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REFERENCES

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to website www.vonovia.de

to page(s) in the Annual Report [AR 2016](#), p.18

Vonovia

Sustainability Report 2016

With around 333,000 apartments throughout Germany, Vonovia is the country's leading real estate company. Our size, our roughly one million tenants, and the significant role which we play in the housing policy landscape impose on us a particular responsibility to actively shape the development of the housing industry.

We aim to live up to this responsibility by pursuing a continuous dialogue with our stakeholder groups, and by considering social and ecological issues in our core activities. A key priority for us is to use our business model and our holistic approach to help resolve the most urgent challenges in the housing industry and make a positive contribution to social development.

Ladies and gentlemen, dear readers,

☒ 102-14

Approximately one million people live in our properties. We are an important point of call for them when it comes to where they live. We gladly accept this responsibility.

We do so to ensure that our customers feel comfortable in their homes today, tomorrow, and in the future. And this is not just possible with a service-oriented customer policy based on a high-performing IT system: We also need dedicated, friendly staff on site who are always willing to listen. Furthermore, our apartments need to leave no wish unfulfilled in terms of construction, social engagement, and energy. This is why we will continuously invest in our apartments over the next few years: approximately one billion euros per year. Our guidelines are:

- > **People now enjoy a higher level of comfort in their homes:** And our tenants naturally wish to share in these improved standards of living. At

the same time, there is a need for affordable housing. We therefore require solutions which offer a high level of comfort but also reasonably priced rents.

- > **The share of the older population is growing:** Our customers also wish to be able to live independently in their apartments in old age. We require senior-friendly housing to achieve this goal.
- > **More and more people are moving to the city:** They want to be based in lively areas where there are jobs and good infrastructure. This means it is not only necessary to build appropriate housing – it also needs to be attractive and affordable.

We are committed to improving the energy efficiency of our apartments. We are thus seeking to make a significant contribution towards fulfilling the German government's climate goals.

We are tackling precisely these issues through our investments and our innovative concepts. Thanks to the large volume involved, we can implement solutions benefiting several different stakeholder groups at the same time – our customers, our owners, and also society as a whole.

We have an important relationship with the municipalities: They expect us to also shape people's living environments outside of their homes. And rightly so! Here too, we are making investments and getting involved. We are in constant dialogue with social amenities, economic partners and politicians and gladly live up to this responsibility.

You have our second sustainability report in your hands. Last year, our report was based on the GRI G4 guidelines. This is now our first report based on the new GRI standards, which were published in October 2016.

Over the course of the following chapters, you can review the progress which we have made in the past year, the issues which we are currently particularly concerned with, and our plans for the future. We have kept our promises: We have become more transparent and have provided you with more data than in our first report. We have supplemented our previously reported key figures with further key figures on the basis of the EPRA Best Practice Recommendations on Sustainability Reporting.

We have thus come a step further, but have still not reached the end of our journey. We will not stand still, not when it comes to serving our customers and not when it comes to shaping our shared future. True to our philosophy, we will collect further findings and actively utilize them in order to improve our performance. In doing so, we will adhere to our motto: Let's get things done! [102-14](#)

Bochum, June 2017

Yours sincerely,
Rolf Buch



»We bear a significant social responsibility, of which we are fully aware.«

Rolf Buch,
Chairman of the Management Board

About This Report

☒ 102-46, 102-50, 102-51, 102-52, 102-54

Our Sustainability Report is designed to show our stakeholders how Vonovia takes responsibility for society, the environment and employees, and incorporates these aspects into its core business without losing sight of the economic aspects.

Content and Structure of the Report

Our second Sustainability Report sees us continue on the path we embarked upon in 2015 with more in-depth reporting. We have focused, in particular, on expanding the range of key figures taken as a basis, especially with regard to environmental matters. We have also given our stakeholders an active role in validating the content of the report as part of a materiality analysis.

