsorship) • Continue cooperation with local social organisations • Promote community involvement of our employees by expanding the 'Everyday Heroes' project • Continue social tenant activities 	<ul style="list-style-type: none"> • Support for charitable initiatives, donations, and sponsorships • Number of projects and facilities supported (Aktiv-Treff meeting centres, children's and family centres)

Material sustainability topic: Customer focus and quality of service

Sub-topics: Customer/tenant satisfaction and security (through proximity to tenants), education & awareness-building of tenants regarding resource-saving behaviour, digitalisation (service)

Goals	Time horizon	Measures	Key Performance Indicators
<p>Achieve and maintain a tenant satisfaction rate (proportion of tenants who are very satisfied or satisfied with TAG as a landlord) of at least 70%</p> <p>Subgoal: Maintain long-term tenancies with an average length of residence of currently at least 10 years (ongoing)</p>	ongoing	Conduct a tenant survey to determine tenant satisfaction (repeat at least every three years).	<ul style="list-style-type: none"> • Tenant survey participation rate • Tenant satisfaction
		Continue monitoring (the quality of) facility management services including survey of tenant households	
		Further develop the communication formats with our customers (e. g. digital communication formats, tenant app, TAG-Wohnen website)	
		Expand and continue services and support for tenants (e.g. counselling for senior citizens)	
		Offer to equip flats with smart assistance and emergency call systems in Gera	
		Expand Smart Home services for tenants	
		Expand the range of sustainable products for TAG tenants	
		Shorten response and processing times for tenant enquiries by process optimisation and continuous further development of tenant dialogue formats	
Keep reviewing the digital components of our services (e.g. tenant app) with a view to improving their performance and user-friendliness			

Action area: Our employees shape our future

Material sustainability topic: Corporate culture of appreciation, transparency, and co-determination

Sub-topics: Co-determination and freedom of association for employees, transparency about remuneration of the management board, anti-discrimination/equal opportunities/integration/diversity, community working culture

Goals	Time horizon	Measures	Key Performance Indicators
<p>Maintain and strengthen a culture of co-determination for the Company's employees</p>	ongoing	Continue the employee stock option programme (with an annual volume of at least TEUR 1,500)	<ul style="list-style-type: none"> • Volume of the employee stock option programme • Payment of a profit-related annual bonus
		Pay out a profit-related annual bonus to all employees depending on increase in the dividend	
		Continue to promote and expand the project 'Wir für eine bunte TAG' (Together for a colourful TAG) to get employees involved on sustainability issues	
		Consider and represent employee interests via local and central works councils	
		Integrate and involve employees through in-house workshops and projects	
		Social intranet for communication between employees and for digital project implementation	

Material sustainability topic: Staff qualification and training

Sub-topics: Training and upskilling/personnel development, promoting next-generation talent

Goals	Time horizon	Measures	Key Performance Indicators
Attractive working environment with targeted staff development and long-term employment relationships	ongoing	Continue and expand the STEP training concept with at least 8 training hours per staff member and year (annually)	<ul style="list-style-type: none"> • Training hours per employee • Number of apprenticeships and students
		Expand the role of employees as company ambassadors (career site on the internet, job listings, tenant magazine, external platforms)	
		Train TAG specialists to become trainers	
		Integrate the training platform into the intranet to enable employees to independently research and register for training/upskilling	
		Promote individual training offers such as part-time courses	
		Train trainers on new learning techniques, strategies for motivation, and expectations of the younger generation in 'Trainers' Workshops'	

Material sustainability topic: Work-life balance, family friendliness and diversity

Sub-topics: Compatibility of family and career, attractiveness as an employer incl. employee satisfaction, age structure of employees, occupational health and safety, transparency in recruiting, remote/flexible working, gender sensitivity/gender pay gap, retirement provisions for employees

Goals	Time horizon	Measures	Key Performance Indicators
Ensure that ≥70% percent of employees are very satisfied or satisfied with their current work situation Subgoal: • Keep terminations of employment contract by employees remain at a consistently low level	ongoing	Expand incentives and motivation instruments for employee retention (offer work from home options, preventive health measures)	<ul style="list-style-type: none"> • Number of employee-side contract terminations per year • Employee survey participation rate as percentage of total workforce
		Conduct annual staff surveys on specific topics	
		At least two company-wide events per year for all employees (e.g. in the form of a company-wide Christmas party, TAG relay race, etc.)	
		Model of trust-based working time to improve reconciliation of private and official duties (offer flexible working hours, part-time work and WFH) and company agreement on home office/mobile working (more employees can continue to work from home in future)	

Goals	Time horizon	Measures	Key Performance Indicators
Structure health-promoting measures in the Company and develop a company health management system	by end of 2023	Review acquisition of company bikes for employees	<ul style="list-style-type: none"> • Total sickness rate • Workplace inspections and safety briefings
		Continue training and upskilling of internal safety officers, fire safety officers, first aiders and evacuation assistants	
		Ensure SARS-CoV-2 occupational health and safety standards during the Covid-19 pandemic with appropriate safety instructions.	
		Annual personal instruction of employees on topics relevant to occupational health and safety	
		4 committee meetings per year on occupational safety (discussions between the Group's occupational safety officers, local works councils, safety officers, some externally appointed safety experts and safety officers, occupational health physicians)	
		Regular workplace inspections	
		Conduct an annual Group-wide health day	
		Operational onboarding management meetings as needed	
		Expand the training concept for preventive health care	
		Examine supplementary health insurance as a benefit for employees, which includes such things as additional pension benefits	
Develop a health concept with external support			
Structure promotional measures and initiatives for reconciling family and work and communication as a holistic working model	by end of 2023	Continue the trust-based working time model	<ul style="list-style-type: none"> • Total number of employees who took parental leave in the reporting year (m/f) • Return to work rate of employees that took parental leave
		Option of flexible working time models (WFH, flexible working hours, part-time)	
		Support transfers to appropriate locations in the event of relocation for personal reasons	
		Option of project working time with flexible deployment time following the end of parental leave	
		Carry out projects to communicate and present holistic working models in the TAG Group	
Ensure equality for all employees and a diverse workforce with balanced gender quotas	ongoing	Anchor the topic in our Business Principles and have Compliance officers report directly to the Management Board	<ul style="list-style-type: none"> • Persons on the Management Board (m/f) • Persons on the Supervisory Board (m/f) • Diversity of management (1st and 2nd level (m/f)) • Diversity and age structure of employees (m/f) • Gender pay ratio • Quota of employees with (severe) disabilities
		Binding anti-discrimination policy that is both part of our Business Principles and must also be adhered to by every supplier under the Business Partner Code of Conduct	
		Monitor concerns or violations of the rule against discrimination (Compliance department)	
		Determination and communication of the gender pay ratio and gender distribution according to various criteria	
Subgoals: <ul style="list-style-type: none"> • Share of women in the total workforce of at least 50% (currently approx. 53%) • Share of women in management positions (1st and 2nd levels) of at least 40% (currently 50%) • A minimum of 25% women on the Supervisory Board, both for the shareholder representatives and for the entire Board • Share of women on the Management Board of at least 33% (2021: 33%, currently 50%) 			

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 natural foundations of life on earth. It is crucial that politics, business, science and civil society pull and act together.

At TAG, we consider it part of our corporate responsibility to contribute to the implementation of the SDGs. We believe that business, and especially the housing industry, has a key role to play in shaping a sustainable future. After all, residential buildings are an essential part of our living spaces – which makes them an important factor for developing them responsibly with regard to social, ecological and economic aspects.

The SDGs also provide us with orientation when reviewing our own sustainability goals. In 2020, we identified the SDGs relevant to TAG. We derived them from our key topics and focal points. 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. Our Polish subsidiary Vantage reviewed the SDGs relevant to it in 2021 as part of an in-depth analysis of its material activities and sustainability topics. It agreed with TAG's selection and has aligned its sustainability goals with the SDGs.

Our contribution to achieving the goals



SDG 5 Gender Equality

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

Promoting diversity and preventing discrimination of any kind are an integral part of our corporate culture and anchored in our Business Principles. Of course this also includes the equal participation of women. 49% of our employees and 43% of our managers in Germany are women. Since 1 January 2022, women have made up 50% of the Management Board and 33% of the Supervisory Board. Salaries are influenced solely by the requirements profile for the position, professional experience and available 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 22% of the employees on parental leave at TAG are male (see 'Our employees shape our future' section).



SDG 7 Affordable and Clean Energy

Material topics: Optimising energy efficiency and emissions

We continuously work on improving our energy efficiency and reducing emissions. To this end, we carry out energy-efficient renovations in existing properties, refurbish heating systems, take sustainability criteria into account in new construction, and use new technologies to increase energy efficiency. These measures, as well as the expansion of renewable energies, are also part of our decarbonisation strategy. (see 'Developing our portfolio responsibly' section).



SDG 10 Reduced Inequality

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

In promoting equal opportunities, we place a special focus on supporting children and teens as well as older people, especially those from economically weaker sections of the population. We sponsor a wide range of recreational activities and offer social assistance for various target groups. We also take the needs of the elderly into account in new construction or renovations, e.g. by reducing barriers. The non-discriminatory allocation of housing is codified in our Anti-Discrimination Policy. We are also involved in various projects to promote equal opportunity and prevent discrimination. For example, we participate in a programme for the integration of the long-term unemployed, as well as in 'Learning without violence', the project which teaches children and young people about non-violent communication (see 'Our responsibility to society' section).



SDG 11 Sustainable Cities and Communities

Material topics: Marketable portfolio development for broad sections of the population, including reasonable rents, liveable neighbourhoods.

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 mix and actively contribute to a good quality of life. To this end, we support local initiatives, associations, social institutions, and cultural projects (see 'Our responsibility to society' section). We also strengthen our neighbourhoods with mobility offers and measures to protect the environment measures.



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 review new digital and technological solutions. In 2021, we completed our decarbonisation strategy to further reduce CO₂ emissions. With this strategy, we want to make our portfolio nearly climate-neutral by 2045 and do our part in achieving the 1.5-degree target. In our neighbourhoods, we promote biodiversity in the outdoor landscaping (see 'Developing our portfolio responsibly' section). In our new construction projects, we are careful to minimise our impact on the surrounding area and to avoid negative impacts, e.g. on ground surfaces.



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). In our supply chain and in innovative projects, we also rely on the bundling of various competences through long-term, fair partnerships.

Economic stability is the basis for sustainability

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.

We do our work based on the German Corporate Governance Code (GCGC) of the Federal Ministry of Justice and Consumer Protection. It contains recommendations and suggestions on corporate governance for listed companies. TAG's Management Board and Supervisory Board committed to following these guidelines as early as 2002. Once a year, they issue a Statement of Compliance, which is accessible on the TAG 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.

Since January 2021, TAG has had a new system for Management Board remuneration that takes ESG targets into account as well. The criteria are redefined annually. For the reporting year, the ESG risk assessment of the external rating agency Sustainalytics is included in the variable remuneration (Short Term Incentive Plan, STIP) of the Management Board (see Annual Report 2021 and TAG's remuneration system).

Our management and supervisory bodies

[GRI 102-18, 102-22, 102-24, 102-25, EPRA GOV-BOARD, GOV-SELEC, GOV-COL]

TAG's businesses are managed by a Management Board that since 1 January 2022 has consisted of two persons. The previous third member of the Management Board, Dr Vaagt, retired at the end of 2021. The areas he previously supervised on the Management Board were divided up between Ms Claudia Hoyer and Mr Martin Thiel. 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 and Customer Management, Human Resources (from 1 January 2022), Acquisition and Sales, Strategic Real Estate Management/Marketing, Shared Service Center, Facility Management Services (caretaker services), Craftsman Services, Central Purchasing, Change Management, 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, and as of 1 January 2022, the Legal, IT, Compliance, Internal Audit, and Home owner/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 Su-

pervisory 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. In the reporting year, the risk management system was fundamentally revised and updated. Among other things, assessment criteria were refined, responsibilities updated, and documentation and communication processes improved.

As part of the internal, quarterly risk reporting, the following sustainability risks (ESG risks) have also been explicitly queried since 2020:

- market valuation, ESG ratings
- legal framework, compliance violations
- supplier relations
- resource availability
- shortage of skilled workers, decreasing diversity
- declining employee satisfaction
- portfolio risks due to climate change, demographic changes, changes in tenant needs due to climate change or climate policy, social structure, and neighbourhood development

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 2021, p. 68 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 manage our sustainability risks, we further developed the principles and guidelines for sustainability at TAG in 2020 and continued to implement them 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 gradually putting the TCFD recommendations into practice. In the course of finalising the decarbonisation strategy, a

number of recommendations were accordingly implemented in 2021, notably with regard to strategy and scenario planning. TAG also refers to the relevant information in the Sustainability Report and Annual Report 2021.

Beyond this, Central Purchasing is currently working on aggregating risks from the supply chain and systematically incorporating them into risk management.

Dialogue with tenants, local authorities, and other stakeholders

[GRI 102-21, 102-40, 102-42, 102-43, 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, our teams are available as personal contact persons in 44 tenant offices. In addition, tenants can contact us by letter, phone, email, the tenant app, or by using the online form on the website of our residential brand. 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 'Customer focus and service quality' section). In the year under review, we also reorganised our Customer Management, with a view to improved accessibility for our tenants and faster processing of their requests.

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 has been available in all of TAG's regions since 2020. In 2021, we added more features and improved its user-friendliness.

For several years now, we have offered housing consultations at our main locations. The focus here is on senior living and serviced living. The counselling of senior citizens is increasingly being integrated into regular tenant support in order to offer older people comprehensive solutions for everyday life that meet their needs. For example, we support our tenants with topics such as barrier-free living, wheelchair/walker garages and barrier-free conversion measures, and advise them on applying for subsidies. In addition, our tenant services team organises support with household chores or with care, as well as services such as home emergency calls. In doing so, we work closely with social associations and companies that offer innovations in these areas. These consultation services are being used more and more, as there are many older tenants living in TAG's neighbourhoods who want to stay in their flats for as long as possible. 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 "Customer focus and service quality" section).

About every three years, we survey our tenants about their satisfaction and their wishes regarding housing. In the reporting year 2021, we conducted another tenant survey. The results show us once again that customer-friendliness and good service in and around the flats are very important to our tenants. Satisfaction with our own caretaker and craftsman services, which we have expanded since the last tenant survey, has also increased. We will continue to expand our services in the future based on the needs of our tenants.

Our employees

With their efforts and commitment, our employees ensure that we have 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 'A company culture of appreciation, transparency, and participation' 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 exchange across sites, disciplines, and hierarchies. The individual teams also meet regularly for team meetings and debriefings; during the Covid-19 pandemic, most of these meetings were held virtually.

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 repeatedly 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 further developed. In the reporting year, these included flower meadow projects, waste sorting, and paper saving at our office locations. Further measures are planned, such as increasing the use of environmentally friendly cleaning agents in the portfolio and at the office locations, as well as installing bicycle garages in the neighbourhoods.

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. In the reporting year, for example, the works council closely accompanied the restructuring of our operational real estate management.

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 less limited by the pandemic in 2021 than it was in 2020. Meanwhile, the optimisation of our digital processes, both by Central Purchasing and under the Mission Zukunft initiative, has improved the connection to our partners (see 'Sustainability in the value and supply chain' 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 immediate feedback.

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. Sustainable financing is becoming increasingly important for TAG. We have therefore developed a framework for sustainable financing, which was finalised in March 2022. It defines criteria for green, social and sustainable instruments for financing or refinancing of suitable sustainable assets and projects in accordance with the relevant standards of international market practice. It is published on our TAG Immobilien website (see 'Sustainable Finance Framework').

We are in regular contact with shareholders, banks, other investors, and analysts. Transparent communication is important for both sides. In Q4 2020, we conducted a survey of this stakeholder group on key sustainability topics. The results essentially confirmed our classification of sustainability topics in terms of their materiality: Shareholders, investors and banks give high priority to the topics of energy saving and emission reduction, especially with regard to risk considerations. However, our community engagement in the neighbourhoods, employee satisfaction, and tenant services have

increasingly come into focus as well. In many cases, this is also reflected in enquiries from investors. Accordingly, we will continue to work on these topics and improve our sustainability reporting in this connection.

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. In 2021, all formats were carried out digitally for the most part.

Local neighbourhood initiatives

Our neighbourhood management (see 'Liveable neighbourhoods' section) is geared towards establishing and maintaining 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 2021, the Covid-19 pandemic once again limited the scope of our local efforts. However, well-practised hygiene concepts allowed us to carry out more on-site activities and events compared to 2020, e.g. the Aktiv-Treffs, the Jumpers and events at other meeting centres. In principle, we continue to be 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 2021, we opened a new Aktiv-Treff in Sangerhausen, for example, where in cooperation with local partners, we also offer guidance on smart assistant systems.

We also provide information and contact details on the website of our residential brand. As part of our Triple E project, in 2021 we centralised our customers' first point of contact with our staff in order to increase accessibility. After the initial contact is handled by Customer Management, the further processing of the request takes place on site. In 2020, we revised the website to make it even more appealing and user-friendly. We keep them up to date with announcements on recent developments, and in 2021 we also updated the 'Frequently Asked Questions' (FAQs) section. In addition, we issue press releases to provide information about developments in the Company and in the neighbourhoods, and report on interesting activities and projects in the 'Magazine' section.

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 our 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, e.g. the commissioning of new mobility services, or for larger construction projects, and initiate dialogue with them (see 'Liveable neighbourhoods' section). For example, in 2021, during the renovation of our property on Martin-Luther-Strasse in Plauen, we invited people to the construction site to present our extensive construction project. 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 in-person events were severely limited in 2021 as well.

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, such as affordable ecological measures and neighbourhood solutions. In this way we can learn from each other, get ideas for projects, and work together more effectively on neighbourhood projects.

Integrity and ethics, fair business conduct, and compliance

Compliance as an instrument of corporate governance

[GRI 102-16]

For us, compliance is a fundamental corporate task that serves the fulfilment of good corporate governance. We understand the term to mean adhering to the rules for complying with all statutory laws, 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 all applicable laws is a matter of course for us. We expect all employees to comply with the relevant legal regulations and internal guidelines. Our Business Principles are our guidelines and are binding for the conduct of everyone in the TAG Group. They form the basis of all internal guidelines and work instructions.

Our **Business Partner Code** is designed 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. No such situation occurred during the reporting year.

Compliance management system and business principles

[GRI 102-17, 103-1, 103-2, 103-3, 205-2, 418-1, 419-1]

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 Management Board; the Compliance Officer appointed by the Management Board supervises the topic and reports directly to the Management Board.

Our Compliance Management System has three components: prevent, identify, and respond. Prevention is ensured in particular by policy management, compliance training for our employees, and guidance from the Compliance Office. Risk analyses, incident-related investigations, and the whis-

Whistleblower system enable and support the identification of compliance violations. In the event of compliance violations, the necessary measures are taken to remedy the violation, and sanctions are established. Processes and strategies designed to prevent compliance violations are reviewed and adjusted as needed. The compliance and risk management system as part of the internal control system features various control mechanisms. These instruments are used to identify and manage potential compliance risks.

All new employees receive copies of the Business Principles, the IT Policy, and the Privacy Policy. All TAG employees are responsible for maintaining compliant conduct at all times. Violations will not be tolerated.

Training on relevant compliance topics is conducted on a regular basis and as needed several times a year. The focus is on high-risk areas. Special topics are taught, new developments presented, and the basics reviewed. In the reporting year, the focus was on compliance basics, the contents of the Business Principles, compliance communications in the TAG Group, and the European Whistleblower Directive.

Employees have the option of anonymously reporting violations of or non-compliance with rules and regulations 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. 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 2021, there were a total of 36 reports at TAG. About half of these concerned cash receipts subject to reporting requirements, which relate exclusively to cash payments for rent, rent arrears, or security deposits. In none of the cases did a review of the reports and notifications reveal a compliance violation.

In Poland, there is an essentially independent risk and compliance management system that reports its results to the parent company at least quarterly. Risk and compliance management is the responsibility of the Head of the Management Board Office in Poland, who is supported in this by the Head of Corporate Affairs and Data Security. There were no compliance violations in the reporting period.

Policy management and control mechanisms

Guidelines specify principles, conditions, and objectives for legally and ethically impeccable conduct, and also and especially for the correct performance of processes at our Company. In particular, important guidelines for TAG include the underwriting and competence guidelines as well as the Whistleblowing Policy, the Compliance Policy (e.g. anti-corruption, anti-discrimination), the Data Protection Policy, the IT Policy, the Donations Policy, and the Policy on Capital Market Obligations. All TAG Group guidelines apply across the Company, taking into account country-specific legal requirements, if any, for the companies based outside Germany. 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 2021, we updated several policies and adopted the Whistleblower policy and the TAG Miteinander Foundation policy.

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]

Preventing 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 Policy 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 updated the compliance programme and published it on the intranet. We also conducted mandatory compliance training on the European Whistleblower Directive in 2021 and provided training on avoiding corruption in the rental business. In 2022, we will launch a new onboarding training on the topic of compliance. Completing this training will be mandatory for all TAG employees as well as for all new hires.

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 or suspected misconduct, the manager and the Compliance Officer must be informed immediately; this can also be done anonymously. The report can also be submitted via the external whistleblower system. 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 of real estate. 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 Policy.

Outlook 2022

The expansion and further optimisation of our compliance management is a priority for us. With this in mind, we intend to adopt further guidelines and policies in 2022, such as more specific guidelines on the prevention of money laundering. 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. As before, it is to be expected that an 'Association Sanctions Act' will enter into force in the years ahead and 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. Likewise, the necessary preparations are being made for implementing the Act on Corporate Due Diligence Obligations in Supply Chains (Lieferkettengesetz, LkSG). A policy statement on human rights and an update of the Business Principles are also planned.

Customised: IT solutions in managing clients at Vantage Rent

2020 Vantage Rent has been established. Launched by our Polish subsidiary Vantage Development, the brand is responsible for new build rental flats. In order to develop an optimized customer management, the Vantage IT team took a close look at the target group of tenants. The result is mainly digital communication and administration processes, tailored to the new customer group.



Most tenants in Poland are young adults. This is also reflected in Vantage Rent's tenant structure: 50% of tenants are under 30 years old – a generation that naturally uses digital communication and information channels in their daily lives. For this reason, a wide range of IT solutions for the customer service process was implemented when the Vantage Rent brand was launched in mid-2021. This allows us to offer customer-focused communication with tenants and to consistently expand the digitalisation of our processes.