The report describes our company's performance based on financial and non-financial information. Financial information includes disclosures about our business model, corporate goals, business development in 2016 and selected financial key figures. The non-financial aspects involve the social and ecological dimensions of our company.

The thematic focus is on the areas of corporate governance, customers and society, the environment and employees. The report is structured according to our sustainability activities, which reflect the material economic, social and ecological aspects of Vonovia SE.

Inclusion of the New GRI Sustainability Reporting Standards (SRS)

Vonovia prepared its Sustainability Report for the 2015 fiscal year in line with the G4 standard of the Global Reporting Initiative (GRI). This is now the first report based on the new GRI standards, which were published in October 2016. This report has been prepared in accordance with the GRI Standards: Core option. GRI was informed of the application of the GRI standards and the publication of this report. [102-54](#)

Vonovia observes the following five principles in its reporting:

Principle of Timeliness

Vonovia's Sustainability Report is published on an annual basis. This report relates to the 2016 fiscal year, meaning that it picks up exactly where the 2015 Sustainability Report, which was published in the fall of 2016, left off. [102-51, 102-52](#)

Principle of Comparability and Transparency

As in the previous year, we have also prepared this report in accordance with the "core option" of the GRI standards, including the voluntary sector-specific disclosures for "Construction and Real Estate."

In addition, we are following the EPRA Best Practice Recommendations on Sustainability Reporting as well as the Code of Conduct of the ZIA Zentraler Immobilien Ausschuss e. V. (the German Prop-

erty Federation). The key figures were collected and calculated by Controlling and by the Product Management, Ancillary Expenses, HR and Procurement departments. Any year-over-year deviations or instances in which figures have been recalculated are indicated in the corresponding section of this report.

An independent third party has not conducted an external review of the report's content. [102-56](#)

Principle of Clear Definition and Consolidation (Boundary of the Report)

The reporting period encompasses the 2016 fiscal year (Jan. 1 to Dec. 31, 2016). Unless stated otherwise, the calculated key figures as well as qualitative information relate to this time period and encompass the entire Vonovia Group. conwert Immobilien Invest SE, which was acquired in 2016, has not been included in principle. [102-50](#), [102-45](#)

Principle of Stakeholder Focus/Materiality

Our aim is to provide our internal and external stakeholders with a transparent, holistic report on our business model and how we take social and ecological aspects into account at all stages in the value chain. We also want to demonstrate how our business activities impact society and the environment.

In order to base our report on the needs of our stakeholders, we identified our relevant stakeholders as part of the 2015 Sustainability Report and gath-

ered key topics for the sustainability of our business activities. In line with the GRI guidelines, the content of the report was selected based on the criterion of materiality.

In early 2017, we used a structured stakeholder survey and expert interviews to perform a materiality analysis in order to validate these topics. The results of this process have been incorporated into this report. This means that our Sustainability Report covers all of the topics that either reflect areas in which Vonovia has a major economic, ecological or social impact, or could have a significant impact on our stakeholders. → [p.22-25](#) [102-46](#)



A Long-Term Path

- 8** Company - Striking a Meaningful Balance Between Economic Interests and Social Responsibility
- 14** Sustainability Management at Vonovia - Taking Environmental Developments into Account
- 18** In Dialogue with Stakeholders - Integrating Alternative Perspectives
- 22** Material Topics - Focusing on What is Important
- 26** Governance and Compliance - Promoting Transparency and Trust

A

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Company

☒ 102-1, 102-2, 102-3, 102-4, 102-5, 102-6, 102-7, 102-10, 102-11, 102-13,
102-15, 102-16, 103-2, 201-1, 201-2

Vonovia provides its customers with affordable residences offering real quality of life as well as innovative housing-related services from a single source. We endeavor to strike a meaningful balance between social and ecological responsibility on the one hand and pursuing economic interests on the other – for the benefit of our stakeholders.