Effective communication

Most of future tenants reach Vantage Rent team via phone, email, contact form on the website or Facebook. The most important part of the main page (available in 3 languages) is a search engine, which they can use to find an apartment, that fulfill their needs in the best possible way. Open communication is key, so every apartment has its own subpage with basic data (number of rooms, area, availability), photo gallery and rental calculator. After reaching out to our team all communication with potential tenants is managed by a CRM system: From answering questions and arranging meeting with the clients at the apartments to completing the formalities.

Before signing a lease, a financial verification of future tenants is being conducted virtual in a Simpl.rent app, which verifies their identity, financial capacity and credit history. It is a very efficient solution, that keeps all the personal data safe and provides relevant information to both sides. The verification is conducted in Polish, English and Ukrainian language. After completing the process successfully, both sides can be sure that in the financial aspect of the rent agreement everything will be secure. 82% of Vantage Rent clients decided to use this tool before signing a lease.

Consistent digitalisation

During the handing over of the apartments for rent, our team use an electronic form on a tablet, thus saving paper. After that, customers can manage all issues online via a comprehensive electronic customer service platform, such as invoice payment, downloading documents or communicating with the tenant service team. The platform also provides a fast payment system, used by an average of 60% of customers. Our staff use an IT system to manage all the document circulation, regarding the rental service, which makes it more efficient and environmental friendly. The tenant services, accounting, legal, service, finance and property management teams are all involved in this process. As the information is collected in a single system, it is easy to manage the data on a everyday basis.



Die Zukunft ist online

In the next few years, as the rental portfolio in Poland is going to grow, our team will provide effective service for a large number of tenants in different local markets. This challenge can be met only with the support of modern IT systems. Feedback from the current tenants also showed that they are keen in using mainly online ways of communication. It aligns perfectly with the company's ESG strategy, which includes reduction of paper documentation, benefiting the environment.



Developing our portfolio responsibly

[GRI 103-1, 103-2, 103-3]

Material topic

Sub-topics

Sustainability in the value and supply chain



- › Compliance with and auditing of internal company standards as well as legal requirements across the entire supply chain (due diligence)
- › Supplier and business partner relations/fair partnerships

Sustainable resource management



- › Resource conservation (procurement of sustainable/regional materials) incl. waste management/recycling/circularity
- › Environmental management system
- › Water/wastewater management
- › Land use and nature conservation
- › Biodiversity

Optimising energy efficiency and emissions



- › Energy efficiency/consumption/intensity/supply
- › Share of renewable energies
- › Energy refurbishment/modernisation
- › Emission savings, innovation promotion (e.g. for climate and environment)
- › (Employee) mobility
- › Climate strategy

Our residential portfolio is the foundation of our business activities, which makes it our most important asset. Our core competence in active real estate management is crucial to our long-term success. We strive to preserve real estate, systematically develop it, and reduce vacancy. 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 – which is why we embrace ecological responsibility as we develop our portfolios in line with market requirements, and actively contribute to climate protection. We are also increasingly incorporating the social challenges of demographic change and digitalisation in the sustainable management and development of our portfolio.

With our entry into the residential real estate market in Poland, we have also been active in the new-build sector since 2020. Our business model now covers 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 have developed a comprehensive decarbonisation strategy, which was adopted by the Management Board and Supervisory Board in 2021. It contains specific targets for an environmentally and climate-friendly portfolio (see also highlight page 'Reduce emissions, increase efficiency: Our decarbonisation strategy' section).

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.

Our approach for a responsible development of our portfolio

[GRI 103-1, 103-2, 103-3, 303-5]

Key components of our portfolio strategy including 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, our long-term aspiration is to have a near-climate-neutral building stock.

We achieve this with a combination of measures that builds on existing activities. The focus is on renovating building shells and heating systems, renewing building technology, using bridging technologies and digital measurement and control solutions, and increasing the use of renewable energies. (see 'Optimising energy efficiency and emissions' section and highlight page 'Reducing emissions, increasing efficiency: Our decarbonisation strategy' section). We create further opportunities for energy-saving measures and a more efficient use of resources by having our own in-house energy management, for which we established our subsidiary Energie Wohnen Service GmbH in 2016 (see 'Our corporate structure' section).

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 and the renewal of our heating systems. We also regularly review whether further energy-saving and efficiency-improving measures can be implemented. This also increases the attractiveness of our housing.

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.

We are also establishing measures to save energy at our office locations. We completed the legally required DIN EN 16247-1 energy audit in February 2021. It has shown us approaches and recommendations for further energy savings at the office locations, which we will consider in our planning.

The TAG Management Board has the overall responsibility for environmental issues in the Group. The individual measures are assigned to the respective specialist and regional departments, which are responsible for their operational implement-

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

tation. Implementation, however, is centrally supervised, in coordination between the department heads and Strategic Real Estate Management, with the support of the Sustainability Committee and the Climate Board. The sustainability programme was updated at the end of 2021 and the responsibilities for the individual goals and measures were specified. This facilitates the monitoring of the individual measures and KPIs during the year and facilitates early intervention in the event of target short-falls.

We set down our principles and guidelines for environmental protection (Environmental Policy) in writing at the beginning of 2020. The regulations had already been incorporated into our business strategy and operational practice prior to this. The guideline contributes to a more stringent review 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. Among other things, this leads to employees making more suggestions for improvement based on their daily practice. For example, biodiversity-enhancing measures are playing an increasingly important role in the design of our landscaping. A guideline on this topic has now been prepared and added to the environmental policy as an annex. The guideline serves to facilitate the implementation of such measures across the Group. Other references on other environmental topics are planned.

The COO and the corresponding LIMs and department heads are responsible for property management, customer management, acquisition, and sales. Our customer-focused tenant and leasing service is organised regionally and supported by a nationwide Customer Management department, as is the administration 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.

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. 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.

Implementation targets

[GRI 103-1, 103-2, 103-3]

A significant reduction of the CO₂ emissions in our portfolios is a focus of our sustainability strategy and our portfolio development. By 2025, we plan to reduce our carbon footprint to about 28 kg per sqm, and to about 22 kg per sqm by 2030. Our long-term goal is a reduction to below 7 kg per sqm by 2045. We intend to achieve this with a total investment volume of around EUR 690 million for sustainable measures. Thus, we will increase our average modernisation expenditure from currently approx. 13 to 14 EUR per sqm to approx. 19 EUR per sqm annually.

In the year under review, TAG invested EUR 106.9 million in its portfolio in Germany alone, including maintenance expenses (2020: EUR 105.4 million). This not only preserved our portfolio and ensured its long-term lettability, but also advanced our demand-driven development.

EUR 107 million
invested in the portfolio

We carried out modernisation measures for EUR 68.1 million in 2021 (2020: EUR 71.3 million). Another EUR 38.8 million (2020: EUR 35.0 million) were spent on maintenance, always keeping our sustainability criteria in mind. In 2022, 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. We plan to reduce our CO₂ emissions by at least approx. 3,000 t by 2024 in the first step as a result of building refurbishments.

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 systematically and continually review and

fine-tune the framework agreements as part of our risk management. In the process, new standards are incorporated into the contracts, such as the use of eco-friendly cleaning agents and recycled paper. We have also developed contract amendments to ensure that products we use, when delivered from manufacturing areas outside the EU, comply with the rules to uphold human rights, and incorporated them in our contracts.

We continually work on maintaining our network of framework contract partners in the area of maintenance, and on integrating these partners into our electronic craftsman portal (or craftsman interface: an external electronic interface with our in-house ERP system). The portal allows us to keep expanding our resource-saving ordering and billing process and simplify it for everyone involved. 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. The most important seven trades of interior construction, which cover much of the maintenance work done on our properties, are already included in the portal. In the year under review, the number of framework agreement partners, and hence the proportion of partners with whom we process orders via the craftsman portal, fell slightly. This is due, among other things, to the sale of a complete local sub-portfolio. However, the total order volume of the existing framework agreement partners has increased, as has the number of framework agreements. This is especially true for complex measures. Currently, about 58 % of supplier orders in the area of small-scale maintenance and about 77 % in the area of empty flat refurbishment are processed paperlessly via the portal. Our goal by the end of 2022 is to increase this figure to around 75 % in the area of small-scale maintenance as well. In the area of comprehensive modernisation measures, nearly 82 % of the investment volume is already being processed using partners with whom we have framework agreements.

Going forward, we will continue our efforts to connect more craftsmen and suppliers to our craftsman interface under framework agreements.

We also digitised further sub-processes and moved closer to our goal of paperless communication. We intend to handle more work and communication processes paperlessly in future. 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. Moreover, our annual meter readings are now done digitally. This is not only more customer-friendly and efficient, it also saves paper. In 2021, our caretakers were integrated into the 'mobile flat change' process, a digital, tablet-based application for carrying out flat handovers. It enables immediate data transfer and handling of next steps in the process. As part of our sustainability programme, we are also developing a holistic concept for waste reduction.

Our Group's internal energy management also has numerous advantages. Among other things, we can better control the supply and leverage synergy effects in our modernisation measures. In this way, we actively contribute to CO₂ savings.

The long-term plan is for Energie Wohnen Service GmbH to cover the energy management and supply of around 90 % of our total portfolio. Currently, our subsidiary supplies 47 % of our portfolio with heat. We are also continuously optimising our energy management and sourcing of fuels 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 any necessary measures to be taken faster. In the years ahead, we want to connect the majority of our heating systems to remote monitoring systems; we are working with external providers to this end. In the year under review, almost 300 heating systems were equipped with this technology, significantly more than the 250 we had planned. Our goal is to equip another approx. 300 of Energie Wohnen Service GmbH's heating systems with remote monitoring technology by the end of 2023.

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. We plan to reduce CO₂ emissions by around 3,000 tonnes by the end of 2024 by upgrading our heating systems. By the end of 2021, almost all heating oil systems in the EWS portfolio had been converted to lower-emission fuels. We have achieved the planned share of remaining heating oil systems of less than 1 % and plan to maintain it. (A complete reduction will probably not be possible in the next few years due to several purchases of properties, many of which still have old heating systems.)

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 numerous locations, and are especially used by our caretaker services on their job assignments. Besides regular bicycles, this also includes cargo bikes and e-bikes; the offer is well accepted and is being expanded. TAG's caretaker services have also begun adding electric vehicles to their fleet. As part of our sustainability programme, we regularly review and expand these measures. In 2022, we will also develop a holistic mobility concept to further decarbonise our business operations.

Target evaluation

The operational portfolio ratios of our locations developed positively in the reporting year. Occupancy in our portfolios was high, with vacancy at 5.4 % 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. The other key performance indicators that are part of the monthly or quarterly reporting to the Management Board also developed well. In addition, we constantly monitor the market and review the structure of our portfolio.

Supplier and framework agreements are regularly reviewed to see if any sustainability criteria need to be added, and adjusted as needed. 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.

Sustainability in the value and supply chain

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 solution and durable materials and products. 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 and enable fast response times. Besides, local companies are usually well networked in the regional market, which also speeds up processes and simplifies cooperation.

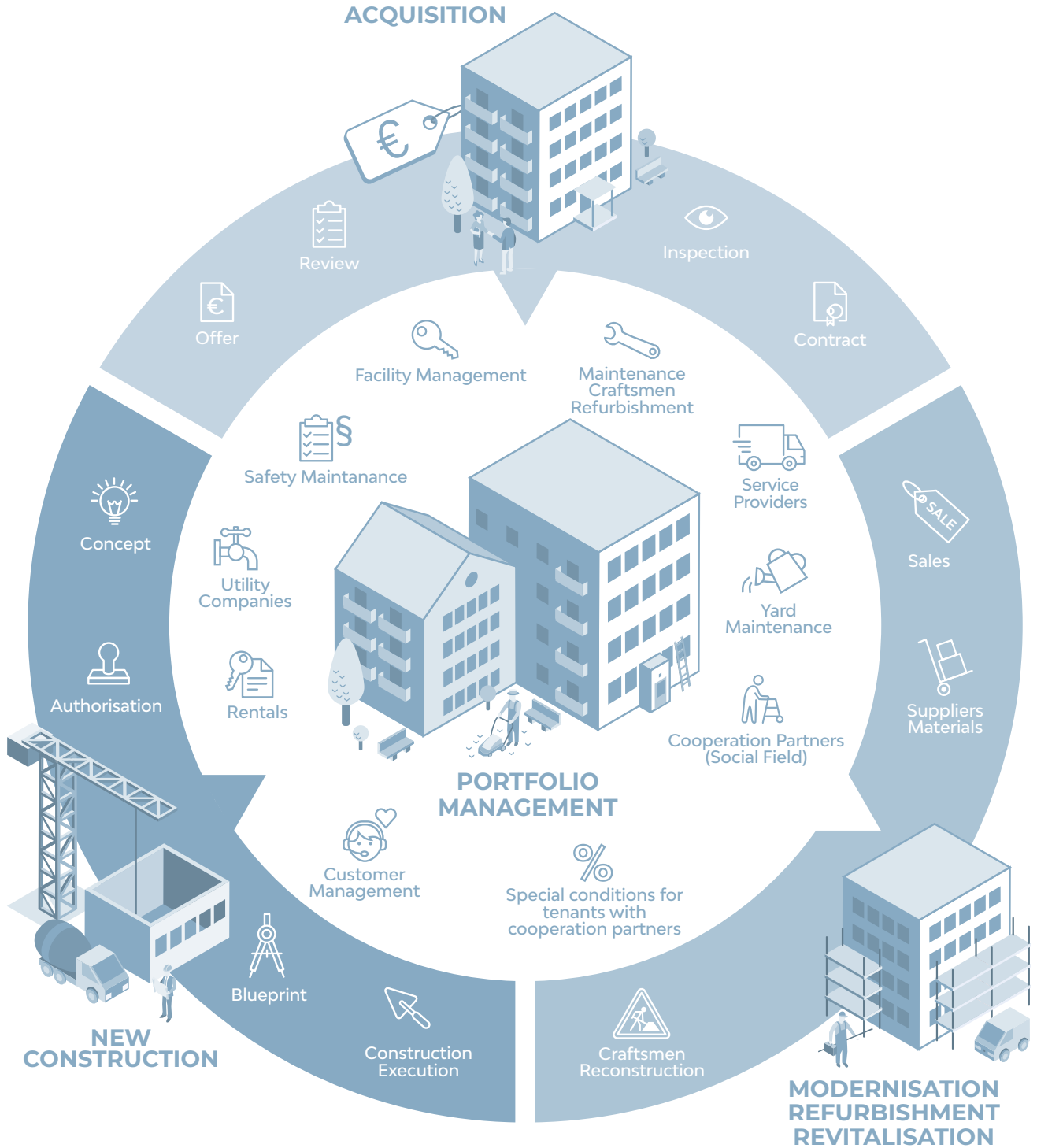
We also give preference to regional and recycled building materials at all locations. We try to exclude the use of materials that are harmful to health as far as possible by setting specific standards. We promote biodiversity in our landscaping (see 'Sustainable resource management' section).

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 'Sustainable resource management, Optimising energy efficiency and emissions' section).

Once a year and when renewing contracts, 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. In addition, the Sustainability Committee is currently working on guidelines for certain key topics such as paper. These principles and guidelines give 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 we have already been

The real estate life cycle at TAG



able to add sustainability aspects to most of them. Likewise, we will continue to keep an eye on the ongoing updating of the contracts with regard to additional sustainability parameters.

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. Individual orders may also be issued decentrally within the specified parameters. Central Purchasing 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.

Social and environmental sustainability in the supply chain

[GRI 103-1, 103-2, 103-3, 204-1, 308-1, 407-1, 409-1, 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, as well as social and ecological criteria. We prefer to work with partners from the region who also produce in Germany. In the reporting year, approx. 94 % of our framework contract partners were regionally operating companies. Due to our primarily regional supply chains and 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. This includes, in particular, the core labour standards prohibition of forced labour and child labour, freedom of association, the right to form trade unions, the right to equal pay for work of equal value for women and men, and the elimination of discrimination in employment. For additional protection, we are conducting an in-depth risk analysis of our supply chain in consideration of the Supply Chain Act. In doing so, we are particularly focussing on the large-volume areas such as maintenance and modernisation.

Beyond this, we raise awareness of these issues among our own employees as part of our annual compliance training. They are anchored in our Anti-Discrimination Policy as well as in our procurement policy (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 in procurement. 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. Since 2018, every contract partner has been obliged to comply with our Business Partner Code, which is part and parcel of our contracts.

Our Business Partner Code has been integrated into the Craftsman portal and can 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 dis-

posing 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 and of course take care to ensure occupational health, safety and security. For example, we conduct health and safety training, and training in the use of tools and materials, for our craftsman service providers at least once a year. They include instruction on 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. Reports can also be submitted anonymously via our whistleblowing system on the TAG website.

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.

In Poland, too, we have formulated criteria for sustainability in our supply chain. In the reporting year, we further standardised these for various areas of the supply chain, for example on the use of eco-friendly and regionally sourced materials as well as on paperless order processing.

Sustainable resource management

Use of sustainable materials

[GRI 103-1, 103-2, 103-3, 301-3]

In our measures, we place a particular priority on using environmentally friendly and durable products and materials. We are continuously optimising our use of materials and our specifications. The focus continues to be on a gradual changeover to higher-quality materials in order to increase living comfort and ensure lasting functionality. We ensure a reliable level of quality by maintaining long-term relationships with suppliers.

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. However, hazardous substances cannot be completely avoided in individual cases. In the rare cases when they are used, e.g. when installing floor coverings, or if materials containing hazardous substances have to be removed during renovation work, we ensure that they are handled carefully in accordance with the legal requirements, take the necessary safety precautions, and make sure that they are disposed of properly. We are also in continuous dialogue with our suppliers about the origin and processing of the resources we use.

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. If we specify certain product and material properties, they can be used relatively flexibly. If we specify certain product and material properties, they can be used in a relatively flexible way. In the electrical sector, for example, there is an obligation to install equipment with uniform standards that can be combined 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, wherever possible 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.

Our contribution to resource conservation

[GRI 103-1, 103-2, 103-3, 303-5]

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.

There is also potential in the use of rainwater, which is being examined. For example, a pilot project is underway in Chemnitz to demonstrate ways of using rainwater economically.

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 (see 'Key Indicators' section). 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. In addition to waste separation consulting for tenants, there are notices at the waste collection points and information on the TAG-Wohnen website. In addition, we have been cooperating for two years with the provider etepete, which offers "rescued" food that has been scrapped because it does not meet visual standards, for example. This helps prevent food waste.

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. At some locations, waste management by TAG Immobilien Service GmbH was expanded, especially with regard to the professional disposal of bulky waste, as a lot of bulky waste accumulates in large housing estates (currently also due to the pandemic).

To strengthen environmental awareness in our neighbourhoods, we regularly organise environmental campaigns with tenants and local protagonists at many locations. In the reporting year, we had to limit our activities due to the pandemic, but a few campaigns were possible, such as our participation in the waste campaign in Görlitz. TAG also was a sponsor of the of the Bundesgartenschau (federal horticulture show) and showcased several topics at the Megapark Erfurt during Climate Week. We presented the sustainable organic fruit and vegetables offered by our cooperation partner etepete, our insect meadow projects, and the idea of climate protection façades.

At our business locations, we save paper through such measures as digital document management, electronic approval procedures and archiving, and our paperless order processing. In the reporting year, we saved more than 4000,000 pages of paper by electronically processing orders via our craftsman portal (see also 'Internal measures are working and being optimised' section).

Resource conservation in new construction

[GRI 303-4]

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 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 also 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

[GRI 103-1, 103-2, 103-3]

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 million sqm of green spaces in total, while the green space tendered by Central Purchasing was around 1.7 million sqm. These spaces are mainly at our sites in Erfurt, Gera, Dresden, Chemnitz, Brandenburg an der Havel, Angermünde, Eberswalde, Bestensee, Merseburg, Nauen, in the Lausitz region, Görlitz, Plauen, Elmshorn, and Salzgitter. We have concluded framework agreements for tree maintenance and monitoring as well, and are responsible for around 43,300 trees. 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 2021, we redesigned further outdoor spaces to offer insects, small animals, and birds better opportunities to thrive. In Bernburg, another wild-flower meadow was planted on the campus in cooperation with the university (see highlight page 'Flowering Meadows in Bernburg'), and in Gera-Lusan, we harvested the first batch of TAG honey from the bees on our flowering meadow. In Görlitz, we participated in the "950 Trees for Görlitz" initiative, and planted field maples in the Ostring courtyard for our Königshufen residential complex at the beginning of November. After extensive testing, we have replaced the plastic mowing strings previously used with biodegradable mowing strings, thereby reducing the microplastics released into the environment.

In all of our landscaping, we eschew the use of chemical pesticides. Wild plants are removed either mechanically or using heat. This method is more time-consuming than using chemicals, but helps to better protect nature.

Our biodiversity measures also serve to boost the environmental awareness of the tenants and increase the quality of life in the neighbourhood (see 'Livable Neighbourhoods' section).

In 2019, we introduced a central tree register, and in 2021 recorded the entire tree population under our management in it. 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.

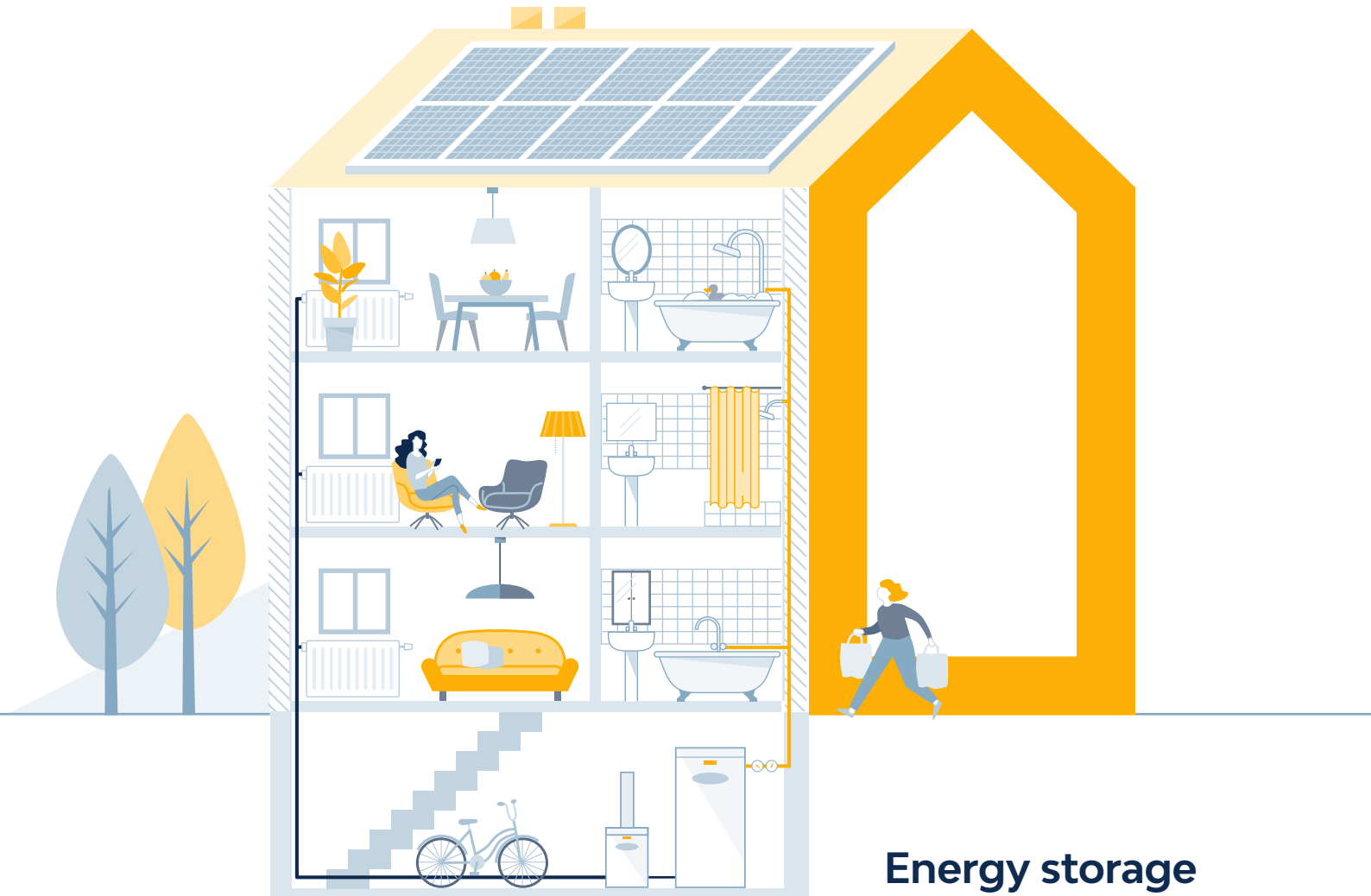
New technologies

User behaviour

Energetic refurbishments

Public subsidies

Cooperations



Energy storage

Building and energy data

Neighbourhood solutions

Change of energy sources

Reduce emissions, increase efficiency: Our decarbonisation strategy

Greenhouse gas emissions in Germany are to be reduced by 65 percent by 2030, and Germany is to become climate-neutral by 2045. To achieve this goal in TAG's real estate portfolio, we have developed a decarbonisation strategy and backed it up with concrete measures. It was adopted by the Management Board and Supervisory Board in 2021.

We want to become nearly carbon-neutral by 2045 – that is the overarching goal of our decarbonisation strategy. In doing so, we seek not only to meet Germany's CO₂ reduction requirements, but also contribute to limiting global warming to 1.5 degrees Celsius. Because our core business is the provision of affordable housing, we also want to minimise the additional costs which would arise from the CO₂ charges for us and our tenants. We will gradually reduce our CO₂ emissions, increase our energy efficiency, and thereby preserve resources and the environment. We maintain our competitiveness long-term with a comprehensive investment strategy.

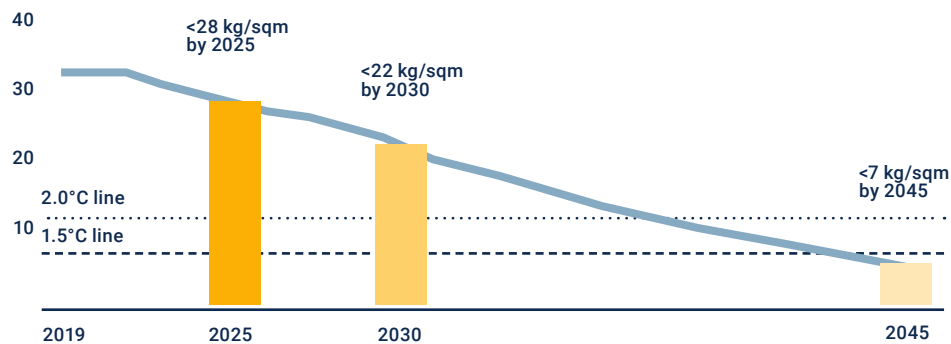
We started working on our decarbonisation strategy in 2020, with the particular involvement of employees from Strategic Real Estate Management, Energie Wohnen Service GmbH and Engineering. In the first phase of the project, we carried out the data capture and analysis, assisted by external consultants, to assess TAG's specific position with regard to the CO₂ emissions generated. For this purpose, the energy-related data for the entire portfolio from the base year 2019 were evaluated – using 80% actual data and 20% projections and estimated values. We also recorded the property-specific CO₂ emissions. For the assessment year 2019, average CO₂ emissions (CO₂ equivalents) of 31.9 kg per sqm were determined for the portfolio as a whole. An evaluation based on energy performance certificates showed that more than 60% of the portfolio has an energy efficiency class of C or better.

In the second phase of the project, we developed a strategy based on this initial assessment. We defined a concept and measures that will enable us to make our portfolio very nearly carbon-neutral by 2045. Our goal is to gradually reduce our CO₂ emissions to approx. 28 kg per sqm by 2025, approx. 22 kg per sqm by 2030, and to under 7 kg per sqm by 2045. With these milestones in mind, we are implementing scalable and cost-effective solutions for our tenants and TAG that incorporate public subsidies. In the follow-up evaluations for 2020 carried out as part of the second project phase, the average CO₂ emissions of the entire portfolio were 31.5 kg per sqm.

Our mix of measures extends to buildings and technologies as well as supply chain and materials. In the years ahead, we plan to use renewable energies and smart technologies. We will insulate more buildings and modernise building technology and heating systems. Around 40% of our portfolio needs to be renovated for energy efficiency. In total, we are planning an investment volume of around EUR 690 million (see table below).

Investment (in € m)	Total	In %
Insulation/windows	304.7	44.2 %
Power generation facilities	129.2	18.8 %
Photovoltaic	69.8	10.1 %
Smart building technology	42.0	6.1 %
Hydraulic balancing system	40.0	5.8 %
Reformation into centralised systems	38.8	5.6 %
Combined heat and power unit	22.2	3.2 %
Planning cost	42.0	6.1 %
Total	688.8	100 %

CO₂-emission development (kg/sqm p.a.)



Energetic refurbishments

Reducing the energy consumption of the buildings will require renovating the façade and roof insulations, renewing the windows, and insulating the basement and top floor ceilings. With regard to heating systems and building technology, we are planning to add a weather-predictive control system to the central heating systems. We are also striving for a more efficient distribution of heat in the buildings, using digital solutions such as thermostatic valves. And as far as energy supply is concerned, we are increasingly focusing on linking to local district heating systems and switching to sustainable energy sources such as pellets, solar thermal, and heat pump systems. We will complement this by installing photovoltaic systems on roofs, as has already been done in projects in Poland, for example, and use combined heat and power plants as a transitional technology.

»Our strategy is in place, the route is set – now it is a matter of implementing the roadmap over the next few years and adjusting it as needed, especially with regard to medium- and long-term planning. We will also fine-tune the sub-strategy for our Polish portfolios and new construction projects, taking into account the particularities of the Polish housing market.«

Claudia Hoyer, COO of TAG

Besides making structural and technical changes, we also work to raise our tenants' awareness of how to save energy through their usage behaviour, for example when heating. To ensure that we continue to follow our principle of offering affordable housing, as with other modernisation measures, we also handle rent increases with great care.

Optimising energy efficiency and emissions

More climate protection through our decarbonisation strategy

[GRI 103-1, 103-2, 103-3]

We worked together with an external engineering company to develop a decarbonisation strategy designed to continuously reduce our CO₂ emissions and do our part to limit global warming. In it, we have outlined our path of CO₂ reduction through the year 2045. By minimising our CO₂ emissions, we can also keep the added cost of CO₂ charging low for TAG and our tenants. Besides, we contribute to fulfilling the national climate targets, which stipulate that Germany should produce 65 % less greenhouse gases in 2030 as 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 sqm for 2019, the year reviewed. In the next step, we developed concrete concepts and measures that we plan to implement by 2045. 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. In the longer run, 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. For our goal is to introduce green technologies for a future-proof portfolio and to develop active investment strategies to ensure our competitiveness long-term. To implement the decarbonisation strategy, the original project team was expanded. In several sub-project groups with different focuses, such as photovoltaics, smart technology, and data management, those responsible within the Climate Board will oversee the implementation of the measures and further develop our investment strategy in this regard.

One component in achieving our goals is our subsidiary Energie Wohnen Service GmbH, which has professionalised the TAG Group's energy management and again helped to reduce our emissions in the reporting year. This was achieved primarily through the ongoing modernisation of heating systems and the efficient use of energy sources.

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 supplies 47 % of our portfolio with heat and hot water (approx. 41,000 units as of 31 December 2021).³

In addition, our subsidiary is responsible for maintaining and modernising the heating systems and plays an important role in implementing and evolving our decarbonisation strategy.

Energie Wohnen Service GmbH performs functional checks, maintenance, and efficiency audits on the heating systems at regular intervals. We continuously optimise the mix of our fuels in our sourcing. An integrated energy management ensures greater efficiency. Our focus is on optimal control of the heating systems and efficient heat generation.

In these areas, we achieve CO₂ savings primarily by switching to fuels with lower emission factors. By modernising the systems, we increase energy efficiency. This reduces primary energy consumption and CO₂ emissions. In the year under review, Energie Wohnen Service GmbH continued the renewal of heating systems and achieved the target set in the previous year for the renovation or renewal of approx. 100 to 120 heating systems. A total of 119 heating systems were professionally modernised (2020: 309). Of these, nine systems were converted from heating oil to natural gas, five systems were converted from decentralised to centralised heat supply, three systems were connected to the district heating supply, six natural gas heating systems were combined, and 14 district heating systems were renewed. In the other plants, natural gas boilers were replaced. These modernisations will enable us to save more primary energy in fuels starting in the year ahead and achieve a further reduction in CO₂ emissions.

The renovation of heating systems will continue in the future. However, going forward we will focus specifically on the associated volume of CO₂ reduction in setting the target. In addition, the setup of a central database increases transparency. This allows us to evaluate data more efficiently, detect errors more quickly and take immediate countermeasures if necessary. Meanwhile, a central database facilitates cross-divisional cooperation and coordination in complex building-modernisation projects, especially with the new Central Technical Department.

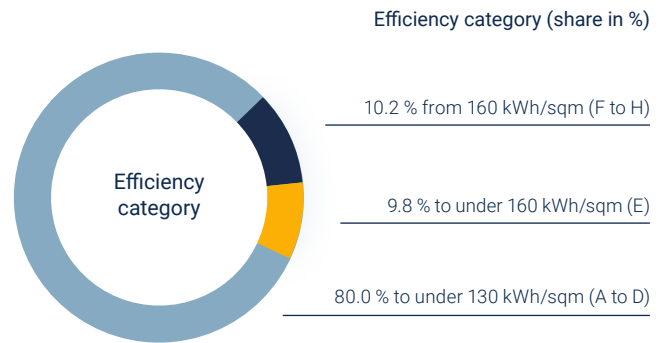
³ We have a total real estate area of 5.3 million sqm (as of 31 December 2021). Of this, we use around 27,200 sqm for our administrative activities. This corresponds to about 0.5 % of the total area. This means that – from our point of view – we do not have a significant influence on the total energy and water consumption. For this reason, we do not differentiate between internal and tenant-used space in our reporting of ecological indicators.

Since 2018, we have at various locations been operating pilot systems for remote reading and more efficient control of heating systems. We used them to test different technical solutions with various cooperation partners that enable real-time monitoring of system efficiency, and rapid countermeasures if necessary. The continuous recording, visualisation and automatic evaluation of the energy meters allows conclusions to be drawn about the efficiency of the systems. Consumption and efficiency figures are determined and technical optimisation options such as night setback, heating characteristic curve, etc. are automatically analysed. Through the planned widespread use of this remote monitoring technology, we want to optimise the systems' operation and reduce primary energy consumption by increasing the energy efficiency, which will lead to further CO₂ reductions. In 2021, nearly 300 heating systems were equipped with remote monitoring.

For this report, the heat and electricity consumption (for heating) of the entire portfolio⁴ was evaluated in detail by energy source for the year 2020 (as well as retroactively for 2019) for the first time. We will report on the consumption data for 2021 in the following year. This also includes the consumption data of what used to be known as the 'EWS Analysis portfolio', with which we started our reporting in previous years; therefore, it is no longer shown separately. We continue to report on the specific measures taken by EWS to reduce emissions, as they are essential for the decarbonisation of our portfolio.

As of the reporting date 31 December 2020, 59.1 % of the units in the entire 2020 portfolio were heated with district heating in 2020 40.1 % with natural gas, and 0.8 % with heating oil. Energy consumption in relation to floor space including proportionate general electricity was of 149.6 kWh per sqm on average in 2020 (energy intensity). The calculated CO₂ emissions (CO₂ equivalents) dropped by 0.4 kg CO₂eq per sqm to an average of 31.5 kg CO₂eq per sqm within one year. This is due, among other things, to the fuel switch in portfolio buildings previously supplied with heating oil. Systems that still use heating oil will be modernised by EWS in the next few years and converted to energy-efficient and more environmentally friendly fuels.

In the course of modernising the buildings in our portfolio, we also improve their energy efficiency. Based on the energy performance certificates for our portfolio, around 60% of our flats had an energy rating in energy efficiency class C (less than 100 kWh/sqma) or better in the reporting year.



Besides the comprehensive modernisation of the heat supply in our properties, we also regularly carry out other maintenance and modernisation measures at all our locations. By doing so, we maintain and increase the value of our properties and enable a resource-efficient management of our portfolio. Moreover, we adapt our properties to the requirements of our tenants and the market.

For example, when modernising, we convert windowless bathrooms into daylight bathrooms wherever possible. This helps to reduce the electricity demand. The use of water-saving sanitary products and low-wear fittings ensures long-lasting functionality and energy savings. We also advise our tenants on energy-saving living at our tenant offices. When we modernise heating systems, we specifically provide information on how energy can be saved through correct heating habits. In addition, we 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.

In Cologne, we installed a photovoltaic system in a rental property on Zollstockgürtel and put it into operation in August 2021, working with EINHUNDERT Energie GmbH as our partner for operating the facility. We offer tenants the option of using the green electricity generated on site in the form of a tenant electricity model. In addition, tenants can view their consumption and the costs incurred via an app. The system is expected to save around 22 tonnes of CO₂ per year. We are also planning to install photovoltaic systems at other locations.

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. Inspectors monitor the operation and performance of basic building systems such as heating, ventilation and air conditioning, lighting, hot water, and power generation

⁴Portfolio 2020 without home owner and sales properties.

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, we place a significant focus on installing photovoltaic systems in rental properties. The electricity generated in this way is primarily used for common areas.

For instance, photovoltaic panels were installed at our 'Buforowa 89' residential project in Wrocław in 2020 to generate electricity from solar energy while also reducing the heat island effect on the roof. In the reporting year, this was done on three further buildings in this complex. We also plan to incorporate more green roofs into our projects, as was also done in the 'Buforowa 89' project. The implementation of tenant electricity models is being reviewed.

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 2020, an energy audit in accordance with DIN EN 16247-1 was carried out for the second time since 2015, and completed in 2021. For this, an external provider prepared an updated energy consumption profile of our building equipment and technology. Once again, the auditors identified approaches for saving energy and reducing CO₂ in various technical areas. These will be 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.

In 2021, we switched some of our office locations to green electricity. We started with mostly the larger branches and administrative locations with higher electricity consumption. The total amount of 100% certified green electricity was approx. 600,000 kWh.

Office locations:

600,000 kWh
100% certified green electricity

In our guidelines and directives, we urge our employees to use IT equipment in a sustainable and conscious way. We save cooling energy and electricity at our data centre in Düsseldorf by using 'Green IT'.

By digitising more 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 36 tonnes were returned to the paper cycle, including from document shredding (2020: 27 tonnes).

When communicating between various locations or with business partners, we use online conferencing and conference calls whenever possible. This makes it possible to reduce business travel and save resources. Although this development was influenced by the Covid-19 pandemic, we expect that after the end of the pandemic, digital channels will continue to be used more intensively and that fewer business trips will be made as a result. Especially in the Company-wide projects 'Mission '21' and 'Mission Future', 'WIR-Kultur', Triple E and the Sustainability Committee, virtual project rooms with shared document access and chat facilities are now predominantly used for communication.

The increased discourse among our employees on the topic of sustainability under the 'Wir für eine bunte TAG' (Together for a colourful TAG) project is also giving rise to new ideas on how to save resources. For example, at the larger locations, water dispensers are available for use at the request of the employees, instead of purchased beverage bottles. In the year under review, we switched to more environmentally friendly products for office and promotional articles, as well as consumables and cleaning agents.

We also provide our employees with personal vehicles or pool cars for the performance of their official duties. Taking the train is preferred over driving a car. We also promote travel by public transport by subsidising job tickets conditions.

Company bicycles, including e-bikes, can be used at various locations. These are mainly used by our real estate service teams. Larger bicycle basements have also been set up at some locations. In addition, all of our employees can also avail themselves of the discounted mobility offers that we extend to our tenants, e.g. car sharing under our cooperation with Flinkster and teilauto.

Compared to 2020, the number of kilometres travelled by rail has again decreased significantly, from 454,222 to 157,569 kilometres, or from 851 to 100 journeys. If the final energy consumption including the upstream chain is taken into account, in the reporting year we consumed 59.2% less energy through rail use compared to car use.

The further decrease in rail use was mainly due to the reduction of business trips. Team and project meetings increasingly took place digitally, partly in connection with the Covid-19 pandemic. Our CO₂ emissions from the use of diesel and petrol vehicles increased by a total of 7.5% compared to 2020. This is partly due to the regional expansion of TAG Immobilien Service and TAG Handwerkerservice. Especially in the context of our core business, many on-site visits are necessary, e.g. for the maintenance and inspection of the portfolio by caretakers, craftspeople, technicians, and property managers. Appointments of this kind can hardly be reduced and, due to the regional distribution of the portfolio and the transport of materials, cannot be done completely by bicycle.

However, we have been able to increase the share of electric and hybrid vehicles in our fleet, e.g. at the Leipzig and Düsseldorf locations in 2021. A gradual conversion of the vehicle fleet to electric drives is planned. Expanding our range of environmentally friendly vehicles (in addition to e-cars, also e.g. bicycles, e-bikes) is also the subject of the corporate mobility concept we are currently developing.

In Wrocław, Poland, too, various environmental protection measures have been implemented since 2019. Here, filtered tap water is now available to employees after water filters were installed in the kitchen faucets. This eliminates the need to buy bottled drinking water. There is also a rule that waste must be collected separately. And only recycled paper is used for printing. Paperless documentation and communication was expanded in 2021. This applied to business relations with customers in the first step, and in the second step was extended to other business partners. A pilot project was also started in the construction phase, whose findings will be applied to other construction projects. In connection with the planned move to a new office, further environmentally friendly solutions for the offices are already being researched at the planning phase.

Environmental compliance

[GRI 103-1, 103-2, 103-3, 307-1]

No violations of environmental protection laws and regulations were recorded in the reporting year 2021.

All contracts with our external suppliers contain the relevant specifications to which suppliers and their subcontractors must adhere (see 'Sustainability in the value and supply chain' 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 has been 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: Prevention measures in our portfolio

[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, drought, or heat. 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 and are reviewed quarterly. In the event of such events occurring (physical risks), damages are examined and necessary measures are identified and implemented. Possible climate changes are always reviewed, in coordination with insurance reports and assessments by the regional managers (LIMs). Should permanent changes in risks or their hazard potential become apparent, our risk management would be adjusted accordingly. So far we have not recorded any increase in related building damage. Therefore, there has been no associated need for additional invest-

ment 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. Increasingly, we are also incorporating new technologies for climate control (heating and cooling) into the planning of measures. An analysis of the potential of greening existing façades and roofs for climate control is currently underway. These measures are an important component in countering the effects of climate change. The use of climate protection façades and roofs is to be tested with a cooperation partner. This project idea was also presented during Climate Week at the Bundesgartenschau (federal horticulture show) in Erfurt. This includes, for example, rainwater harvesting systems, photovoltaic surfaces, and greening of buildings. The idea is to store rainwater on the façade in a collection system. It can then be released into the environment through evaporation or used for controlled cooling of photovoltaic elements, for example. Measures to regulate the climate also play an important role in new building construction.

We use our control and documentation system to regularly check whether the measures taken are effective. We guarantee compliance with our road safety obligations in this way as well (see 'Health and safety' section).



Our responsibility to society

[GRI 103-1, 103-2, 103-3]

Material topic

Sub-topics

Marketable development of the portfolio for broad sections of the population, including appropriate rents



- › Housing as needed (demographic change, inclusion, accessibility)
- › Contribution to new construction in densely populated areas
- › Transparent pricing/fair & socially acceptable rents
- › Maintenance and modernisation of existing properties
- › Social impact of the product portfolio

Customer focus and quality of service



- › Customer/tenant satisfaction and security (through proximity to tenants)
- › Digitalisation (service)
- › Education & awareness-building of tenants regarding resource-saving behaviour

Liveable neighbourhoods



- › Infrastructure & neighbourhood development incl. increasing the quality of stay and sustainable transport development
- › Smart cities/smart homes
- › Strengthening diversity and cohesion in neighbourhoods
- › Foundations
- › Corporate volunteering
- › Donations/sponsoring
- › Public-private partnerships

Primarily due to demographic, social, and ecological change, ensuring affordable housing that is also adequate to the demand and climate-friendly 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 ongoing Covid-19 pandemic has also presented us with major challenges, which we have met with social responsibility and flexible solutions.