Vonovia: Combining Economic Success with Social Responsibility 103-2

Vonovia is Germany's leading nationwide residential real estate company. We manage around 333,000 apartments (Dec. 31, 2016) in attractive cities and regions in Germany. As a result, we provide homes to around a million people. 102-1, 102-7

The size of our company infers a high level of economic, social and ecological responsibility. We want to live up to this responsibility, first by using efficient portfolio management to offer our customers affordable homes in the long run, along with state-of-the-art housing-related services, and second by using maintenance and modernization measures to keep our buildings looking attractive and further develop our neighborhoods. We also want to use new ideas to set trends for the housing industry. In order to achieve this, we contribute to society in various ways – at a political, social and economic level. For example, as an advocate within the scope of association work, as a sponsor via our foundation activities ☒ **AR 2016, p. 53** or as an initiator of muni-

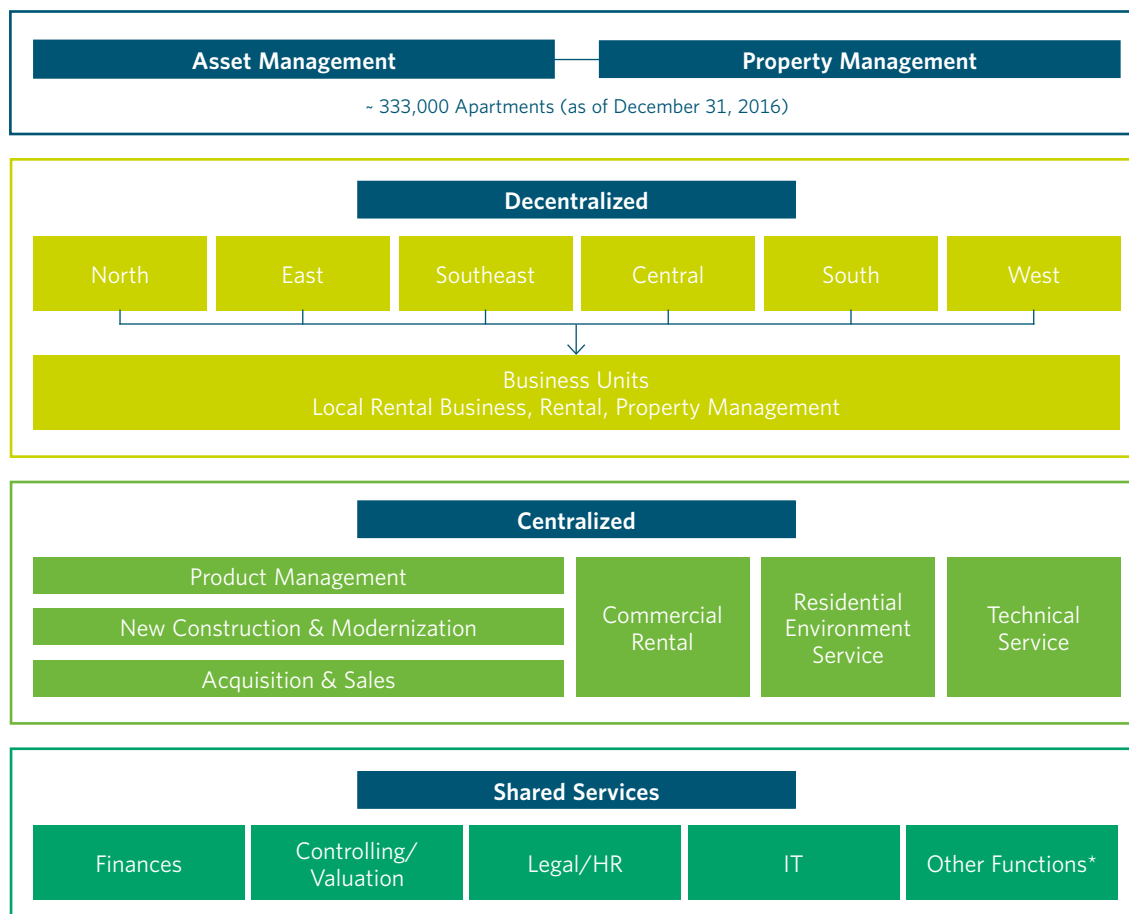
Selected Memberships in Industry Associations and Initiatives 102-13