Statistical surveys indicate that the demographic situation in the housing market will continue to change. According to Federal Statistical Office of Germany, the number of people over 67 in Germany is expected to rise by around 22% to 20 million by 2035. 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. Already, affordable housing is a scarce commodity. Rents have risen continuously since 1995, as shown by the development of the rent price index.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, which is why it is codified in our ESG guidelines.

In 2020, we established the non-profit TAG Miteinander Stiftung (TAG Together Foundation). Under the aegis of the foundation, we initiate 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 spirit of community, 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 2021, the Covid-19 pandemic again posed special challenges for our tenants. As a responsible housing company, we strengthened our outreach and counselling services for tenants having difficulties making their payments due to corona-related loss of income. Our receivables management teams have always seen

themselves as debt counsellors and try to help rent debtors in such a way that they can continue to live in their apartments. In the event of a loss of salary or wages, we offered tenants the option of instalment payments or deferrals, as well as assistance in applying for government subsidies. We also participated in many aid projects and, for example, initiated neighbourhood assistance programmes to specifically provide local support. We have been and remain in constant contact with our social partners and various aid organisations.

5,55 EUR per sqm
average rent for apartments

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 15).

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 2021, average rent across our residential units was EUR 5.55 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.

⁵ berlin.de – Berlin-Institut – (Gem)einsame Stadt (Common City)

⁶ <https://de.statista.com/statistik/daten/studie/70132/umfrage/mietindex-fuer-deutschland-1995-bis-2007/> – Entwicklung des Mietpreisindex für Deutschland in den Jahren von 1995 bis 2021. (Development of the rent index for Germany in from 1995 to 2021)

In serving our tenants, we rely on local expertise combined with central know-how. Our LIM departments provide personal support to customers at their respective locations and handle all matters relating to the properties and their letting. Our central Customer Management department has supported them since 2021. This ensures better accessibility and more efficient processing of tenant concerns. It also gives our property management teams more time on site to provide personal support. The LIMs report directly to the Management Board. On-site customer service (see 'Our corporate structure' section) in ten regions with a total of 44 tenant offices enables us to be close to our customers (see 'Satisfied tenants' section), supplemented by our cross-regional Customer Management.

The organisational framework for managing the Company is provided by our Business Principles, Group Guidelines, and Working Guidelines (see 'How we manage our personnel matters' section), as well as our 'Principles of Social Engagement' (cf. ESG Guidelines). 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 regularly conduct tenant surveys. In the year under review, we conducted a tenant survey across the entire portfolio as well as location-specific random tenant surveys as part of our service provider monitoring. We also receive continuous feedback from our tenants via the TAG tenant app and social media. In 2021, we mainly received feedback on our organisational transformation - and used this to further improve ourselves and our work processes. In addition, the exchange of ideas with colleagues from other regions ensures an ongoing 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. In the reporting year, we mainly carried out training on various specialist topics in the areas of property management and customer management due to the organisational changeover in the course of Triple E. According to the 2021 tenant survey, around 83% of tenants are satisfied with our customer service. We also recorded high satisfaction rates for our caretaker service (82%) and our handyman services (87%).

"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. In the future, the focus in Poland will shift [more towards] letting. For this reason, new teams have been set up that are responsible for tenant services, property management,

and portfolio investments. This way, we seek to ensure swift processes, high quality, and the best possible service for our Polish tenants. A Customer Satisfaction Survey was prepared at the Polish locations at the end of 2021, but due to the pandemic it could not be carried out until January 2022. A large majority of respondents were very satisfied with the housing and services offered, and over 93% would recommend Vantage Rent to others. The formation of focus groups is planned for 2022, which will deal in greater depth with further improvements to our range of offers and services."

Marketable portfolio development for broad sections of the population

[GRI 103-1, 103-2, 103-3]

Our business activity is based on our housing portfolio, in which we invest continuously. In developing our portfolio, we consider the regional requirements of the market. In this way, we ensure the long-term rentability of our properties. We also modernise vacant residential units according to demand. In this way, we expand the market with new flats that are suitable for various target groups.

One of our most important goals is to improve tenant satisfaction and tenant loyalty or maintain it at a high level – which is why during the year under review we invested EUR 106.9 million in our portfolio in Germany alone (2020: EUR 105.4 million) (see the section on 'Demand-based maintenance and modernisation' and the 2021 Annual Report). Investments at a similar level are planned for 2022, along with additional funds for the decarbonisation of our portfolio.

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 also constructed ramps and mini garages for wheelchairs and walkers. On the Görden in Brandenburg an der Havel, for example, we are carrying out a complete renovation of an ensemble of pre-war buildings. We are converting the outdated buildings into modern and affordable residential spaces that meet the living requirements of young and old with variable floor plans, thermal insulation in accordance with the latest energy standards, and modern furnishings. Eight different types of flats will be created, some of them disabled-access. There will also be space for two medical

practices and a nursing service. In the year under review, work began on the second phase of construction. Another example is the renovation of a six-storey residential building with nine staircases in Magdeburg. Lifts were installed with which all 108 flats have been accessible since March 2022. We also installed a new heating and hot water system and renovated the bathrooms, among other things. The converted flats at both locations are suitable for a variety of target groups, including and especially for seniors. Further refurbishment measures are planned for 2022, in the city centre of Döbeln for instance, including disabled-access flats.

In partnership with local nursing agencies, we offer our tenants additional care and other services. 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. TAG's customer management also puts tenants in touch with local care services as needed.

As part of this, in 2021 we concluded a cooperation agreement with Dignicare, a nationwide outpatient care provider. Together, we are developing concepts to enable our tenants to remain in their living quarters and thus in their trusted environment for as long as possible. Under this cooperation, we plan to expand outpatient services in the TAG properties and establish day-care facilities in the residential neighbourhoods. By setting up service-oriented infrastructure in the residential environment, we are specifically strengthening neighbourliness and making a contribution to preventing loneliness, especially among senior citizens living on their own.

In many university cities, we offer housing for young people. In 2020, we renamed this offering from 'studi home' to 'Junges Wohnen' (Young Living). The new name is meant to emphasise that while our attractively priced and conveniently located apartments are particularly suitable for students, they are also a good choice for apprentices or anyone moving into their first own apartment. Flat shares are also possible, and young people in particular benefit from our promotions such as the move-in bonus, which usually includes several rent-free months for certain apartments. Our apartments and flat shares are an attractive alternative to dorm rooms. This is also reflected in the strong demand for this offering. In the year under review, for example, more large, affordable apartments were created by combining several residential units as part of our refurbishment measures at the Plauen site. On our website, interested parties can find detailed information on the various locations and special promotions – including offers from the cities, such as relocation assistance or welcome money – under 'Junges Wohnen.'

In Poland, we strive to provide attractive and ecologically high-quality housing for the burgeoning rental market. To best tailor the housing we offer to our tenants' needs, we have set

up three project groups to gather and analyse in-depth information on the needs of our target groups. Based on this, we can then systematically adapt or expand our products and services.

The completed housing units are equipped with modern facilities. The standard equipment also includes water filters and options for waste separation. Almost all buildings have elevators that allow barrier-free access. The residential neighbourhoods have a good infrastructure: there are kindergartens, schools, shops, and doctors' offices. The sites also have green spaces, good public transport connections (ÖPNV), and bicycle paths.

Affordable housing

Compared to the previous year, rents in the German portfolio increased moderately. The average monthly net rent in our existing portfolio was EUR 5.55 per sqm (2019: EUR 5.48 per sqm). The average rental price for new lettings was EUR 5.82 per sqm per month (2020: EUR 5.77 per sqm). On a like-for-like basis, rental growth from rent increases for existing tenants, from re-letting and modernisation surcharges amounted to 1.5 % in the year under review, compared to 1.4 % in the previous year. If the effects of changes in vacancy are also taken into account, total rental growth in 2020 was 1.3 % (previous year: 1.5 %).

We were able to keep our vacancy at a low level in 2021. In the residential units, the vacancy rate was 5.4 % at the end of the year after 5.3 % 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 2021 was 5.7 %, compared to 5.6 % at the end of 2020. 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 or waiving the rent entirely, for example for tenants' meetings, we create an added social benefit.

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. The average lease term in the year under review was 10.2 years, slightly above the previous year. At 31 December 2021, around 38 % of our rental contracts had a term of more than ten years.

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 larger locations such as Salzgitter, Erfurt, and Gera again made frequent use of the service in 2021.

We also support our tenants in applying for subsidies for renovations, such as bathroom retrofits. We also provide information about the services offered by our service partners along with 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), and since 2021 with Dignicare as well.

Overall, around 2,420 (2020: 1,670) were disabled- or wheelchair-accessible in the year under review. Approximately 12,500 (2020: 12,300) 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, Hermsdorf, and Salzgitter locations, for example. We are also registering increasing demand in other regions, so we are increasingly working on lockable solutions. Since October 2021, TAG has partnered with Elmo Mobil GmbH in Gera to offer a loanable electric seat scooter for older people and people with walking difficulties, which they can pick up at the TAG Wohnen Elmo station and try out under supervision. We plan to set up an Elmo station in Salzgitter as well in 2022.

In Erfurt and Gera we offer our tenants a concierge service for extra convenience and numerous services. 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. We set up a total of 31 Amazon Lockers in Gera, Berlin, Chemnitz, Erfurt, Cologne and Leipzig, having already set up a parcel station in a residential district in Jena in collaboration with the provider PAKETIN GmbH in June 2020. The lockers and the station will make it easier for our tenants to have their packages delivered and 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, under which we have offered our tenants discounted organic fruit and vegetable boxes ever since. 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. The offer is open to our employees as well.

Since October 2020, we have also offered 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.

In Poland, too, we address 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 the extensive investment in Port Popowice, we have become a key protagonist in the project, which was completed in early. Vantage continues to be in contact with the organisations involved, for example as part of the stakeholder analysis, to share insights on the needs of senior citizens in particular.

Well-maintained residential environment and infrastructure for 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 and upgrading courtyards, installing new benches, and refurbishing playgrounds, e.g. in Döbeln and Salzgitter. In total, we operate more than 320 playgrounds and football pitches. When designing the spaces in our portfolio, we take our tenants' suggestions and wishes into account (see 'Satisfied tenants' section).

Likewise, when we refurbish our portfolio or take over new properties, we regularly review whether the outdoor facilities warrant a redesign. We are also happy to participate in local campaigns to upgrade neighbourhoods, such as the '950 Trees for Görlitz' campaign. This provided the impetus for us to plant new trees in the Königshufen neighbourhood during the year under review.

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

We have cooperated with the car-sharing provider Flinkster since 2019, and since 2020, with teilAuto as well. Our tenants and on-site employees 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. We have since jointly opened rental stations with Flinkster in some of our residential neighbourhoods, e.g. in Salzgitter, Erfurt, and Dresden. During Climate Week at the Bundesgartenschau (federal horticulture show) 2021 in Erfurt, TAG also presented the car-sharing models in its residential neighbourhoods.

In Erfurt, we carried out the 'Mobilplaner' pilot project in the Berliner Platz residential district from August 2020 through end of March 2021. Mobilplaner – a test platform – allows for comparing and combining various mobility offers, such as bus, train, and local car-sharing offers. 18 tenants took part in the pilot project. The test phase gave us insights into user satisfaction with and acceptance of the service, as well as general usage and mobility behaviour. The goal is to use this information to collaborate with Deutsche Bahn on designing

and developing a platform that supports our tenants in their everyday mobility.

In September 2020, a joint workshop was held with the Verkehrsclub Deutschland (VCD) on the topic of 'mobility close to home'. This has resulted in a longer-term cooperation with Verkehrsclub Deutschland. Under the cooperation, we want to create effective incentives to minimise the use of private cars and promote environmentally friendly mobility behaviour. To this end, in 2021 we reviewed the implementation of further mobility offers with the VCD in project discussions at the Chemnitz, Erfurt, Gera, and Schwerin sites.

In Gera, we co-initiated a pilot project for self-driving vehicles back in 2019. Together with a local company, Fischer Academy GmbH, we provided the equity component for the mobility project. In March 2021, we successfully completed the pilot of the self-driving electric shuttle bus EMMA in the Lusan district of Gera. During the trial period, it covered the 'last mile' between public transportation and the front door. We worked with the Duale Hochschule Gera-Eisenach (state university for dual studies) to determine the acceptance of such a self-driving, environmentally friendly bus in passenger surveys and received valuable feedback. For example, around 73% of the survey participants stated that having mobility services available at the residential location was a decision criterion for choosing a flat. There was positive feedback from our older tenants in particular. This encourages us to continue our commitment to a variety of mobility options in the neighbourhoods. A detailed evaluation of the study by the university will serve as a decision-making aid for further steps.

Good local supply also promote the sustainable development of residential areas. In the reporting year, for example, we were able to win a local REWE store in the residential area of Gera-Lusan as a direct cooperation partner for our 'Vertrautes Wohnen' (formerly BeHome) smarthome project, which also allows for integrating delivery services. This expands the delivery options for our tenants in the neighbourhood.

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. At this time, Vantage is the sponsor of a City Bike station 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. A tenant survey revealed that bicycles are the most important

means of transport for the tenants next to public transport. The buildings are generally equipped with bicycle rooms. The matter of bicycle parking spaces will be given even greater consideration in future investments, and the establishment of a bicycle repair station in the existing portfolio is also being reviewed.

For a future-proof portfolio

[GRI 103-1, 103-2, 103-3, 203-1, 203-2]

In keeping with the times, we equip our flats with multimedia connections and an extensive range of television services. In the reporting year, around 70% of our households were supplied by our subsidiary Multimedia Immobilien GmbH, founded in 2016.

Another pillar of our forward-thinking portfolio development is investing in smart home technology (see also 'We are your contact for all housing issues' section). Following the success of our pilot project in Cologne, we have already implemented further smart home measures in Döbeln in 2019 and started renting out the modernised flats.

To date, the offer of smart home solutions has been positively received by younger tenants in particular. Increasingly, however, smart homes are also attracting the interest of older people. The technical systems enable them to live independently in their own homes for longer. In the year under review, we therefore focused on smart assistance systems, having already jointly launched the pilot project 'Vertrautes Wohnen' (formerly BeHome) with Better@Home Service GmbH in Gera in September 2020. Caritas Ostthüringen and the Kassennärztliche Vereinigung Thüringen (Association of Statutory Health Insurance Physicians of Thuringia) are also involved.

As part of 'Vertrautes Wohnen', we offer everyday support, especially for senior citizens, through a digital platform. The offer includes easy-to-access and easy-to-understand smart home and smart assistance solutions. It pools information on doctors and other health services for users, and contains offers from TAG's cooperation partners and businesses in the district. For example, sensors and emergency call buttons are integrated into the platform, as well as the option of video telephony with family and neighbours or with doctors in the area. Especially during the Covid-19 pandemic, the digital platform made it possible to continue to participate in social life and to use local services or products. At the same time, this supports the regional tradespeople.

The marketing phase in Gera started in March 2021; the pilot phase is initially scheduled for one year. It is important for us to offer comprehensive consulting and opportunities for

testing, so that tenants can better understand the practical benefits of the solutions. There is great interest in 'Vertrautes Wohnen', but some tenants have questions about its affordability. Which is why we work with our cooperation partner to offer discounts, e.g. introductory specials. We have also set up a special mailbox for questions about this. The project is also being evaluated by the Duale Hochschule Gera-Eisenach (state university for dual studies). They will survey TAG Wohnen tenants about their experiences regarding usability, sense of security, contact options, and the accessibility of regional services. We also regularly survey our tenants to gauge their interest in assistance systems, especially as part of modernisation projects.

In 2021, we launched the 'Vertrautes Wohnen' project in Sangterhausen as well. Going forward, we plan to likewise offer the digital platform in Eisenach, Salzgitter, Merseburg, and possibly Erfurt.

Promoting biodiversity: Flowering meadows in Bernburg

The wildflower meadow on Kastanienweg in Bernburg isn't just beautiful to look at – it also promotes biodiversity. TAG partnered with the Anhalt University of Applied Sciences to create the flowering meadow in the neighbourhood of students and Bernburg residents right next to the university campus.



“We’re bringing a bit of nature back into the city,” is how Sandra Dullau, a research assistant at Anhalt University of Applied Sciences in Bernburg, describes the rationale behind planting flowering meadows. Since autumn 2020, TAG has cooperated with the Department of Agriculture, Ecotrophology and Landscape Development at the Anhalt University of Applied Sciences on a project entitled ‘Natural design of residential environments as a way to promote biodiversity and sustainability in settled areas’. The objective is to use the Bernburg neighbourhood’s spaces in a sustainable way, to promote biodiversity – and last but not least to increase the quality of life in the neighbourhood with a colourful diversity of flowers. “Until now, city lawns have been mowed very frequently. Usually, one only finds daisies and dandelions. But of course these species don’t provide the food that insects need,” says Dullau. As part of its sustainability efforts, TAG wants to counteract this development and promote biodiversity with flowering meadows. This close-to-nature approach to landscaping is also meant to build awareness for environmental and nature-related issues among tenants.

TAG and the Anhalt University of Applied Sciences kicked off the project in autumn 2020 with the Kastanienweg meadow. In October 2021, four flowering meadows were planted, and more will follow, until a colourful band of flowering meadows finally runs through the outdoor grounds – as a habitat and food source for wild bees, hoverflies, butterflies and other species, which in turn provide food for many bird species.

In the joint project, the university provides the seeds and the expertise, while TAG employees prepare the seedbed and handle the management of caring for the meadows. The project is also being studied by the academic community. Students of the bachelor's and master's degree programme in Nature Conservation and Landscape Planning are studying how the flowering meadows develop. Students and employees of the university, tenants in the neighbourhood, and TAG employees can learn more about the project and give their feedback in personal conversations on site and on various communication channels such as Instagram, Twitter, and the [TAG Wohnen website](#).

A bloomin' good cooperation

On Kastanienweg, the cooperation partners chose a meadow area of around 200 square metres behind a building in the TAG portfolio. At the end of August, employees of TAG Immobilien Service took the first important step: they milled the site of the existing lawn, twice. Afterwards, students from the university sowed the seeds – a mixture adapted for the site containing 38 native wild plant species, predominantly herbs. To ensure that the flowering meadow looks beautiful quickly, the university always includes species in the seed mixture that will flower in the very first year, to give the residents something nice to look at. Finally, to ensure that the flowering meadows with their rich food supply for various animals can develop, the areas are only mown twice a year.

A deepening of the cooperation is planned for 2022: Experts from the Anhalt University of Applied Sciences will share their know-how with interested LIMs (Heads of Real Estate Management) and real estate service employees in a workshop. Participants can learn more about the successful cultivation of flowering meadows in urban settings, selecting the right plants, and how to properly care for the nature scapes. Equipped with this knowledge, TAG will be well prepared to realise more flowering meadow projects going forward.



Responsible new construction

With its entry into the Polish residential real estate market, TAG expanded its business model to include new construction. Within the next six to seven years, we plan to build up a portfolio of more than 20,000 rental flats in Poland. In the year under review, the first residential units were already rented out; by the end of 2021, the number stood at around 400 flats.

Our new-build investments follow clear criteria regarding location and building facilities. All buildings are planned so that there is access to at least ten basic services within 800 metres. These include shops, doctors' offices 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 build bicycle racks and an optimal number of parking spaces in our investments that meet the requirements of the public land use plan. All our buildings should be barrier-free and easily accessible for people with disabilities, via appropriate entrances, lifts and parking spaces (see 'Market-Oriented Portfolio Development for Broad Sections of the Population' 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 106.9 million in the modernisation and maintenance of our properties in Germany. So we kept our investments constant compared to the 2020 financial year (105.4 million). At EUR 68.1 million, the share for modernisation was slightly below the previous year's value (EUR 71.3 million). We invested EUR 38.8 million in maintenance measures (2020: EUR 35.0 million). We expect further cost increases for materials and services in the years ahead. However, we plan to keep investing in our portfolio at a similar level and to spend additional funds on decarbonising our portfolio. This is in line with a material interest of our tenants and shareholders: We keep our building stock up to date and at a competitive level. This strategy also enables us to continuously reduce our vacancy.

In Poland, EUR 234.9 million (2020: EUR 90.4 million) was invested in new flats in the reporting year, of which EUR 177.9 million (2020: EUR 46.0 million) was invested in projects designed to build up the rental business.

Maintenance / Modernisation

EUR millions	2021	2020	2019
Maintenance	38.8	35.0	33.3
Modernisation	68.1	71.3	66.5

Customer focus and service quality

Our tenants give a positive rating to our customer-focused service with regional and personalised support (see Tenant Survey 2021), and it is also appreciated by our business and cooperation partners. We conduct our portfolio-wide tenant survey every three years. In between, we survey specific target groups, sometimes regionally, on special topics such as mobility or the services of our service providers. Our aspiration is to maintain the good satisfaction levels and further improve the quality of individual services, especially customer service and accessibility in the context of Triple E. We are also focusing on digital services in particular, which improve service especially during the Covid-19 pandemic. To ensure the satisfaction of our tenants and monitor the quality of services, we again carried out a monitoring of our service providers in 2021. The results of the monitoring, along with the direct feedback from our tenants and the evaluation of our internal processes provide us with valuable information on tenant satisfaction and other potential areas for improvement. In 2021, satisfaction with the caretaker service and the repair/craftsman services, which are mainly carried out by TAG Handwerkservice, increased.

To enhance our customer service, we introduced and tested our first-ever service app for tenants at our Chemnitz location in 2019. In 2020, we further developed this tenant app and finally rolled it out to all German regions where we operate. We regularly gather feedback on it from our tenants and TAG teams and, based on this, added further features and increased its user-friendliness in 2021. For example, in connection with the redesign of our complaints process, the associated communication via the tenant app was also improved. Our new TAG Wohnen website has also been online since December 2020. It contains a lot of service information for tenants as well as additional offers and editorial articles. In the year under review, we expanded the 'Tenant Service' section to include a 'Frequently Asked Questions' section that provides tenants with useful recommendations and links on numerous housing-related topics.

We are your contact for all housing issues

[GRI 103-1, 103-2, 103-3]

Good service plays a key role in our dealings with our tenants and prospective tenants. For this reason, we actively manage our properties on site. This enables us to provide personal tenant support. We see this as the basis for a long-term and trusting relationship between the tenants and TAG.

We want housing to be attractive and affordable for people of all ages and in all life situations. That is why we take into account our tenants' individual needs regarding quality of life and additional services. Through our subsidiaries, we provide caretaker and craftsmen's services in our portfolio and support our tenants' multimedia supply.

We seek to increase our tenants' living comfort and safety through digital systems and connectivity, e.g. through smart home solutions. By providing smart assistance and care solutions in the homes and neighbourhoods ('Vertrautes Wohnen') together with our cooperation partner Better@Home, we wish to support older tenants in particular with an easy all-round package featuring numerous everyday aids (see 'Market-oriented Portfolio Development for Broad Sections of the Population' section).

The offer is part of the SMARTCity Gera project. As part of this nationwide project, Gera promotes progressive projects that contribute to the digital connectivity of citizens, service providers, and institutions in Gera. TAG will continue to support the SMARTCity project in 2022, especially with regard to neighbourhood development.

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 2021, 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 further developed our monitoring and documentation system in 2021 and switched to a digital solution for use on smartphones and tablets. If road safety deficiencies are identified during the inspections, the responsible in-

house or third-party service provider immediately sends an electronic report to our customer service representatives. The external service providers are also being encouraged to use the system from now on, so that they, too, can ensure secure processing and accurate documentation of the cases. The programme uses data from the ERP system and submits securely documented reports that can be further processed by the customer management or the property management within the prescribed deadlines or specifications. This optimises both the reporting chain and the systematic elimination of defects. Minor defects as well as the systematic regular inspections as part of ensuring road safety are thus documented and become 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

Since mid-2021, the first point of contact for enquiries from our tenants has been our central Customer Management department. This is where requests are initially processed and, if necessary, forwarded to the local property managers at the locations. Frequently recurring enquiries with a high degree of standardisation, such as ordinary damage reports, are handled by the cross-regional Customer Management itself. The property managers handle the property management in our neighbourhoods and are the personal contact persons for our tenants on site. As Central Customer Management deals directly with standard issues, such as amendments to tenancy agreements, this gives the property managers on site more time for more complex issues that require additional expertise and local knowledge. In 44 tenant offices, they advise our tenants and prospective tenants on all housing-related matters. We know from our tenant survey that our older tenants in particular appreciate this personal consultation. The property managers regularly inform the tenants about maintenance and modernisation measures, the maintenance of technical equipment, the organisation of outdoor and green area maintenance, and building cleaning. They are also in close contact with local social organisations and service providers.

In 2021, our tenant offices were able to reopen in compliance with the regional Corona regulations, but there were still restrictions due to the pandemic situation. Meanwhile, we increased our contactless, digital communications. When the offices had to close again at times, our customer service representatives were available to tenants by letter, phone or email as an alternative. In addition, tenants could and still can contact TAG using the online form on our website as well as via the tenant app. The app provides tenants across the portfolio with extensive functionalities, which are being further developed in an ongoing exchange with tenants and the TAG team, while the new TAG Wohnen website offers more comprehensive and appealing information than its predecessor. All of these channels can also be used outside opening hours.

In 2020, we replaced our nationwide printed tenants' newsletter with a new online format: the Magazin. It is available to all interested parties on our TAG Wohnen website – which has also been revised - and provides a wide range of information about housing along with 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.

Our [TAG Wohnen website](#) provides our tenants and people looking for a new home with up-to-date information. We also incorporate suggestions from tenants and staff in our

ongoing efforts to optimise the user experience. Prospective tenants can use a contact form to send us requests. As soon as we can offer them a suitable flat, we contact the senders.

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.

In the reporting year, we refreshed the design and expanded the functionality of the tenant app. In the 'Marketplace' section, various cooperation partners offer vouchers and discounts. The 'Neighbourhood' section serves as a swap meet for tenants and offers them a place to post offers and requests. On the 'Pinboard' we communicate the latest tenant information, such as renovation measures or events.

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. Despite the ongoing pandemic, more events took place again in the Aktiv-Treffs, at the Jumpers, and in the meeting centres compared to 2020. Despite the ongoing pandemic, more events took place again at the Aktiv-Treffs, the Jumpers, and in the meeting centres compared to 2020.

In addition to the local evaluations, we survey our tenants approximately every three years as part of a portfolio-wide survey. The last portfolio-wide survey in 2021 again showed a high satisfaction rate of over 80%. At 27.1%, participation is high for the sector and has increased again (2018: 22.4%), reflecting our tenants' continued interest in this means of communication. In particular, the option of online participation was used much more this time. The next portfolio-wide survey is planned for 2024. Until then, we will probably continue to conduct targeted local surveys on specific topics. As part of our service monitoring, our tenants are also invited to evaluate external service providers several times a year.

Dialog and monitoring for effective planning

In addition to the measures we have taken to date, 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 plan to regularly evaluate enquiries received via our new tenant app. We expect this to provide us with further information on the potential for optimising our processes and housing 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.

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

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.

Liveable neighbourhoods

To help 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.

Our local community involvement is aimed at making our neighbourhoods even more liveable, and we continued this locally and regionally in 2021. One important step towards intensifying our local efforts was the establishment in 2020 of the TAG Miteinander Foundation, which supports social projects. In addition, we launched the Alltagshelden (Everyday Heroes) project, in which we encourage volunteering by our employees.

Basically, our focus is on carrying out tenant activities and supporting children and families, among other things by offering a wide range of events and counselling at our meeting centres. In addition, we have participated in social projects and campaigns at kindergartens and schools for many years. We also support the upgrading of city districts with orchards and insect meadows or playgrounds and football pitches.

In our neighbourhood work, we are increasingly focusing on measures with a positive impact on the environment and the climate. Accordingly, we combine social and ecological commitment in some projects, for example by cooperating with partners on insect orchards and meadow orchards. In Bernburg, for example, a meadow orchard has been created in cooperation with the Anhalt University of Applied Sciences (see highlight page on 'Promoting Biodiversity: Flowering Meadows in Bernburg'). In Gera's Lusan district, two bee colonies were established on the flowering meadow, which will continue to provide the raw material for 'TAG-Wohnen Honey' in the years ahead. Not only do these projects improve the quality of life in the neighbourhood, they also serve to build awareness of nature conservation among tenants, especially children and teens.

We continued our cooperation with local social organisations in 2021. Especially during the Covid-19 pandemic, we and our partners in the neighbourhoods worked together to continue providing support, counselling and leisure services, especially for children, young people, senior citizens and the socially disadvantaged. They are an important pillar for many tenants. Compared to 2020, more services were offered on site again in 2021, under observance of the relevant hygiene regulations.

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.

Working for a diverse spirit of community

[GRI 103-1, 103-2, 103-3, 413-1]

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 2021 we financed the 'Learning without violence' project, which was already successfully implemented in Salzgitter, at the Erich-Kästner primary school in our Gera-Lusan residential neighbourhood as well. The project is designed to empower children and protect them from bullying. We also plan to initiate the project in a TAG neighbourhood in Erfurt in 2022. Back in 2020, we also anchored our aspiration in our principles and guidelines for social commitment. In addition, we established the TAG Miteinander Stiftung (TAG Together Foundation) to further expand our commitment.

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 the order in which requests are received, and the applicant's creditworthiness. In our Anti-Discrimination Policy, 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 community in our 'House Rules'. The document is available in four languages (German, English, Arabic, and Russian), and our property 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 'Jumpers – Jugend mit Perspektive e.V.' association in Erfurt, Gera, Salzgitter, and Schwerin. We were able to win another patron for the Jumpers in the TAG residential quarter Gera-Lusan in March 2021: Samuel Rösch, winner of 'The Voice of Germany 2018' supports the new Jumpers project 'Music and Word', where children can write lyrics and make music with him. In 2022, we plan to set up a Jumpers location in Merseburg as well.

In cooperation with various partners, we offer our tenants spaces where people can come together at 22 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. Since 2021, our Aktiv-Treffs in Eisenach, Gera, Salzgitter and Sangerhausen, in cooperation with Better@Home, have also set up counselling centres with exhibits of components for the smart BeHome assistance systems ('Familiar Living').

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. To do so, we work with various social partners and, for example, co-founded the Begegnungscafé (get-together café) in Salzgitter. The meeting points facilitate contact in the neighbourhood, offer language courses and leisure activities, and serve as contact points for voicing problems and concerns. In addition, we will organise interpreters as needed and support the process of settling in Germany with various information and counselling 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.

At various locations, we supported district and neighbourhood work through in-kind donations and financial contributions, donated prizes for volunteer work, and participated in specific neighbourhood campaigns and competitions, e.g. the neighbourhood beautification project in Salzgitter-Fredenbergl, the district project 'Helle Stunde mit Kultur' (Bright Hour with Culture) in Eberswalde, and exhibitions at the Gera History Workshop.

In what is now the second year of the Covid-19 pandemic, we also participated in vaccination campaigns and, for example, teamed up with Diakonie to make vaccinations possible at the Generationentreff (intergenerational meeting place) in Salzgitter.

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 our donations due to the pandemic. In 2021, too, we donated to the food banks in various regions. 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.

Dialogue with cities and municipalities

Our employees at the locations are in regular contact with authorities and other public institutions on matters relating to real estate. Our goal is always to jointly find and implement solutions for societal challenges. We see ourselves as partners of the local authorities, and share their interest in developing neighbourhoods. Our local employees take part in district conferences and roundtable discussions on housing and social issues, and regularly invite tenants to participate in activities and tours of our neighbourhoods. For example, TAG sits on the advisory board for integrated social planning and urban development in Eisenach, which was newly established in 2021, together with the city's mayor and eleven other members. We also work with local protagonists on infrastructure projects, such as the self-driving vehicle project mentioned above.

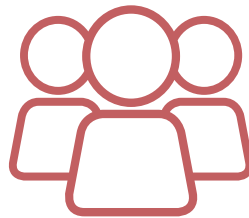
In 2021, TAG was a co-sponsor of the Bundesgartenschau (federal horticulture show) in Erfurt and presented itself there during Climate Week. As part of this, we presented our own projects, such as our insect meadows and hotels for wild bees, the Etepetete offer, and the 'climate protection façade' project. This also enabled us to intensify the dialogue with our tenants on ecological topics in the neighbourhood.

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. Since then, an area between the second section of Port Popowice and Western Park has been completely transformed by Vantage. New paths have been laid, trees and bushes planted, urban lights, benches, and rubbish bins installed. Now everyone, including tenants and their neighbours in Popowice, can spend their free time there. In addition, the developer supports various initiatives submitted as part of Wrocław's participatory budget.

Since 2018, Vantage has also partnered with the ProCuro Foundation, which works to integrate children with disabilities, especially through art activities. Vantage regularly provides financial and material support to ProCuro. The Integration Foundation, which Vantage has supported since 2021, also focuses on the needs of people with disabilities.

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. In 2021, the J. Gromkowski Regional Specialist Hospital in Wrocław was supported. Cakes and pastries were delivered to the medical staff during the Easter period, and donations were made for technical equipment.



Our employees shape our future

[GRI 103-1, 103-2, 103-3]

Material topic

Sub-topics

Corporate culture of appreciation, transparency, and co-determination



- › Co-determination and freedom of association for employees
- › transparency about remuneration of the management board
- › anti-discrimination/equal opportunities/integration/diversity
- › community working culture

Staff qualification and training



- › Training and upskilling/personnel development
- › promoting next-generation talent

Work-life balance, family friendliness and diversity



- › Compatibility of family and career, attractiveness as an employer incl. employee satisfaction
- › Age structure of employees
- › Occupational health and safety
- › Transparency in recruiting
- › Remote/flexible working
- › Gender sensitivity/gender pay gap
- › Retirement provisions for employees
- › reconciliation of work and family life

The Covid-19 pandemic continued to affect many areas of our daily work and corporate culture in 2021. Once again, we reduced in-person contact as much as possible and worked together mostly virtually over months. In this situation, our digital processes and work tools proved very helpful. At the same time, however, it also became clear how important direct, personal interaction is.

And 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 2021 despite the Covid-19 pandemic and the additional challenges brought about by the organisational changes in the Property Management department.

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 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 2021, we continued to focus on three key areas with a view to empowering our 1,475 employees.⁷

Our company culture, which determines how we work together and treat each other, 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. Where it was 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 empower 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 'Employee qualification and further training' section). Especially in the Triple E project, we took the opportunity to involve our employees in restructuring our property management. In eight different sub-project groups, they developed practical solutions for different areas. For example, some workflows in day-to-day business were redesigned, the division of tasks was improved and SAP-supported processes were further developed.

We are also in close dialogue with the chambers of commerce on the question of whether we, as a practical partner, can in future impart methodological competence in the area of "working at home" to trainees in a focused manner.

To promote the transfer of knowledge within the Company, a number of TAG specialists also shared their expertise in 2021. Moreover, TAG has increasingly used online formats and digital tools for training and upskilling. In 2021, 111 internal online training courses and workshops were offered under the Triple E project alone. In order to support staff working from home, open seminars on self-organisation in a home office were also held, which we plan to offer again in 2022.

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. Under the company agreement on working from home we adopted in 2020, we allow as many employees as possible to work from home, in the future as well (see 'Responsibility and trust for our employees' section). The reorganisation of our operational departments in 2021 as part of Triple E has, among other things, created opportunities for employees from the operational departments to work from home long-term. We will leverage this to present ourselves as an attractive employer for new applicants as well.

⁷The basis here is the number of employees (1,305 in Germany and 170 in Poland) as of 31 December 2021. In the 2021 Annual Report, the number of employees was calculated in accordance with the provisions of the German Commercial Code (HGB) (total: 1,390, of which 1,299 in Germany and 170 in Poland).

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 was overseen by the Management Board (CLO) for the entire Group until the end of 2021. Since 1 January 2022, the HR department has been assigned to the COO on the Management Board. 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. Overall staff support is provided centrally by the Human Resources department. At the individual sites, the executives manage the employees and conduct performance reviews with their staff and job interviews with potential recruits. The Management Board receives a quarterly report on various key indicators from the Human Resources department.

We identify important topics and needs in dialogue with our staff. We hold team meetings and management discussions at all levels of the Company. In addition to annual performance appraisals, we also usually conduct Company-wide 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 'Employee qualification and further training' section). In 2021, we deliberately refrained from conducting a Company-wide survey, as an intensive dialogue on the above-mentioned topics already took place as part of our Triple E project, especially in team meetings, LIM meetings, and monthly sessions with the general works council. The next Company-wide survey of employees is planned for the second half of 2022. In the course of this, TAG would also like to obtain certification as a 'Great Place To Work' and cooperate with this internationally active research and consulting institute in the future. Great Place to Work supports companies in the further development of a sustainable workplace, trust, and corporate culture, and with topics such as agility, innovation, and health.

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.

Target evaluation

The evaluation of HR matters is the subject of the monthly management meetings and the quarterly controlling. Beyond these, 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 groups. In the case of our 'Mission Zukunft' digitalisation project (formerly Mission '21; see 'Analogue and digital co-determination' section), there is a monthly steering group session to coordinate the project. In addition, there are regular steering committee meetings. In the year under review, most of these meetings took place in the digital realm. In the 'WE Culture' project (see 'A corporate culture of appreciation, transparency, and co-determination' section), the steering group coordinates the management of topics and the feedback. The Management Board receives interim reports and participates in the steering meetings as needed. In the Triple E project, the steering committee met once a month - mostly in the digital realm - and there were additional ad hoc online meetings 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.

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.

Flat hierarchies pave the way for innovation

[GRI 103-1, 103-2, 103-3]

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. Especially as part of the Triple E project launched in 2021, the employees are closely involved in the further development of the structures. The ongoing dialogue about what is already going well and what needs to be improved gives TAG an informative picture of the mood in the Company. This complements the results of the last survey of employees in December 2020, which showed that despite the pandemic conditions, around 74 % of employees 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. We will gauge the satisfaction of our employees again in our next Group-wide survey, which we plan to conduct in 2022.

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. A recent mark of recognition also underlines the success of our work: in December 2021, TAG was a recipient of the Leading Employers Germany Award for 2022. This is an employer seal that recognises outstanding employer quality and attractiveness based on a meta-survey featuring comprehensive assessment criteria for employer quality.

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. The organisational umbrella for the individual sub-projects is the so-called 'WIR-Orga-Gruppe' ('WE Organisation Group'). As a long-term project or steering group, it supports topics such as the specialist portal or the WIR welcome boxes. It is also available to all employees for questions and suggestions on the topic of WIR culture and can be reached via its own mailbox.

Since most of our team events to strengthen a Spirit of 'WE' couldn't take place in the first half of the year, we launched initiatives like the 'Lachen erlaubt' (Laughter allowed) campaign during the Covid-19 pandemic to build a spirit of community. We invited staff to share funny pictures, videos, or tips for the current situation with others on the intranet. The 'WE' spirit and Code were also of great importance in overcoming the challenges posed by the Triple E project.

We have since been able to resume work on various projects, and have made advances on topics in the areas of communication/networking/digitalisation, Spirit of 'WE' between TAG and customers, and Welcoming/Mentorships/Visiting and Mentoring. For example, the development of a digital noticeboard for better networking of the employees on the intranet was pushed forward and work was done on advertising material to make our colleagues more recognisable in their neighbourhoods.

In 2020, we had 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. Activities during the year under review included the production of a small booklet containing a colourful bouquet of tips and ideas for everyday family life in pandemic times, a blood donation campaign and, once again, a Christmas season fundraising campaign, the proceeds of which went to support a charitable project in each of our LIM regions.

Our colleagues at Vantage launched a similar project in 2021, the Corporate Value Programme, to strengthen the corporate culture and sharpen and communicate the Company's values. Based on a Company-wide employee survey and subsequent workshops, the most important company values were jointly identified and formulated: Initiative, Cooperation, Independence and Trust as well as Customer Orientation. These values are also reflected in TAG's 'WE Code'. For the future, a more deliberate integration and communication of these values is planned.

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 also set up intranet terminals for our caretakers and craftsmen without a fixed office or workstation.

In the reporting year, we intensified internal communications and digital dialogue via our social intranet. We expanded our digital formats and IT-supported processes and made them more user-friendly as part of the 'Mission Future' digitalisation project. We developed new training materials and explanatory videos on many different topics e.g. specialised tasks, useful IT tips, or how to use the project rooms on the social intranet. The aim of 'Mission '21' was to create the technical and procedural prerequisites for our working world's digital future, and to lay the foundation for implementing our digitalisation strategy. This was achieved in March 2021 and the project was transferred to our 'Mission Future' project, where sub-projects from 'Mission '21' will be continued and finalised. This includes such things as further simplifying and automating everyday processes and making them more time-saving and resource-efficient. In 2021, for example, work was further simplified with the introduction of mobile logging of tenant contacts and mobile road safety checks. In addition to improving our service to tenants, this leaves employees more time for other tasks. At the same time, the improvements they themselves developed provide motivation to come up with further ideas and suggestions for improvement.

Due to the Covid-19 pandemic, the technical options for cooperation in particular were further expanded during the reporting year.

Involvement of employee representatives

In Germany, workplace co-determination is prescribed and regulated in 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 works council works closely with the HR department. On this basis, the company agreement on mobile working and supplements to the working time regulations were developed in 2020, to which a supplement on digital sick leave reporting was added in early 2021. The works council was also involved in such processes as updating the IT and Privacy policies and the implementation of the digital payroll system. It is also involved in the Triple-E project, for which a general works agreement has been drawn up. This applies to all companies and regulates the implementation of the project, in particular the key contents and objectives, the timeline, the involvement of the works council, and the ongoing communication with the workforce. Among other things, it also stipulates that layoffs and economic disadvantages for the employees are to be avoided and that upskilling measures are to be carried out.

In its function, the works council is also represented on various committees, for example in the judging panel for the TAG Award, for which employees were invited to present projects and ideas that have already been realised. In 2021, the competition for the TAG Award had to be cancelled due to the pandemic. However, projects from 2020 were continued, such as 'Re-entry for the long-term unemployed' under the heading 'TAG, Provider of Opportunities'. This also enabled new employees to enter into a permanent employment relationship beyond the project.

In the year under review, 51 employees served as works councils. In addition to the general works council with 15 employees, there were nine 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 – during the Covid-19 pandemic, most of the meetings took place in the digital realm. 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 Company's major 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 and – especially in the commercial sector – in the team meetings.

Fair salaries and benefits for our employees

[GRI 102-41, 401-2, 405-2]

Our employees are paid according to performance and market conditions and irrespective of gender. 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, and comply with the principle of equal treatment, which is enshrined in our Anti-Discrimination Policy. TAG does not employ staff on the basis of collective agreements. This, 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

[GRI 401-2]

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, 12,620 (previous year: 26,080) TAG shares were subscribed by our employees. In 2021, we also paid all employees a 'Corona bonus' of EUR 750.00 to recognise our employees' commitment to the Company's success and to compensate for the stresses and strains caused by the Covid-19 pandemic in their everyday working lives.

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. Our employees can also take advantage of the discounted offers that we offer our tenants through the 'Marketplace' section of the TAG Wohnen website (e.g. car sharing, grocery deliveries). We also provide free beverages at our locations. Where locally feasible and not impacted by Covid-19, regular massages were offered to staff in the office buildings.

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, Düsseldorf, Dresden, Erfurt, Hamburg, and Berlin.

⁸This concerns around 2% of our employees.

Employee qualification and further training

Our employees are the basis of our success

[GRI 103-1, 103-2, 103-3, 401-1]

Each and every employee has an influence on TAG's success. That is why we invest in the training and upskilling of our employees and promote their professional qualifications. It is our goal for every employee to continue their development and learning during their time with us. Accordingly, TAG attaches great importance to the transfer of knowledge within the Company.

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.

In 2020, we started to train TAG specialists as trainers. To empower our in-house trainers to systematically transfer their expertise to their colleagues, we support them e.g. with the train-the-trainer format. In 2021, this principle was applied especially for trainings as part of the Triple E project. It is continually being further developed.