- AGV Arbeitgeberverband der Deutschen Immobilienwirtschaft e. V.
- AGW Arbeitsgemeinschaft Großer Wohnungsunternehmen
- Bundesverband Freier Immobilien- und Wohnungsunternehmen e. V.
- BFW Deutscher Verband für Wohnungswesen, Städtebau und Raumordnung e. V.
- DDIV Dachverband Deutscher Immobilienverwalter e. V.
- DIRK Deutscher Investor Relations Verband e. V.
- EPRA European Public Real Estate Association
- GdW Bundesverband deutscher Wohnungs- und Immobilienunternehmen e. V.
- Initiative Corporate Governance der Deutschen Immobilienwirtschaft e. V.
- KlimaDiskurs. NRW e. V.
- ZIA (Zentraler Immobilienausschuss) e. V.

Other Memberships

- Initiativkreis Ruhrgebiet
- InWIS Forschung und Beratung – Förderverein e. V.
- Verein der Freunde und Förderer der EBZ School e. V.

Corporate Structure



* Other shared services areas: audit, UKOM, central purchasing, insurance, investor relations, accounting, taxes

cial neighborhood development projects.

→ [p. 9 et seq. 102-2, 102-4, 102-6](#)

Our company has been listed on the stock exchange since 2013 and its shares have been traded in the DAX 30 index since 2015. We pay our shareholders stable, reliable dividends. This also makes us a reliable partner for investors with a long-term focus.

Corporate Structure

Vonovia operates exclusively in Germany. Its registered office is in Düsseldorf, while corporate headquarters are located in Bochum, Philippsstrasse 3 (Dec. 31, 2016). [102-3](#)

The parent company of the Vonovia Group is organized in the legal form of a European corporation (SE) and performs the function of management holding company for the Group. As such, it is responsible for determining and pursuing the overall strategy and implementing it in the form of the company's goals. It performs property management, financing, service and coordination tasks for the Group. Furthermore, it is responsible for the management, control and monitoring system as well as risk management. [AR 2016, p. 31 et seq. 102-5](#)

Vonovia's core operating business is divided into six business areas: the north, east, southeast, central, south and west regions. These are split into business units, each of which is responsible for an average of around 9,300 housing units.

Vonovia in Figures

☒ 102-4, 102-6, 102-7



On Site
in 660 cities and local
communities in 16 federal
states



**Units That are Managed
for Other Owners**
58,969



Own Residential Units
333,381



Employees
7,437



Garages And Parking Spaces
85,421



**Rental Points
and Caretaker Offices**
> 270



Commercial Units
3,405



Customer Centers
2

Important Key Figures

(Dec. 31, 2016)
in € million

☒ 102-7, 201-1

Adjusted EBITDA
1,186.5

FFO 1 (Operating Profit or Loss)
760.8

Fair Value of the Portfolio
27,115.6

Net Asset Value
17,047.1

Equity Ratio in %
42.7

Loan to Value in %
41.6

Monthly In-Place Rent in €/m²
6.02

Vacancy Rate in %
2.4

Additional key figures in the 2016
Annual Report of Vonovia SE.

Responsibility for product management, new construction and modernization, acquisition and sales, as well as the commercial and operational support functions, is centralized. 102-2

The management of the business is based on the strategic approaches of the company and is conducted via the three segments: Rental, Extension and Sales. For more information about our corporate structure, we refer to the [AR 2016, p. 31 et seq.](#)

Changes in Size, Structure and Ownership Structure during the Reporting Period

At the beginning of the 2016 fiscal year, one portfolio, comprising 2,417 apartments predominately located in Baden-Württemberg, was incorporated into our portfolio.

In the course of 2016, properties in the Non-Core and Non-Strategic portfolios were sold as part of several partial sales during the implementation of the portfolio management strategy (19,716 units).

In addition to acquisitions and sales, Vonovia's portfolio changed in 2016 as a result of additions arising from tactical acquisitions and new construction measures/densification in existing neighborhoods on the one hand, and disposals of owner-occupied apartments from our Privatize portfolio and the sale of multifamily residences from the Non-Core and Non-Strategic portfolio on the other.

The number of our own residential units dropped from 357,117 to 333,381 units in a year-over-year comparison, while the total number of managed units increased from 397,799 to 392,350.

Since the end of 2016, Vonovia has held a majority stake of 71.54 % in conwert Immobilien Invest SE, Vienna ("conwert"). The successful takeover offer will allow the legal and organizational integration of conwert to be completed as scheduled in 2017. This will see Vonovia include around 24,500 additional units in attractive major German cities and in the Austrian capital, Vienna, in its portfolio. [AR 2016, p. 33](#)

The number of employees working for Vonovia increased considerably in 2016. 7,437 people were working for Vonovia at the end of 2016 (Dec. 31, 2015: 6,368). The increase is largely due to the

increase in the number of employees working for the craftsmen's and residential neighborhood organization. 102-10

The vast majority of the company's shares are still in free float (92.4 %). In accordance with our long-term focus, the largest individual shareholders are institutional investors like pension funds and other funds with a similarly long-term focus [AR 2016, p. 26](#) 102-5

An Ambitious Mission Statement Provides Day-to-Day Guidance 102-16

We are responsible for many stakeholder groups. → [p. 18 et seq.](#) Our main stakeholders are our customers, our employees, our shareholders and investors, and policymakers at the municipal, state and federal levels. In order to live up to their expectations and our expectations of ourselves, we have set out binding principles for our conduct in our mission statement.

The mission describes the company's core business and its responsibilities towards its stakeholders. As a leading real estate company, Vonovia aims to give people a home:

- > Homes form the basis of our business, which we are constantly enhancing, using our competence and financial strength, in order to set new trends in the housing industry.
- > We offer our customers affordable homes that meet their needs together with housing-related services and reliable customer support.
- > We offer a high level of customer orientation and a scalable business model that aims to establish us as the quality leader in our market.

The vision shows how Vonovia wishes to be perceived by its stakeholders in the future: Our goal is to be held in high esteem as a force shaping the housing industry by all of our partners.

As far as society at large is concerned, we are committed to the idea that "owning residential property implies an obligation" and we aim to act in a manner that embraces the three aspects of sustainability: social, ecological and financial sustainability. We offer our customers more than just a residence – Vonovia provides a home for the whole family. We are on hand to provide reliable service when our cus-

tomers need us. We want our employees to identify with their employer, Vonovia, thanks to our commitment to putting team spirit into practice, a long-term focus, a culture of appreciation and continual new challenges. The company provides investors with sustainable and adequate yields. We act as a discerning and fair partner to our suppliers.

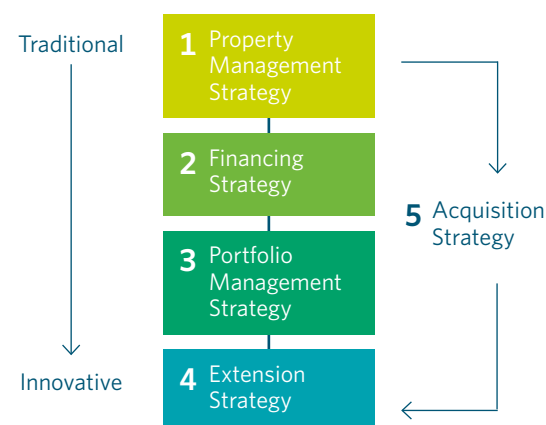
Our Corporate Strategy 103-2

Our Group pursues a 4+1 strategy that aims to boost customer satisfaction and enhance Vonovia's reputation. We also have a financial objective: to boost growth in FFO 1 per share and EPRA NAV per share.