Our internal training concept 'STEP@TAG', developed in 2019, will be continued. The acronym STEP stands for the components Seminars, Team building, exchange of Experience and promotion of Potential. STEP@TAG enables us to better inform our people about our Group-wide seminar programme and strengthen the sharing of experience. As part of STEP, we also introduced a new tool for selecting seminars and registering for them, and linked it to the existing employee portal. This means that employees can find out about existing training opportunities and dates at any time and register for them directly online. The tool makes our training offers, which feature both in-house specialists and external coaches, more visible and simplifies the registration process.

The 2019 pilot project 'Mentors for New Employees', designed to make it easier for new colleagues to get started in the Company, will be expanded. In 2021, we further developed the manual that colleagues across TAG can use for new employee onboarding and orientation. The goal is for the locations to work according to a common minimum standard, but one that also leaves some room for flexibility.

Wherever possible, we fulfil our employees' specific upskilling requests. In the course of 2022, we plan to launch a special survey format that will enable managers and employees to

formulate their specific training requests in an even more targeted manner and submit with the HR department. The use of e-learning tools and 'knowledge nuggets' – short formats – is also currently being tested. Both tools enable learning at self-determined times. We have already piloted these tools in Düsseldorf and Hamburg in cooperation with a provider of learning apps.

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 150 new male employees in Germany and 84 new female employees, while 19 male employees and 28 female employees started work at Vantage in Poland in 2021. In Germany, 143 male employees and 109 female employees left the Company during the period, in Poland eleven male employees and nine female employees left. So employee turnover in Germany was up year-on-year in 2021, increasing from 10.9% in 2020 to 19.4% in 2021. The increased turnover is mainly due to the organisational changes brought about by Triple E. Although there were no layoffs, some employees resigned of their own accord despite a wide range of offers, qualification measures, and support.

For 2022, we are planning further formats to make it easier for new employees to join TAG. We will produce a welcome video featuring our employees, and make it available on our planned newcomer page on the intranet. This compact and informative page offers new colleagues guidance and valuable support, especially in their first few weeks with the Company. In addition to explanatory videos, the newcomers will find training documents, company agreements, and a link to the employee portal.

We further developed the training offers at our Polish subsidiary Vantage as well. A new training programme, the Vantage Academy of skills, has been launched.

Numerous career and development opportunities

[GRI 103-1, 103-2, 103-2, 103-3, 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 based on this. 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. The human resources department and the works council are also always available to answer employees' questions and concerns.

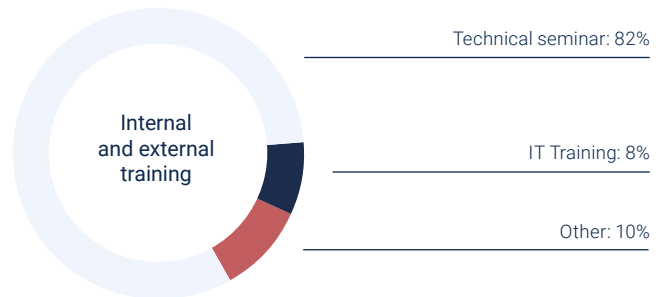
Internal and external opportunities for further training

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. Since this eliminated travel time, we were actually able to increase the number of seminars compared to in-presence trainings.

Our new in-house training platform STEP@TAG, which is connected to the employee portal, 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 year under review, we used it to identify our employees' demand for training on Office applications. As a result, TAG procured certified online Excel courses. We are currently testing their usage and acceptance with employees, apprentices, and trainers. Employees also contribute their wishes and ideas for further training in the context of the Triple E project.

We are pursuing a similar approach in Poland with the new Vantage Academy of skills training programme. It focuses on training and workshops for specialised topics and methods that are needed in the day-to-day work, from training in Excel to building design. The transfer of knowledge and skills by Vantage employees is an essential component. The events

are then evaluated and further developed to provide greater benefit to both participants and trainers.



In the 2021 reporting year, our employees in Germany attended an average of 10.5 hours of training each. This corresponds to a total of approximately 1,700 training days. At Vantage, the figure per employee was 11 hours per year.

We also support in-service training to become a trainer or real estate specialist. In 2021, three employees successfully completed an in-service training course to become a certified real estate specialist. Several planned training courses of this kind were postponed due to the pandemic.

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 programme includes a bachelor's degree in business administration with focus on 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. From 2022, we will no longer be training apprentices in office management until further notice.

During the reporting year, TAG employed 48 apprentices, of whom 22 completed their apprenticeship in 2021. Seven dual-study students work at 15 of our locations in Germany, of whom four completed their degree during the course of the year, and one started it. In 2021, 13 young people began their vocational training with us (2020: 17 new apprentices). Vantage employed a total of four apprentices in 2021.

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

We believe that having 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, 22 young colleagues successfully completed their vocational training, 13 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 'Magazin' on the 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. We mainly use the platform [ausbildung.de](https://www.ausbildung.de) and advertise our vacancies on [stepstone](https://www.stepstone.de).

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, motivational strategies, and the expectations of the younger generations. The training takes place twice a year with an average of 13 – 15 participants. In 2021, we continued the workshop as an online event, focusing on sharing experiences, advising colleagues, and jointly developing standards. Together, the participants also addressed with the integration of techniques for working from home (WFH) into the training. They also adapted the future apprenticeship stages to the changed organisational structures in the operational departments due to Triple E. We are also in close dialogue with the chambers of commerce on the question of whether we, as a partner with practical experience, can systematically impart methodological WFH expertise to apprentices going forward.

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 marketing 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, and leads to more transparency, short reappointment times, and a higher number of applicants.

Besides traditional staff recruitment options, such as job listings, 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](https://www.kununu.de). We use the ratings we receive there to improve our internal and external communications.

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.

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 2021 was again mainly done through digital channels. In presence, for example, we were able to organise the 'ErstiTAG' (first day at TAG) for our new trainees. The 'Wir für eine bunte TAG' (Together for a colourful TAG) project, with which we aim to better coordinate and promote sustainability issues, has been ongoing since 2020. In 2021, we continued to work on our priority topics as part of this project, and in doing so further advanced sustainability at TAG, especially at our office locations. In particular, we addressed topics that, based on the last employee survey, are especially important to our employees, such as waste separation, recycling or the use of green electricity. Young recruits in particular are increasingly looking for a sustainable working environment when choosing an employer. In this respect, we also increase our attractiveness as an employer by expanding sustainability at our locations.

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. In 2021, we revised texts and images in the career section of our website and designed short-format job adverts, which were trialled on Facebook, Google, YouTube and Instagram as banners for specific regions. We expect to have a reliable evaluation of reach and number of clicks as well as targeting accuracy for each platform in 2022.

Work-life balance, family friendliness, and diversity

We want to keep ensuring a good balance between personal life, family, and work going forward. Flexible working time models enable our employees to reconcile their private and work commitments. In the event of relocations for personal reasons, we continue to facilitate a transfer to suitable TAG locations. We are continuously expanding our incentive and motivation tools to build employee loyalty. During the Covid-19 pandemic, we 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. Beyond this, we also subsidise public transport tickets, and offer free accident insurance, a company pension scheme, and employee stock options, among other things.

We rely on a diverse workforce, pay attention to balanced gender quotas, and punish any form of discrimination. Employees have various channels for reporting discriminatory behaviour: they can contact their manager, the compliance officer – directly or using an online form on the intranet – or the HR department. They can also use the external whistleblowing system for anonymous reports by employees and business partners. The external contact details can be found on the intranet and on the TAG AG and TAG Wohnen website.

Spotlight on equal opportunities and health

[GRI 103-1, 103-2, 103-3]

At TAG, all employees have equal opportunities. Equal treatment irrespective 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 into the future. For internal projects, we strive for a defined minimum quota of project participants under 30 years of age. We implemented this quota in the 'Mission Future' project, e.g.

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 various ways to 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 18 safety officers (2020: 21; 2019:17; 2018:15), 57 fire protection assistants (2020: 59; 2019: 67; 2018: 54) and 168 first aiders (2020: 71; 2019: 75; 2018: 72) as well as five colleagues who serve as evacuation assistants. Each of these employees was trained accordingly. We want to recruit and train additional employees for the above-mentioned tasks so that we can continue to meet the occupational safety criteria in the future as well.

To protect our staff during the Covid-19 pandemic, we established a new SARS-CoV-2 occupational health and safety standard for TAG. All employees received safety instructions from their supervisors in this connection. Information was made available on the intranet. And we provided face masks for all employees. We also took extensive protective measures in our tenant offices, which we continuously adapted to the developments of the pandemic situation and related requirements. TAG fulfilled its obligations to inform employees about the benefits of vaccination against the coronavirus in good time.

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, eight TAG sites/caretaker bases were audited in connection with 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- and health-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 37 accidents at work (2020: 35). These were mainly accidents on the way to work and minor injuries, for example during the work of our caretakers and craftsmen. This corresponds to an accident rate of 2.8 % (2020: 2.7 %). There is no increased risk of illness or injury for TAG employees. The overall absence rate (any kind of incapacity to work) at TAG in Germany was 7.1 %. 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 hosted 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, a meeting of the occupational safety committee in Fall 2020 was held as a joint video conference with the safety officer and the works council. To better involve all locations in the future, video conferences will be used more frequently for meetings of the occupational safety committee from 2022 onwards.

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 due to the high workload of our contact persons at the health insurance companies. The annual relay race also had to be cancelled due to the pandemic.

To protect the health of our employees, we also offer them regular preventive medical check-ups. In 2021, computer workstation examinations and eye tests were carried in-house out on several occasions at various locations. We partner with physicians of the TÜV Rheinland Group's Arbeitsmedizinische Dienste GmbH for these tests and screenings. Employees who could not attend the scheduled days had the opportunity to be examined directly at the contractor's centres.

Employees who work at a VDU workstation receive an allowance for VDU glasses as needed. In justified cases, we also assume the full costs. In 2021, 26 employees applied for reimbursement and 25 of them were reimbursed.

Since many employees at Vantage also worked from home during the pandemic, the HR department in Poland again carried out an additional summer health programme in the reporting year. In 2021, the focus was on cardiac health. The aim was to motivate employees to be more active outdoors and to promote a healthy lifestyle. Vantage employees also took part in a competition to promote exercise and sporting activities. In addition, two teams from Vantage took part in a company run to raise funds for people with disabilities.

Results-oriented work with flexible working hours

Our employees work independently and with a focus on results. The Company does not monitor their working hours. All employees can structure their contractually agreed number of weekly 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 (2021 and 2020: around 91 %). There were no dismissals for operational reasons in the reporting year. This aspect was also particularly important to us in the context of the Triple E restructuring. From the beginning of the project, TAG clearly communicated that the reorganisation would not result in any layoffs. We also stipulated this in the Triple E works agreement.

Better reconciliation of work and family 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 2021, eleven male employees and 38 female employees took advantage of parental leave. All of them are expected to have returned to work by 2021/2022. In the reporting year, ten male employees and 24 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 our employees' varying environments and backgrounds 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. The works council also ensures that the regulations on equal treatment are observed.

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 at around or above 50 % for several years (2021: 49 %). In the Polish workforce, the proportion of women was 62.4 % 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 (44.4 %). For the Management Board, the Supervisory Board has set a quota of at least 30 % women. As of 31 December 2021, the actual rate was 33 %, increasing to 50 % when a member of the Management Board retired on 1 January 2022 for age reasons. Gender does not play a role in remuneration (see 'Fair salaries and benefits for our employees' section).

In the reporting year, we employed 162 persons in Germany under the age of 30; in Poland the number was 37. 686 staff members in Germany were between 30 and 50 years old (in Poland: 123), and 451 staff members were older than 50 (in Poland: 10). Of our German employees, 51 have a severe disability. This corresponds to around 3.9 % of all employees (2020: 2.8 %). 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. The programme was used extensively during the reporting year as well, and the first few graduates were taken on as permanent employees. The project has therefore more than earned its title of 'provider of opportunities'.

Teaming up for Project Triple E

In January 2021, TAG launched the Triple E project, in which employees and managers worked together to further develop TAG's organisational structure. The project focused on the restructuring of work tasks and their allocation within the Company's organisation.



Effektivität, Effizienz und Eigenständigkeit – effectiveness, efficiency, and self-reliance – are the three Es behind Triple E. The main objective of the project is to increase benefit for our tenants by optimising operational processes, with a special focus on accessibility, processing speed, and transparency.

To achieve the three E's in the areas of operational real estate management, Shared Service Center (SSC) and technology in particular, we closely involved the employees from these areas in the project work. In addition, employees from other departments were invited to gather suggestions on how existing processes could be made even more efficient for the benefit of all. 'In Triple E, we jointly pushed forward TAG's further development in order to ensure, in the interest of all our colleagues, both the success of our work and the continuity of our company culture,' explains Management Board member Claudia Hoyer.

Shaping the future, together

Since February 2021, several teams have been working on new processes and structures in various sub-projects. Throughout the project, we kept all staff members intensively informed about content, progress and changes and involved them in the dialogue. For this purpose, we held personal discussions as well as using various communication channels and formats: intranet news in a separate Triple E section, presentations on the state of

the project, posters with communication offers throughout the Company, a separate mailbox for the project, targeted surveys on the topic, as well as regular podcasts and video updates. All of it was coordinated by a 'Change and Communication' sub-project group set up specifically for this purpose. A general works agreement was also adopted for the implementation of the project.

In July of last year, the introductory phase began, in which the reorganisation is gradually being implemented. To kick things off, employees in new positions were given 'starter kits' and a virtual roadshow was held at all locations. An extensive training programme for all departments affected by the changes served to build new skills and expand on existing ones. Of course, this is not the end of the development process; the teams are constantly working on the necessary optimisation of processes and procedures. Iris Ströhla, who is working on the restructuring of customer management, has had a very positive experience with the cooperation on her project team: "We are feeling our way towards our solution in multi-layered discussions with the project participants. I will be thrilled when we have jointly come up with a process that we can all work well with."

»There have been various exchanges of thoughts and ideas at team meetings, the Update & Dialogue presentations, and also through regular communication with colleagues.«

Henrik Kreime (conducted job interviews at the Hamburg location):

Well positioned centrally and regionally

Its restructuring on the basis of Triple E enables TAG to harmonise the expectations of customers, companies, and employees even better. Standardised and optimised working methods and processes throughout the Group ensure that everyone can act more efficiently and quickly. For example, real estate management in the LIM regions is now divided into Letting and Property Management. This division gives us more time for personal customer care and for all matters related to the properties in our portfolios. All Property Management staff are supported by our newly created cross-regional Customer Management department. Besides ensuring improved availability by telephone and handling call-back requests from our tenants, many concerns are dealt with directly during the first contact, thus increasing the speed of the process and the quality of service for the tenants. Antje Tochtenhagen, who moved from customer care to Customer Management within TAG, was happy to be part of establishing the unit: "I believe that with a well-positioned cross-regional Customer Management, we can achieve a service improvement in the interests of our tenants, and I was keen to help design it." Apart from the generalists, Customer Management also includes the Quality Management unit and the Back Office. The units of the Shared Service Center are also taking over some subtasks from the LIM regions under the Triple E project. The Central Technical department was also newly created. It is responsible for larger investment projects as well as major maintenance measures across the entire TAG portfolio and therefore plays an important part in implementing our decarbonisation strategy.

Simultaneously with the organisation of the new work structures, the management structures were also adapted, with a view to intensifying the dialogue across locations. In the coming months, the task will be to systematically continue implementing the changes and to further optimise them where necessary.

About this report

[GRI 102-46, 102-48]

This year's Sustainability Report once again 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 governance. We report on the key factors that TAG exerts an influence on, which in turn influence our business. We also present our developments and progress, as well as the challenges on our path to becoming a company that acts in a completely sustainable way. We once again address significant economic, environmental and social parameters and take stock of whether and how we reached the relevant targets. Our reporting is based on the data from the previous year's report, which we have expanded to include new and detailed indicators on our CO₂ emissions and initial indicators on water consumption. In this way, we aim to further increase the transparency of our Sustainability Reporting. The material indicators are presented in a table of key indicators (see p. 89 ff.). This permits an in-depth comparative analysis of individual aspects.

As we entered the Polish real estate market in 2020, in 2021 we continued to work on reconciling the data and information from both countries for reporting purposes, and on integrating new data. The sustainability activities we have implemented at our subsidiary Vantage in Poland since then are presented in the respective sections. Further sustainability indicators were also collected in 2021. They are listed in the Key Indicators section of this report in an additional 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 (cf.

GRI Content Index, from page 96). In future, we will report according to Universal Standards.

In addition, we follow the recommendations of the European Public Real Estate Association (EPRA) and take into account their 'Sustainability Best Practice Recommendations Guidelines' (as of September 2017). TAG's EPRA Sustainability Performance Measures are presented in an index from page 106. In the appendix, we have assigned the reported aspects to the respective standards and provide page references to their presentation in the report.

Contents and structure of the report

In our Sustainability Report, we provide information on financial and non-financial aspects that are material to TAG's business model.¹⁰ Unless otherwise stated, the financial information on the Company is based on the statements made in the Annual Report for the year 2021. The non-financial information covers ecological and social aspects of our entrepreneurial activities as well as information on corporate governance.

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. As in the previous year, innovations resulting from the market entry in Poland in 2020 and in the context of the new construction business segment added at that time have been assigned to areas of activity accordingly. Starting this year, we are aligning the structure of our Sustainability Report even more closely with the material topics (see page 15).

Principles of reporting

In its reporting, TAG follows the principles of reporting according to the GRI standards.

Principle of regularity

[GRI 102-51, 102-52]

TAG's Sustainability Report is published annually. This report follows on directly from the previous year's report, which was published in April 2021.

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

¹⁰ The non-financial indicators presented in the Sustainability Report are not relevant to management in the sense of German Accounting Standard No. 20 (DRS 20).

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 ('Core' Option) and the supplementary EPRA recommendations.

The requirements for a comparability of the contents 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 2021 financial year (1 January 2021 to 31 December 2021). All of TAG's key indicators and information in the report are based on this period, unless otherwise stated. In some cases, relevant developments in the first months of 2022 are also discussed in the report. These are indicated accordingly. The editorial deadline was 20 April 2022. Furthermore, all information in this report relates to the Group as a whole, unless otherwise stated. (For further details and a list of the companies included in the consolidated financial statements, please refer to our annual report).

↳ tag-ag.com/business-report

Principle of stakeholder inclusiveness/materiality

[GRI 102-46]

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

In 2017, in internal coordination rounds and based on communication with our stakeholders, we already compiled the topics material to a sustainable continuation of the Company. We review these annually and most recently updated them in 2019. For each topic, we examine how TAG contributes to sustainable development and how it can secure its business success long-term. The topics were formulated in accordance with the GRI materiality criteria. As the material topics remained the same in 2021, the report allows for presenting advances in a direct year-on-year comparison.

We also reviewed our materiality analysis for the 2021 reporting year. This review was carried out based on the three dimensions of stakeholder relevance, business relevance, and impact. In addition, stakeholder surveys were conducted. So far, no changes have resulted from the review. In the course of future surveys, the further implementation of our decarbonisation strategy, and the reporting obligation on the EU taxonomy, we will probably review the materiality analysis again.

This year's Sustainability Report thus provides information on the economic, ecological, and social effects of our business activities that are of material importance to us and our stakeholders.

Key Figures

Since the acquisition of Vantage Development S.A. at the beginning of 2020 and thus the expansion of our business portfolio, key figures from Vantage are reported - where appropriate, especially for the sake of comparability. In the coming years, the joint data collection with the Polish subsidiaries (since 2021 also ROBYG S.A.) will be successively expanded.

Our path to tomorrow

	Unit	Vantage ²				GRI	EPRA
		2021	2020	2021	2020		
Economic¹							
Fully consolidated companies (operating subsidiaries and property companies)	number	83	81	18	22		
Annualised net actual rent	EUR m	335.8	334.2	0.5	---	102-7 201-1	
Net actual rent (residential units)	EUR/sqm	5.55	5.48	10.42	---		
Vacancy (residential units)	%	5.4	4.5	5.9	---		
Loan-to-value (LTV)	%	43.2	45.1	0	0		
Compliance and integrity							
Composition of Management Board		3	3	2	2		
female	number	1	1	---	---		
male	number	2	2	2	2	102-22	Gov-Board
Composition of Supervisory Board		6	6	4	4		
female	number	2	2	1	1		
male	number	4	4	3	3		

¹ Further key figures on TAG's economical performance can be found in the 2021 Annual Report.

² Vantage's previous business model focused on the sale of real estate, not rentals. Rental flats were added to the portfolio from 2021, and corresponding data will be reported from 2021.

Developing our portfolio responsibly

	Unit	Vantage				GRI	EPRA
		2021	2020	2021	2020		
Portfolio³							
Units portfolio ⁴	number	87,576	88,313	368	---		
Floor space portfolio ⁴	sqm	5,263,883	5,302,495	15,243	---		
Share of administrative units in total portfolio ⁵	%	0.5	0.6	0	0		
Floor space for administrative activities ⁵	sqm	27,200	26,700	0	0	102-7	
Residential units ⁶	number	86,325	87,001	368	---		
Floor space residential units ⁶	sqm	5,101,753	5,282,310	14,363	---		
Investments - modernisation (Capex)	EUR m	68.1	71.3	---	---		
Investments - maintenance	EUR m	38.8	35.0	---	---		
Energy efficiency categories in residential portfolio according to energy certificates⁶							
Energy efficiency level A+ (< 30 kWh/sqma)	%	0.1	0.1	---	---		
Energy efficiency level A (30 to < 50 kWh/sqma)	%	4.6	4.1	---	---		
Energy efficiency level B (50 to < 75 kWh/sqma)	%	22.3	24.5	93.7	---		
Energy efficiency level C (75 to < 100 kWh/sqma)	%	35.1	32.7	6.3	---		
Energy efficiency level D (100 to < 130 kWh/sqma)	%	18.0	17.5	---	---	CRE8	Cert-Tot
Energy efficiency level E (130 to < 160 kWh/sqma)	%	9.8	9.5	---	---		
Energy efficiency level F (160 to < 200 kWh/sqma)	%	7.1	7.2	---	---		
Energy efficiency level G (200 to < 250 kWh/sqma)	%	2.5	2.8	---	---		
Energy efficiency level H (> 250 kWh/sqma)	%	0.6	1.7	---	---		

³Non-residential units account for approximately 1.5% of the portfolio in Germany (Vantage: approx. 5.8% commercial space in the rental portfolio).