Our 4+1 strategy can be described in detail as follows:

- (1) **Property Management:** Improving operating key figures through efficient property management, continuous investments and above-average maintenance
- (2) **Financing:** Using an internationally competitive financing structure to ensure adequate liquidity and optimize our financing costs, as well as maintaining our ratings
- (3) **Portfolio Management:** Optimizing building stocks by way of investments, tactical acquisitions and sales
- (4) **Extensions:** Increasing customer satisfaction by way of maintenance and modernization measures, and by offering additional housing-related services

The 4+1 Pillars of our Strategy



In accordance with our portfolio management strategy and our extension strategy, we do not consider acquisitions to be the only way in which to achieve growth, but rather see them as a further strategic lever. Specifically, this means we do not want to grow primarily through acquisitions. Acquisitions are made only if they increase value and accelerate the impact of the first four strategic approaches.

- (5) **Acquisition:** Continuously reviewing and integrating suitable portfolios into the existing portfolio in order to accelerate growth levers 1 to 4.

Management System 103-2

Our management system is based on our corporate strategy, which continued to apply unchanged in the 2016 fiscal year. As part of the management of the company, we make a distinction between three segments: Rental, Extension and Sales.

The **Rental** segment combines all of the business activities that are aimed at the value-enhancing management of our properties.

The **Extension** segment combines all of the business activities relating to the expansion of our core business to include additional customer-oriented services. They are:

- > Our craftsmen's organization
- > Our organization for the upkeep and maintenance of the residential environment in which our properties are located
- > The provision of a cable TV connection to our tenants
- > Condominium administration for own apartments and for the apartments of third parties
- > Metering services for measuring the consumption of water and heating
- > Insurance services for own apartments and for the apartments of third parties 102-2

The **Sales** segment bundles all real estate sales from our portfolio. It focuses on the targeted sale of apartments, buildings and subportfolios that do not fit into our property management strategy or can be better managed in a different context for other reasons.

5 Pillars of Risk Management at Vonovia

Management Board (Strategy, Requirements/Goals, Control Environment, Monitoring)				
1 Performance	2 Compliance	3 Risk Management	4 Internal Control System	5 Internal Audit
Controlling <ul style="list-style-type: none"> > Budget > Forecast > Results <hr/> Operational Areas <ul style="list-style-type: none"> > Performance management > Technical integrity 	Compliance Officer <ul style="list-style-type: none"> > Guidelines, regulations > Contracts > Capital market compliance > Data protection <hr/> Operational Areas <ul style="list-style-type: none"> > Ensuring compliance 	Controlling <ul style="list-style-type: none"> > Risk management process > Risk reporting <hr/> Operational Areas <ul style="list-style-type: none"> > Risk identification and evaluation > Risk control 	IT <ul style="list-style-type: none"> > Process documentation Accounting <ul style="list-style-type: none"> > Accounting-based internal control system <hr/> Operational Areas <ul style="list-style-type: none"> > Documentation of core processes > Control activities 	Internal Audit <ul style="list-style-type: none"> > Process-oriented audits > Risk-oriented audits <hr/> Operational Areas <ul style="list-style-type: none"> > Process improvements

As far as our **key figures** are concerned, we make a distinction between financial and non-financial performance indicators:

- > Net asset value (NAV): real estate assets without liabilities
- > Funds from operations (FFO 1): profit from operations after current interest and taxes
- > Customer Satisfaction Index (CSI): level of customer satisfaction
- > Adjusted EBITDA at segment level

In addition, for management we take into account operating key figures like vacancy rate, the level of our maintenance and modernization measures or important financial key figures like the loan-to-value ratio. [AR 2016, p. 46 et seq.](#)

Risk Management: Vonovia in a Stable Position

Like any success-oriented and responsible company, we engage in comprehensive risk management. Organizationally, this function is assigned directly to the CCO, who regularly monitors its effectiveness. Vonovia's risk management system is based on an integrated, five-pillar management approach.