⁴Includes all rental units: Residential units, commercial units (within the residential portfolio) and other (commercial properties, serviced apartments).

⁵Includes the space used in Germany for own administrative activities (there is no office space owned by Vantage).

⁶Includes residential properties including acquisitions (excluding commercial, other).

⁷Includes demand certificates (approx. 14%) and consumption certificates (approx. 86%). 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 2021.

	Unit	Absolute		Like-for-Like ¹¹		GRI	EPRA
		2020	2019	2020	2019		
Energy							
Energy consumption in total portfolio (heat and electricity)	MWh	694,202	694,750	694,202	692,380		
Heating energy consumption in portfolio ⁸	MWh	685,210	685,589	685,210	683,265		
thereof district heating	MWh	347,520	337,495	347,520	337,495		
thereof natural gas	MWh	331,941	342,185	331,941	339,861		
thereof heating oil	MWh	5,503	5,690	5,503	5,690	302-2	DH&C- Abs DH&C LfL Elec-Abs Elec-LfL
thereof electricity	MWh	246	219	246	219		
General electricity (proportionally) ⁹	MWh	8,992	9,162	8,992	9,115		
Energy intensity in total portfolio ¹⁰	kWh/sqm	149.7	148.7	149.7	148.8	302-3 CRE1	Energy-Int

⁸The values refer to the heating energy consumption in total portfolio (portfolio 2020 without condominium and sales properties, climate-adjusted to the year 2019). Included were a total of 80,515 units or about 91 % of the 2020 portfolio. The calculation was made on the basis of actual consumption, supplemented for properties without consumption data by extrapolations, e.g. via energy performance certificates. The breakdown is based on the heating energy sources. Compared to 2019, energy sources for heating energy from the initial data collection have been corrected.

⁹This value refers to the proportionate electricity consumption in our overall portfolio for the generation of heating energy (based on actual consumption, supplemented by extrapolations).

¹⁰The 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, climate-adjusted to the year 2019, adjusted for vacant space for objects with consumption data). Due to the updated calculation for 2020 (calculation of the total intensity for properties with and without consumption data), there are retroactive changes for the 2019 value.

¹¹The like-for-like analysis comprises around 91 % of the total 2020 portfolio and takes into account changes in portfolio.

	Unit	Vantage		GRI	EPRA	
		2021	2020			
Fuel consumption of fleet						
	liters	528,651	491,964	35,185	21,512	
Diesel	liters	421,588	388,002	19,157	16,480	302-1 Fuels-Abs
Petrol	liters	107,063	103,962	16,027	5,032	

	Unit	Vantage		GRI	EPRA	
		2021	2020			
Greenhouse gas emissions in offices						
Total emissions	tons CO ₂ e	1,515	1,412	71	39	
Scope 1: Direct GHG emissions ¹²	tons CO ₂ e	1,515	1,409	71	39	
thereof Diesel	tons CO ₂ e	1,227	1,129	41	29	305-1 GHG-Dir-Abs
thereof Petrol	tons CO ₂ e	288	280	30	10	
Scope 2: Indirect emissions ¹³	tons CO ₂ e	(0)	---	---	---	305-2
thereof electricity	tons CO ₂ e	(0)	---	---	---	
Scope 3: Other indirect emissions ¹⁴	tons CO ₂ e	(0)	3	---	---	GHG-Indir-Abs
thereof business travel (rail)	tons CO ₂ e	(0)	3	---	---	305-3

¹²Scope 1: Include emissions from own vehicle fleet. The calculation of the emissions was taken from the data of the settlement service provider.

¹³Scope 2: Electricity consumption was only recorded at the largest TAG office locations in Germany. Due to the use of 100 % green electricity, this electricity consumption can be considered emission-free.

¹⁴Scope 3: This includes business travel by Deutsche Bahn (German Railways). Thanks to the use of 100 % green electricity in long-distance and local transport and the compensation of indirect emissions, the rail journeys made by TAG employees in Germany are emission-free.

	Unit	Absolute		Like-for-Like ¹⁸		GRI	EPRA
		2020	2019	2020	2019		
Greenhouse gas emissions in portfolio^{15, 16}							
Total emissions (heat and electricity)	tons CO ₂ e	146,339	149,103	146,339	148,589		
Scope 1: Direct GHG emissions (heat)	tons CO ₂ e	68,749	70,063	68,749	69,568	305-1	GHG-Dir-Abs
thereof natural gas	tons CO ₂ e	67,233	68,396	67,233	67,901		
thereof heating oil	tons CO ₂ e	1,516	1,667	1,516	1,667		
Scope 2: Indirect emissions (heat) – market-based	tons CO ₂ e	40,038	43,378	40,038	43,378		
thereof district heating	tons CO ₂ e	40,038	43,378	40,038	43,378		
Scope 2: Other indirect emissions (heat) – location-based	tons CO ₂ e	37,551	35,662	37,551	35,643	305-2	GHG-Indir-Abs
thereof district heating	tons CO ₂ e	33,847	31,882	33,847	31,882		
thereof electricity	tons CO ₂ e	99	98	99	98		
thereof general electricity (proportionally)	tons CO ₂ e	3,606	3,682	3,606	3,663		
Emission intensity of total portfolio (heat and electricity) ¹⁷	kg CO ₂ e/sqm	31.5	31.9	31.5	31.9	305-4 CRE3	GHG-Int

¹⁵The emissions (Scope 1 and 2) refer to the heat and proportionate electricity consumption for heat generation in the entire portfolio (2020 portfolio without condominium and sales properties, climate-adjusted to the year 2019). A total of 80,515 units or around 91 % of the 2020 portfolio were included. CO₂ emission factors from the suppliers and the Federal Environment Agency were used to calculate the emissions. The breakdown is based on the heating energy sources in 2020. Compared to 2019, the heating energy sources from the initial data collection were corrected. The emissions per energy source in 2019 and 2020 are therefore comparable to a limited extent. 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.

¹⁶Scope 3: Here, indirect emissions from the upstream chain (from purchased materials) in new construction (Vantage) were recorded for the first time in 2021. The value is around 755 t CO₂e. In the future, an expansion of Scope 3 reporting is planned.

¹⁷This value refers to the heat and pro rata electricity consumption (for heat generation) in the overall portfolio (2020 stock without WEG and sales properties, climate-adjusted to 2019, adjusted for vacant space for properties with consumption data).

¹⁸The like-for-like analysis comprises around 91 % of the total 2020 portfolio and takes into account changes in portfolio.

	Unit	Vantage				GRI	EPRA
		2021	2020	2021	2020		
Water and waste water							
Water consumption in existing portfolio ¹⁹	cbm	---	856,411	5,866	---	303-5	Water-Abs Water-Int
Water intensity	cbm/sqm	---	1.05	0.61	---		

¹⁹Evaluated for the first time for the 2020 financial year for an analysis portfolio of approx. 14,500 units (approx. 17 % of the total portfolio in Germany). For the Vantage in Poland, the consumption during the year (six months) of the rental properties in 2021 was recorded for the first time. The values were adjusted for vacant space.

	Unit	Vantage				GRI	EPRA
		2021	2020	2021	2020		
Waste							
Waste in offices ²⁰	tons	36	27	---	---		
Waste in portfolio ²¹							
Total amount of non-hazardous waste	cbm	69,888	64,376	1,636	---	306-5	Waste-Abs Waste-LfL
- thereof residual waste	cbm	42,640	39,312	605	---		
- thereof packaging (recycling)	cbm	18,148	16,952	619	---		
- thereof paper/cardboard (recycling)	cbm	9,100	8,112	412	---		

²⁰In business operations, only the quantity of paper / cardboard is currently recorded in the amount of actual production.

²¹The waste quantities are indicated in cbm. This figure is derived from the number and volume of bins set up and from the emptying cycle. It includes five large sites (2021: 25,600 units, 2020: 25,700 units) with waste management by external service providers. The like-for-like consideration is almost identical to the absolute consideration for the periods under consideration, so it is not shown.

	Unit	Vantage				GRI	EPRA
		2021	2020	2021	2020		
Green spaces							
Green spaces ²²	sqm	3,000,000	3,000,000	8,258	14,235	304-3	
Trees ²³	number	43,310	40,299	182	65		

²²Includes the managed green space in the total portfolio in Germany. For Vantage, the green space is shown that was created by the company as part of the new construction projects.

²³Includes the entire tree population in the German portfolio (tree cadastre) as well as new trees planted by Vantage in the Polish portfolio as part of the new construction projects.

Our responsibility to society

	Unit	Vantage				GRI	EPRA
		2021	2020	2021	2020		
Tenants and Society							
Aktiv-Treffs (Activity Lounges), children's and family centres ²⁴	number	26	25	---	---	413-1	Comty-Eng
Support of non-profit initiatives, donations and sponsoring ²⁵	T €	599	587	9	22		
Number of low-barrier residential units ²⁶	number	2,420	1,670	---	---		

²⁴The 'Aktiv-Treffs' are operated by TAG in cooperation with social partners.

²⁵Donations to social institutions, etc. incl. personnel and material cost subsidies from cooperations. Not included are rent discounts for social institutions. A complete overview of donations and contributions can be found in the Annual Report 2021, under "Contributions and Donations".

²⁶About 14 % of the units are accessible via lifts. Vantage: 100 % of the units are accessible via lifts.

Our employees shape our future

	Unit	Vantage				GRI	EPRA
		2021	2020	2021	2020		
Number of employees							
Total number of employees as of the reporting date 31.12.2021 ²⁷	number	1,299	1,305	170	138		
female	number	637	654	106	87		
male	number	662	651	64	51		
Total number of permanent employees	number	1,187	1,182	130	112		
female	number	586	599	85	69		
male	number	601	583	45	43		
Total number of temporary employees	number	112	123	40	21		
female	number	51	55	21	13	102-8	
male	number	61	68	19	8		
Total number of part-time employees ²⁸	number	228	241	2	0		
female	number	186	193	1	0		
male	number	42	48	1	0		
Total number of trainees and students ²⁹	number	55	57	4	5		
female	number	31	24	2	5		
male	number	24	33	2	0		
New employee hires and employee turnover³⁰							
Total number of new employee hires	number	234	209	47	39		
female	number	84	71	28	23		
male	number	150	138	19	16		
Total number of employee turnover	number	252	142	20	18		
female	number	109	71	9	8	401-1	Emp-Turnover
male	number	143	71	11	10		
Total rate of employee turnover	%	19.4	10.9	7.0	11.0		
Rate of employee turnover (TAG Immobilien AG excluding retirements and commercial employees) ³¹	%	13.9	7.6	—	—		
Parental leave							
Total number of employees that took parental leave ³²	number	49	47	2	4		
female	number	38	32	2	4		
male	number	11	15	0	0		
Total number of employees that returned to work in the reporting period after parental leave ended ³³	number	34	24	4	0	401-3	
female	number	24	10	4	0		
male	number	10	14	0	0		

	Unit	Vantage				GRI	EPRA
		2021	2020	2021	2020		
Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	number	19	25	1	2		
female	number	7	15	1	2	401-3	
male	number	12	10	0	0		
Return to work rate of employees that took parental leave ³⁴	%	85.3	91.7	100.0	100.0		
Training/staff development							
Average hours of training per year per employee	hours	11	8	11	---	404-1	Emp-Training
Occupational safety							
Lost days due to workplace accidents	days	776	819	3	0		
Workplace accidents recorded	number	37	35	1	0	403-2 403-9	H&S-Emp
Absence rate ³⁵	%	7.1	6.9	---	0.0		
Diversity of management³⁶							
female	%	43.3	46.4	25.0	20.0		
male	%	56.7	53.6	75.0	80.0		
Age <30	%	0.0	0.0	0.0	0.0		
Age 30–50	%	51.9	57.1	75.0	66.0	405-1	Diversity-Emp
Age >50	%	48.1	42.9	25.0	33.0		
Diversity of employees							
female	%	49.0	50.1	62.4	65.2		
male	%	51.0	49.9	37.6	34.8		
Age <30	%	12.5	13.7	21.8	27.3		
Age 30–50	%	52.8	51.8	72.4	69.7	405-1	Diversity-Emp
Age >50	%	34.7	34.5	5.8	3.0		
Average age	years	44	44	36.4	35.5		
Gender pay ratio							
Ratio of basic salary and remuneration of women to men (all employees) ³⁷	%	100.8	101.2	77.2	62.0	405-2	Diversity-Pay

²⁷The basis here is the number of employees (1,299 in Germany and 170 in Poland) as of 31 December 2021. The number of employees in the 2021 Annual Report is calculated in accordance with the regulations of the German Commercial Code (HGB) (total: 1,390, of which 1,220 in Germany and 170 in Poland).

²⁸Not included are employees who are employed in a so-called mini-job.

²⁹Included are trainees and students in dual studies.

³⁰The values refer to the total number of departures: including retirements, expiring fixed-term contracts, termination of training contracts, etc

³¹The turnover rate in the commercial sector is usually slightly above that in other business sectors.

³²All employees of TAG have a statutory right to parental leave.

³³Included is the return in the year under review (where parental leave starts at different times).

³⁴Included are those employees whose return to work after parental leave was agreed.

³⁵The 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.

³⁶The 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.

³⁷The 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. The service was performed on the German version of the report.



GRI Standard	Disclosure	Reference	Comments/Omissions	
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. 4	
	102-2	Activities, brands, products, and services	Our business model, p. 4 Our corporate structure, p. 5	
	102-3	Location of headquarters	Our business model, p. 4	
	102-4	Location of operations	Our business model, p. 4	
	102-5	Ownership and legal form	Our business model, p. 4	
	102-6	Markets served	Our business model, p. 4	
	102-7	Scale of the organization	Our business model, p. 4 Our corporate structure, p. 5 Key Figures, p. 89–90	
	102-8	Information on employees and other workers	Key Figures, p. 94	
	102-9	Supply chain	Our corporate structure, p. 5 TAG's value chain, p. 44 Sustainability across the entire life cycle, p. 42	
	102-10	Significant changes to the organization and its supply chain	Our business model, p. 4 Our corporate structure, p. 5 TAG's value chain, p. 44 Sustainability across the entire life cycle, p. 42	
	102-11	Precautionary principle or approach	Our principles of governance, p. 29	
	102-12	External initiatives	Our principles of governance, p. 29 Group-wide risk management, p. 30	
	102-13	Membership of associations	↘ Annual Report, p. 20	

GRI Standard		Disclosure	Reference	Comments/Omissions
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. 11 Group-wide risk management, p. 30	
Ethics and integrity				
GRI 102: General Disclosures 2016	102-16	Values, principles, standards, and norms of behavior	Compliance as an instrument of corporate governance, p. 33	
	102-17	Mechanisms for advice and concerns about ethics	Compliance as an instrument of corporate governance, p. 33	
Governance				
GRI 102: General Disclosures 2016	102-18	Governance structure	Central coordination of sustainability topics, p. 10 Our management and supervisory bodies, p. 29	
	102-21	Consulting stakeholders on economic, environmental, and social topics	Dialogue with tenants, local authorities, and other stakeholders, p. 30	
	102-22	Composition of the highest governance body and its committees	Our management and supervisory bodies, p. 29 Key Figures, p. 89	
	102-24	Nominating and selecting the highest governance body	Our management and supervisory bodies, p. 29	
	102-25	Conflicts of interest	Our management and supervisory bodies, p. 29	
	102-29	Identifying and managing economic, environmental, and social impacts	Central coordination of sustainability topics, p. 10	
Stakeholder engagement				
GRI 102: General Disclosures 2016	102-40	List of stakeholder groups	Dialogue with tenants, local authorities, and other stakeholders, p. 30	
	102-41	Collective bargaining agreements	Fair salaries and benefits for our employees, p. 77	
	102-42	Identifying and selecting stakeholders	Dialogue with tenants, local authorities, and other stakeholders, p. 30	
	102-43	Approach to stakeholder engagement	Dialogue with tenants, local authorities, and other stakeholders, p. 30	
	102-44	Key topics and concerns raised	Our material topics, p. 11 Dialogue with tenants, local authorities, and other stakeholders, p. 30	

GRI Standard	Disclosure	Reference	Comments/Omissions
Reporting practice			
GRI 102: General Disclosures 2016	102-45	Entities included in the consolidated financial statements	Our corporate structure, p. 5 About this report, p. 88 A complete list of the entities can be found ↘ Annual Report 2021 , p. 160–162
	102-46	Defining report content and topic Boundaries	Our material topics, p. 11 About this report, p. 87, 88
	102-47	List of material topics	Our material topics, p. 11
	102-48	Restatements of information	Our material topics, p. 11 About this report, p. 87
	102-49	Changes in reporting	Our material topics, p. 11
	102-50	Reporting period	About this report, p. 88
	102-51	Date of most recent report	About this report, p. 87
	102-52	Reporting cycle	About this report, p. 87
	102-53	Contact point for questions regarding the report	Contact, p. 115
	102-54	Claims of reporting in accordance with the GRI Standards	About this report, p. 87
	102-55	GRI content index	GRI-Inhaltsindex, p. 96
	102-56	External assurance	About this report, p. 88
GRI 200: ECONOMIC			
Economic Performance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Our business model, p. 4 Our corporate structure, p. 5 Marketable portfolio development for broad sections of the population, p. 58 Dealing with climate change: Prevention measures in our portfolio, p. 54
	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. 4 Key Figures, p. 89 ↘ Annual Report 2021
	201-2	Financial implications and other risks and opportunities due to climate change	Dealing with climate change: Prevention measures in our portfolio, p. 54
Indirect Economic Impacts			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Our approach for a responsible development of our portfolio, p. 39 Implementation targets, p. 40 Well-maintained residential environment and infrastructure for generations, p. 61
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Well-maintained residential environment and infrastructure for generations, p. 61 For a future-proof portfolio, p. 62 Continuous investment for a competitive portfolio, p. 65
	203-2	Significant indirect economic impacts	For a future-proof portfolio, p. 62

GRI Standard		Disclosure	Reference	Comments/Omissions
Procurement Practices				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	TAG's value chain, p. 44	
	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	Social and environmental sustainability in the supply chain, p. 44	
Anti-corruption				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Compliance as an instrument of corporate governance, p. 33	
	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. 34 Compliance as an instrument of corporate governance, p. 33	
	205-3	Confirmed incidents of corruption and actions taken	Prevention of corruption and political influence-mongering, p. 34	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. 45	
	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. 45	The recycled products are currently not yet comprehensively recorded.
Energy				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Environmentally friendly energy supply and reduction of emissions, p. 51 More climate protection through our decarbonisation strategy, p. 51 Internal measures are working and being optimised, p. 53	
	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 are working and being optimised, p. 53, Key Figures, p. 91	
	302-2	Energy consumption outside of the organization	Environmentally friendly energy supply and reduction of emissions, p. 51, Key Figures, p. 91	
	302-3	Energy intensity	Key Figures, p. 91	
	CRE1	Building Energy Intensity	Key Figures, p. 91	
	CRE8	Type and number of sustainability certification, rating and labeling schemes for new construction, management, occupation and redevelopment	Key Figures, p. 90	Currently no sustainability certification. The residential portfolio is stated according to energy efficiency classes as per energy certificates.

GRI Standard		Disclosure	Reference	Comments/Omissions
Water and Effluents				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary		We only have a very limited influence on the water consumption of our tenants, so the topic is not essential for us, but nevertheless important. In order to increase transparency, we report on it.
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 303: Water and Effluents 2018	303-4	Water discharge	Resource conservation in new construction, p. 46	
	303-5	Water consumption	Our approach for a responsible development of our portfolio, p. 39 Our contribution to resource conservation, p. 46, Key Figures, p. 92	
Biodiversity				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Ongoing efforts for more biodiversity, p. 47	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 304: Biodiversity 2016	304-3	Habitats protected or restored	Key Figures, p. 93	
Emissions				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Environmentally friendly energy supply and reduction of emissions, p. 51 More climate protection through our decarbonisation strategy, p. 51	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Key Figures, p. 91–92	
	305-2	Energy indirect (Scope 2) GHG emissions	Key Figures, p. 91–92	
	305-3	Other indirect (Scope 3) GHG emissions	Key Figures, p. 92	
	305-4	GHG emissions intensity	Key Figures, p. 92	
	305-5	Reduction of GHG emissions	Environmentally friendly energy supply and reduction of emissions, p. 51	
	CRE3	Greenhouse gas intensity from buildings	Key Figures, p. 92	
Waste				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Our contribution to resource conservation, p. 46	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 306: Waste 2020	306-5	Waste directed to disposal	Key Figures, p. 93	

GRI Standard		Disclosure	Reference	Comments/Omissions
Environmental Compliance				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Environmental compliance, p. 54	
	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. 54	
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. 44	
	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. 44	
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. 72 How we manage our employee topics, p. 74	
	103-2	The management approach and its components		
	103-3	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. 78 Key Figures, p. 94	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Fair salaries and benefits for our employees, p. 77 Participation in the Company's success, and social benefits, p. 77	
	401-3	Parental leave	Better reconciliation of work and family life, p. 83 Key Figures, p. 94-95	
Occupational Health and Safety				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Spotlight on equal opportunities and health, p. 81	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		

GRI Standard		Disclosure	Reference	Comments/Omissions
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 throughout the Group, p. 82	
	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 throughout the Group, p. 82 Key Figures, p. 95	
	403-3	Occupational health services	Occupational health and safety guaranteed throughout the Group, p. 82	
	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		
Training and Education				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Numerous career and development opportunities, p. 79	
	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. 95	
	404-2	Programs for upgrading employee skills and transition assistance programs	Numerous career and development opportunities, p. 79	
	404-3	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 %).
Diversity and Equal Opportunity				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Diversity as a gain for the Company, p. 83	
	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. 95	
	405-2	Ratio of basic salary and remuneration of women to men	Fair salaries and benefits for our employees, p. 77 Key Figures, p. 95	

GRI Standard		Disclosure	Reference	Comments/Omissions
Non-discrimination				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Holistic neighbourhood development, p. 69 Diversity as a gain for the Company, p. 83	
	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	Holistic neighbourhood development, p. 69 Diversity as a gain for the Company, p. 83	
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. 44	
	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. 44	
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. 44	
	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. 44	
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. 44	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		
GRI 409: 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. 44	
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. 44	
	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. 44	

GRI Standard		Disclosure	Reference	Comments/Omissions
Local Communities				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Liveable neighbourhoods, p. 68 Working for a diverse spirit of community, p. 69	
	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. 68 Working for a diverse spirit of community, p. 69 Holistic neighbourhood development, p. 69 Key Figures, p. 93	
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. 44	
	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. 44	
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. 34	
	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. 34	
Customer Health and Safety				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Use of sustainable materials, p. 45 Health and safety, p. 66	
	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. 66	No violations identified
Customer Privacy				
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Compliance as an instrument of corporate governance, p. 33	
	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	Compliance as an instrument of corporate governance, p. 33	

GRI Standard	Disclosure	Reference	Comments/Omissions
Socioeconomic Compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	Compliance as an instrument of corporate governance, p. 33
	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	Compliance as an instrument of corporate governance, p. 33 Social and environmental sustainability in the supply chain, p. 44

EPRA Sustainability Performance Measures

EPRA-Code	Performance Measure	Reference	Comments
Environmental Sustainability Performance Measures			
Elec-Abs	Total electricity consumption	Key Figures, p. 91	
Elec-LfL	Like-for-like total electricity consumption	Key Figures, p. 91	
DH&C-Abs	Total district heating and cooling consumption	Key Figures, p. 91	
DH&C-LfL	Like-for-like total district heating and cooling consumption	Key Figures, p. 91	
Fuels-Abs	Total fuel consumption	Key Figures, p. 91	
Fuels-LfL	Like-for-like total fuel consumption		n/a
Energy-Int	Building energy intensity	Key Figures, p. 91	
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions (scope 1)	Key Figures, p. 91–92	
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions (scope 2, scope 3)	Key Figures, p. 91–92	
GHG-Int	Greenhouse gas (GHG) emissions intensity from building	Key Figures, p. 92	
Water-Abs	Total water consumption	Key Figures, p. 92	
Water-LfL	Like-for-like total water consumption		n/a
Water-Int	Building water intensity	Key Figures, p. 92	
Waste-Abs	Total weight of waste by disposal route	Key Figures, p. 93	
Waste-LfL	Like-for-like total weight of waste by disposal route	Key Figures, p. 93	
Cert-Tot	Type and number of sustainably certified assets	Key Figures, p. 90	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. 95	
Diversity-Pay	Gender pay ratio ratio	Key Figures, p. 95	
Emp-Training	Employee training and development	Key Figures, p. 95	
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. 94	
H&S-Emp	Employee health and safety	Key Figures, p. 95	
H&S-Asset	Asset health and safety assessments		100 % of the properties are checked for security risks.
H&S-Comp	Asset health and safety compliance	Health and safety, p. 66	No violations identified.
Comty-Eng	Community engagement, impact assessments, and development programs	Key Figures, p. 93	

EPRA-Code	Performance Measure	Reference	Comments
Governance Performance Measures			
Gov-Board	Composition of the highest governance body	Our management and supervisory bodies, p. 29	
Gov-Selec	Nominating and selecting the highest governance body	Our management and supervisory bodies, p. 29	
Gov-Col	Process for managing conflicts of interest	Our management and supervisory bodies, p. 29	

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 continually putting the TCFD recommendations into practice. The index below shows references to relevant content in our reporting.

Identifying and managing climate risks

As part of our risk management, we identify and monitor the climate risks that are relevant for our portfolio and keep defining them ever more precisely. These risks are identified and assessed by the heads of real estate management and the department heads as part of our quarterly (ESG) risk controlling. So at this time we check on a quarterly basis – and ad hoc as needed – 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. Regularly evaluating insurance statistics and reports, as well as our specifically recorded losses and their frequen-

cy, help us to assess whether we are dealing with isolated events or whether the incidence of extreme weather events is increasing. 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 (see 'Group-wide risk management' and 'Energy efficiency and emissions' sections).

Evolving the climate strategy

With support from external consultants, we finalised our decarbonisation strategy, which is designed as a long-term strategy until 2045. The planned reduction of CO₂ emissions in our portfolio to below 7 kg per sqm by 2045 is geared towards compliance with the 1.5-degree target set out in the Paris Climate Agreement. We also want to minimise the additional costs which would arise from the CO₂ charges for us and our tenants.

We developed the decarbonisation strategy in two phases. Phase 1 focused on extensive data collection and analysis. We evaluated the entire portfolio from an energy perspective and with regard to the CO₂ emissions generated and used the results to determine our status quo (base year 2019).

In phase 2 of the strategy development process, we developed specific concepts, a timeline, and measures that we plan to implement going forward. The timeline covers the implementation of short- and medium-term goals and measures through 2030. We will further concretise further measures afterwards. The measures we plan to implement in the next few years include, in particular, modernisation of existing buildings and heating systems, switching to more efficient system controls, and using non-fossil fuels (see the highlight page 'Our decarbonisation strategy').

Taking measures to hedge against climate risks

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 Management 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 façades and roof renovations, we proactively 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. We always strive to reconcile climate protection measures with the affordability of our flats. The Central Technical department, newly established in 2021, supports the systematisation of our modernisation measures and ensures that they are better interlinked. At this time, we invest a minimum of 1.5% of the value of our real estate volume (currently around EUR 100 million per year) in our portfolio. In putting our decarbonisation strategy into action, we plan to invest a total of approximately EUR 690 million in sustainable and energy-related measures by 2045.

Our subsidiary Energie Wohnen Service GmbH makes it possible to professionalise our energy management. Energie Wohnen Service GmbH achieves a reduction in emissions by continuously modernising heating systems and using energy sources efficiently. As of 31 Dec 2021, our Energie Wohnen Service GmbH subsidiary supplied 47 % of our portfolio with energy. Installing photovoltaic systems on existing properties also makes it possible to use renewable energies and contributes to reducing CO₂ emissions. In a pilot project in Cologne, for example, we installed a photovoltaic system on a building; the green electricity is sold to the tenants (see also 'Developing our portfolio responsibly' section).

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. In order to meet as many individual mobility needs as possible, we rely on a network of diverse offers. These include car-sharing partners at all major locations, charging stations for e-cars and e-scooters in Salzgitter and Erfurt, and the mobility planner in Erfurt (see 4 'Our responsibility to society' section).

References to 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 in assessing and managing climate-related risks and opportunities
Implementation	<ul style="list-style-type: none"> • TAG sustainability management reports directly to the Management Board • The Supervisory Board has appointed one of its members as ESG Officer. • Sustainability issues are regularly discussed and monitored by the Management Board and Supervisory Board • Sustainability issues are dealt with and managed in the central Strategic Real Estate Management department. The division reports directly to the Management Board (Chief Operating Officer). • The sustainability programme regulates the responsibilities of the departments for implementing the goals and measures. These also concern the handling of climate-related risks and opportunities. • Sustainability management is further developed in a regular exchange between Strategic Property Management, the specialist departments, the decarbonisation project team and the Sustainability Committee. • The decarbonisation project team, made up of employees from the LIM regions, Central Technology, and the energy subsidiary EWS, is responsible for further developing the decarbonisation strategy and implementing the measures even after it has been finalised. • The Sustainability Committee, which consists of employees from various departments and almost all LIM regions, manages and coordinates sustainability issues and measures throughout the Company. 	<ul style="list-style-type: none"> • Risks due to climate-related changes could always have repercussions for TAG locations as well and lead to increased investment needs for adaptation measures in the portfolio (see 'Dealing with climate change: Prevention measures in our portfolio' section) • These risks are part of the TAG risk management system • These risks are not currently classified as material • A more in-depth analysis is planned, including a look at various possible scenarios 	<ul style="list-style-type: none"> • The Management Board uses a central risk management system to ensure that all material risks are identified, measured, managed, and monitored throughout the Group. • One focus of our risk assessment is on climate-related risks. In doing so, we follow the recommendations on the disclosure of climate-related financial risks published by the Task Force on Climate-Related Financial Disclosures (TCFD). • The analysis of climate-related risks is part of our quarterly (ESG) risk controlling. The recording and assessment is mainly carried out at the regional LIM and department head level. • Risk prevention is increasingly being taken into account in construction measures (existing and new buildings), so as to counter the future effects of climate change at an early stage 	<ul style="list-style-type: none"> • An in-depth analysis of climate-related risks and opportunities and their influence on business activities, strategy, and financial planning using various scenarios is in the works. • The expansion and quantification of climate-related risks and opportunities in risk management are underway • Likewise, the integration of climate-related risks and opportunities into financial reporting is being driven forward. • We are on track for CO₂ reduction by 2045 (to the extent that specific targets/milestones have now been set) • Our focus here is primarily on measures to modernise the energy efficiency of heating systems and building shells, the switch to more efficient system controls, and the use of non-fossil fuels. • Predicted effect of the modernisation measures: Reduction of CO₂ emissions by 946 tonnes per year, starting in from 2021 • In 2021, the database on energy consumption and CO₂ emissions was further expanded and processed, and a carbon footprint was calculated.

	Governance	Strategy	Risk management	Key indicators and targets
Sustainability Report 2021	<p>Chapter 'Our path to tomorrow'</p> <ul style="list-style-type: none"> Central coordination of sustainability topics, p. 10 Our principles of governance, p. 29 Our management and supervisory bodies, p. 29–30 Group-wide risk management, p. 30 <p>Chapter 'Developing our portfolio responsibly'</p> <ul style="list-style-type: none"> Optimising energy efficiency and emissions, p. 51–55 <p>Chapter 'Our responsibility in society'</p> <ul style="list-style-type: none"> Health and safety p. 66 	<p>Chapter 'Our path to tomorrow'</p> <ul style="list-style-type: none"> Our sustainability strategy, p. 9 Central coordination of sustainability topics, p. 10 Our principles of governance, p. 29 Group-wide risk management, p. 30 <p>Chapter 'Developing our portfolio responsibly'</p> <ul style="list-style-type: none"> Optimising energy efficiency and emissions, p. 51–55 <p>Chapter 'Our responsibility in society'</p> <ul style="list-style-type: none"> Health and Safety p. 66 	<p>Chapter 'Our path to tomorrow'</p> <ul style="list-style-type: none"> Central coordination of sustainability topics, p. 10 Our principles of governance, p. 29 Group-wide risk management, p. 30 <p>Chapter 'Developing our portfolio responsibly'</p> <ul style="list-style-type: none"> Optimising energy efficiency and emissions, p. 51–55 <p>Chapter 'Our responsibility to society'</p> <ul style="list-style-type: none"> Health and Safety p. 66 	<p>Chapter 'Our path to tomorrow'</p> <ul style="list-style-type: none"> Sustainability programme, p. 18–26 <p>Chapter 'Developing our portfolio responsibly'</p> <ul style="list-style-type: none"> Optimising energy efficiency and emissions, p. 51–55 <p>Section on Key indicators, p. 89–95</p> <ul style="list-style-type: none"> Portfolio overview Energy Greenhouse gas emissions
Annual Report 2021	<p>Foundations of the Group (Management Report)</p> <ul style="list-style-type: none"> Management system, pp. 23–25 Forecast, Opportunity and Risk Report, pp. 68–83 Opportunity and risk report Remuneration Report, p. 88–95 	<p>Foundations of the Group (Management Report), pp. 20–21</p> <ul style="list-style-type: none"> Overview and Group strategy <p>Forecast, Opportunity and Risk Report, pp. 68–83</p> <ul style="list-style-type: none"> Opportunity and risk report Presentation of the individual risks with regard to future development 	<p>Forecast, Opportunity and Risk Report, p. 68–83</p> <ul style="list-style-type: none"> Opportunity and risk report Presentation of the individual risks with regard to future development 	<p>Forecast, Opportunity and Risk Report, pp. 68–83</p> <ul style="list-style-type: none"> Opportunity and risk report Presentation of the individual risks with regard to future development

Information on the EU Taxonomy

The EU Taxonomy Regulation (EU) 2020/852 (EU Taxonomy Regulation) is the core of the European Commission's Financing Sustainable Growth Action Plan. It is meant to provide support in achieving the goals of the European Green Deal and make Europe the first climate-neutral continent by 2050. The taxonomy is designed to promote a common understanding of the environmental sustainability of economic activities and investments and channel capital flows into sustainable economic activities and sustainable companies. As a European classification system, the EU taxonomy provides uniform, binding and detailed rules on what business activities are considered environmentally sustainable in the EU. The Taxonomy Regulation obliges companies to report transparently on their environmentally sustainable activities using standardised indicators.

Content of the EU Taxonomy Regulation

According to the EU Taxonomy Regulation, economic activities are considered 'environmentally sustainable' or 'taxonomy compliant' if they

- a) make a significant contribution to one or more of the six EU environmental objectives (and meet the technical evaluation criteria for the activity in question),
- b) do not significantly compromise the other environmental objectives, and
- c) comply with minimum social standards.

The EU's six environmental objectives are:

- (1) Climate change mitigation
- (2) Climate change adaptation
- (3) The sustainable use and protection of water and marine resources
- (4) The transition to a circular economy
- (5) Pollution prevention and control
- (6) The protection and restoration of biodiversity and ecosystems

Their specific quantification is based on sector-specific, technical assessment criteria, which were published in 2021 in the form of a delegated act, Commission Delegated Regulation (EU) 2021/2139 to supplement the EU Taxonomy Regulation. First, the technical assessment criteria for the first two environmental objectives 'Climate change mitigation' and 'Climate change adaptation' were specified. The technical assessment

criteria for each economic activity are basically defined in Annex II of the delegated act. For real estate companies, the criteria set out in Annex II No. 7, 'Construction and real estate', are essentially relevant. These technical assessment criteria relate to the construction of new buildings, the renovation of existing buildings, individual energy efficiency measures, and the acquisition and ownership of buildings.

Reporting obligations

The EU Taxonomy Regulation entered into force on 12 July 2020. In the first step from 01 Jan 2022, the associated reporting obligations apply for the two environmental objectives 'Climate change mitigation' and 'Climate change adaptation'. From 01 Jan 2023, there is an obligation to report on the fulfilment of the other environmental objectives as well. The content and presentation of the information to be published by companies were defined by the European Commission in a further delegated act, Commission Delegated Regulation (EU) 2021/2178. Capital market-oriented companies that are obliged to publish a non-financial statement in accordance with the CSR Directive 2014/95/EU (in future: Corporate Sustainability Reporting Directive (CSRD)) are to report on the environmentally sustainable share of their sales revenues, capital expenditure (CapEx), and operating expenditure (OpEx) starting in 2022. As a capital market-oriented real estate company, TAG is also subject to this mandatory reporting requirement.

In the first reporting year, simplified reporting requirements apply pursuant to Art. 10 para. 2 Commission Delegated Regulation (EU) 2021/2178. The reporting obligation initially includes information on the taxonomy eligibility of the economic activities (as defined in Art. 1 No. 5 and 6 Commission Delegated Regulation (EU) 2021/2178) with regard to the first two environmental objectives 'Climate change mitigation' and 'Climate change adaptation'. Quantitative information is required on the respective share of taxonomy-eligible and non-taxonomy-eligible revenue, capital expenditure (CapEx), and operating expenditure (OpEx). In addition, there has to be a qualitative explanation of the process of allocation and determination as well as the calculation of the indicators. From the following year onwards, it will be necessary to provide comprehensive information on each of the environmental objectives, to break down the taxonomy key figures in detail, and to clearly distinguish taxonomy-compliant and non-taxonomy-compliant economic activities.

Process for implementing the EU Taxonomy in the Company

To implement the requirements arising from the EU Taxonomy Regulation, TAG has formed a project team consisting of

the relevant departments Group Accounting and Controlling (Accounting) and Strategic Real Estate Management (Sustainability Management). The project team has analysed TAG's business activities regarding their conformity with the activities described in the EU taxonomy. On the one hand, the analysis was carried out on the basis of the activity descriptions and NACE codes listed in the sector-specific technical assessment criteria. On the other hand, the listing and breakdown of TAG business activities drawn up for accounting and reporting (accounting data, accounts) was used. Within the framework of the regulations, premises and specifications were made for the consideration of the data in the denominator and numerator of the key indicators, and the data were evaluated and processed accordingly.

In preparation for having to report on taxonomy conformity in the following year, an initial in-house assessment has already been made on the question of the extent to which the activities classified as taxonomy-eligible can also be assessed as taxonomy-compliant. Also, some adjustments were initiated in the course of the process to facilitate the collection and preparation of data for reporting in the future.

Disclosure of the required information

The activities and assessment criteria established for the real estate sector are fundamentally relevant for TAG. These concern large parts of the real estate life cycle and also TAG's main business activities. These are:

No. ¹	Economic activities according to taxonomy
7.1	Construction of new buildings (for later sale; construction from 2021)
7.2	Renovation of existing buildings (major measures, refurbishment)
7.3	Installation, maintenance and repair of energy efficient equipment (individual renovation measures; equipment)
7.4	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings; specific individual measures)
7.5	Installation, maintenance, and repair of instruments and devices for measuring, regulation, and controlling energy performance of buildings (specific individual measures)
7.6	Installation, maintenance, and repair of renewable energy technologies (specific individual measures)
7.7	Acquisition and ownership of buildings (or exercise of ownership)

Individual business activities, in particular those of our subsidiary Energie Wohnen Service GmbH (EWS), are in principle or may later become related to other sectors as well (in particular '4. Energy', e.g. 4.1. Electricity generation using photovoltaic technology; 4.10. Storage of electricity; 4.11. Storage of thermal energy). Since these activities are still under development and have no influence on the required indicators, the corresponding evaluation criteria have not been applied to date. In addition to the taxonomy capability, the materiality of the business activities or their respective share in total revenue, total CapEx or total OpEx was an important criterion for the allocation.²

The calculation was carried out in accordance with the requirements of the Commission Delegated Regulation (EU) 2021/2178 on content and methodology. From all of TAG's economic and business activities, the ones for which technical assessment criteria for the two climate-related environmental objectives are available (taxonomy-eligible economic activities as defined in Art. 1 No. 5 del. VO (EU) 2021/2178) were determined to be taxonomy-eligible. All other economic activities were classified as non-taxonomy-eligible economic activities within the meaning of Art. 1 No. 6 Commission Delegated Regulation (EU) 2021/2178. Subsequently, the shares of the taxonomy-eligible activities (numerator) in the revenue, CapEx, and OpEx (denominator), were determined. The basis for this are the accounting and valuation methods of the consolidated financial statements, which are prepared in accordance with International Financial Reporting Standards (IFRS).

Taxonomy-eligible net revenue Net sales

Taxonomy CapEx CapEx

Taxonomy-eligible OpEx OpEx

The denominator of the revenue ratio includes all revenue according to the consolidated income statement pursuant to IAS 1.82a (revenues from rentals, sales and services) in accordance with Annex I No. 1.1.1. Commission Delegated Regulation (EU) 2021/2178, while the share of net revenues (from rentals, sales and services) associated with taxonomy-eligible economic activities is included in the numerator. In principle, all of TAG's revenues were classified as taxonomy-eligible with the exception of revenues from leases, from the rental of parking spaces and garages as well as from signal fees and other revenues.

The CapEx denominator includes, pursuant to Annex I No. 1.1.2.1. Commission Delegated Regulation (EU) 2021/2178, all additions to investment property according to IAS 40.76a

¹ According to Annex II del. VO (EU) 2021/2139.

² The definition of non-materiality (based on the accounting treatment) was that taking the data into account would not change the result or its significance to such an extent that the stakeholders would arrive at a different assessment.

and b, additions to property, plant and equipment according to IAS 16.73e items i) and iii), as well as additions to intangible assets according to IAS 38.118e item i) and additions to leases according to IFRS 16.53h. The CapEx numerator includes the portion of capital expenditure included in the denominator that relates to assets or processes associated with taxonomy-eligible economic activities.

The denominator of the OpEx pursuant to Annex I No. 1.1.3.1. Commission Delegated Regulation (EU) 2021/2178 includes all direct, non-capitalised expenses that relate to research and development, building renovation measures, short-term leasing, maintenance and repair, as well as all other direct expenditures in connection with real estate or tangible fixed assets by the company itself or third parties. The OpEx numerator captures the portion of operating expenses included in the denominator that relates to assets or processes associated with taxonomy-eligible economic activities. Duplications are avoided by clearly assigning the respective key figures to the respective economic activities.

The shares of taxable and non-taxable revenue, capital expenditure (CapEx), and operating expenditure (OpEx) determined for the reporting year 2021 are listed below:

Key figure	Proportion of taxonomy-eligible activities	Proportion of activities not eligible for taxonomy	Explanations
Revenue	90.3 %	9.7 %	Proportion of revenue from products or services related to (potentially) environmentally sustainable economic activities: Revenue from sales (new construction in Poland); Revenue from renting (portfolio in Germany, Poland); Revenue from sales (portfolio in Germany). (Does not include revenue from other services not related to technical assessment criteria, e.g. rental and sales revenue from parking spaces).
Capital expenditure (CapEx)	95.7 %	4.3 %	Share of total investments (CapEx) related to assets or processes (potentially) associated with environmentally sustainable economic activities: CapEx for major refurbishments; refurbishment of vacant apartments; installation of charging stations in residential areas; renewable energy technologies, purchase of portfolios, investments due to tenant revenue. (Not included are other capitalised investments without reference to technical evaluation criteria, e.g. investments in fire brigade access roads and waste disposal sites).
Operating expenses (OpEx)	97.7 %	2.3 %	Share of operating expenses (OpEx) related to assets or processes associated with (potentially) environmentally sustainable economic activities: non-capitalised maintenance and repair expenses in sales properties; for major refurbishments; vacant apartment improvements; charging stations; renewable energy technologies, investments due to tenant changeovers (energy-efficient appliances). (Not included are other non-capitalised operating expenses unrelated to the technical evaluation criteria, e.g. expenses for cleaning and disposal).

Outlook

In the course of 2022, the assessment criteria in connection with the environmental objectives (3) to (6) are to be specified by the European Union. We will expand our reporting accordingly. Also, based on previous practice in the implementation of the EU taxonomy, further specifications on many topics and individual issues are to be expected. Due to the very high requirements for taxonomy compliance, we expect that initially only some of our business activities will meet the technical assessment criteria. For example, the share of our portfolio properties with an energy performance certificate score of C or better is currently around 60 %, of which 5 % have an energy efficiency class of A or better. We therefore expect that the proportion of our taxonomy-compliant activities to be reported for the following reporting year will probably be significantly lower than the proportion of our taxonomy-eligible activities.

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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.