In the course of annual reporting, Vonovia provides a detailed explanation of its risk situation to external parties. In the spirit of transparency, the Management Board publishes a qualified list of "top 10 risks." Overall, Vonovia is in a stable position and does not consider itself exposed to going concern risks.

[AR 2016, p. 86 et seq. 102-11, 102-15](#)

Vonovia also monitors and evaluates any potential risks that could arise from climate change. Most of Vonovia's properties are not located in areas that are exposed to particular risks arising from the potential impact of climate change. Nevertheless, Vonovia proactively performs regular checks on building safety, taking all of the building regulations into account in order to ensure that climate change and its implications do not give rise to any direct risks for Vonovia. In addition, Vonovia takes out extensive buildings insurance coverage to protect itself against potential damage. The company has a separate department for mining subsidence damages that addresses all issues relating to the consequences of mining. [201-2](#)

Sustainability Management at Vonovia

☒ 102-2, 102-19, 102-20, 201-2

In order to fully live up to our responsibility as one of Germany's biggest housing companies, we incorporate sustainability aspects into our strategic focus and into our decisions at all points along our value chain. In particular, environmental developments and their impact on our business play a key role in this process.

Our Understanding of Sustainability

Our size and the object of our business – the renting of affordable homes – mean that, as a company, we have a special responsibility towards various stakeholder groups. After all, a home is a basic human need. Good living standards, an environment in which we feel comfortable, and intact neighborhoods are of crucial importance when it comes to determining whether we feel at home in an apartment in the long run.

But the housing industry is being shaped by far-reaching changes resulting from social, demographic and political developments. Our business model is our way of responding to these developments. As a result, our understanding of sustainability is based on environmental developments and the challenges facing the housing industry.

We focus on those areas that have an impact on, or are influenced by, Vonovia's business model. These include, in particular, social and demographic change, the overall regulatory framework and topics relating to the environment and climate change.

→ p.16-17

The stable economic development of our business is essential if we want to be able to make a meaningful and effective contribution. After all, only a company that is financially successful can live up to its social responsibility in the long term and help to ensure that social and ecological needs are met.

By its very nature, our business model deals with very long-term planning horizons: Properties are used for well over 50 years, while maintenance and modernization investments must pay off over the course of 15 to 30 years. This means that we always carefully weigh our decisions, analyzing in detail potential long-term developments, too. → p.50 et seq., p. 54 et seq.

The key criterion for our business decisions is the long-term satisfaction of our one million or so customers. We want to offer them a home in which they feel comfortable in the long term. This means that the home is and remains affordable, that the apartments are in a good condition and that the residential environment is livable. We also want to enable our older tenants to stay in their apartments for as long as possible.

Our size and the regional bundling of our apartments allow us to manage our portfolio so efficiently that the costs – and, as a result, rents – remain affordable. This also means that we make extensive investments in maintaining and developing our portfolio, e.g. by taking maintenance and modernization measures, measures to develop and convert apartments to make them suitable for the elderly or by building new properties. This allows us to respond to social needs at the same time.

Our investments include, in particular, measures to make our apartments more energy efficient, which have a positive impact in two respects: Well-insulated apartments increase efficiency, while simultaneously reducing ancillary expenses for our customers. By making energy-efficient apartments available, we can also make a significant contribution to climate protection in Germany.

But for Vonovia, a nice environment also contributes to a good residential atmosphere. Therefore, together with other actors, we become involved beyond our buildings portfolio and set trends with cities, companies and city planners, as well as with associations, initiatives and, last but not least, with our local customers for the development of entire neighborhoods.

We also live up to our responsibility as one of Germany's leading housing companies by engaging in ongoing dialogue with policymakers in various ways. Within this context, we are committed, first and foremost, to ensuring that the overall political framework is in line with both the demands that our company has to meet and the needs of our customers.

Establishment in the Company

At the highest level, the Chief Executive Officer of Vonovia SE is responsible for the issue of sustainability. The Supervisory Board supports and monitors the issue in the Audit Committee. [102-20](#)

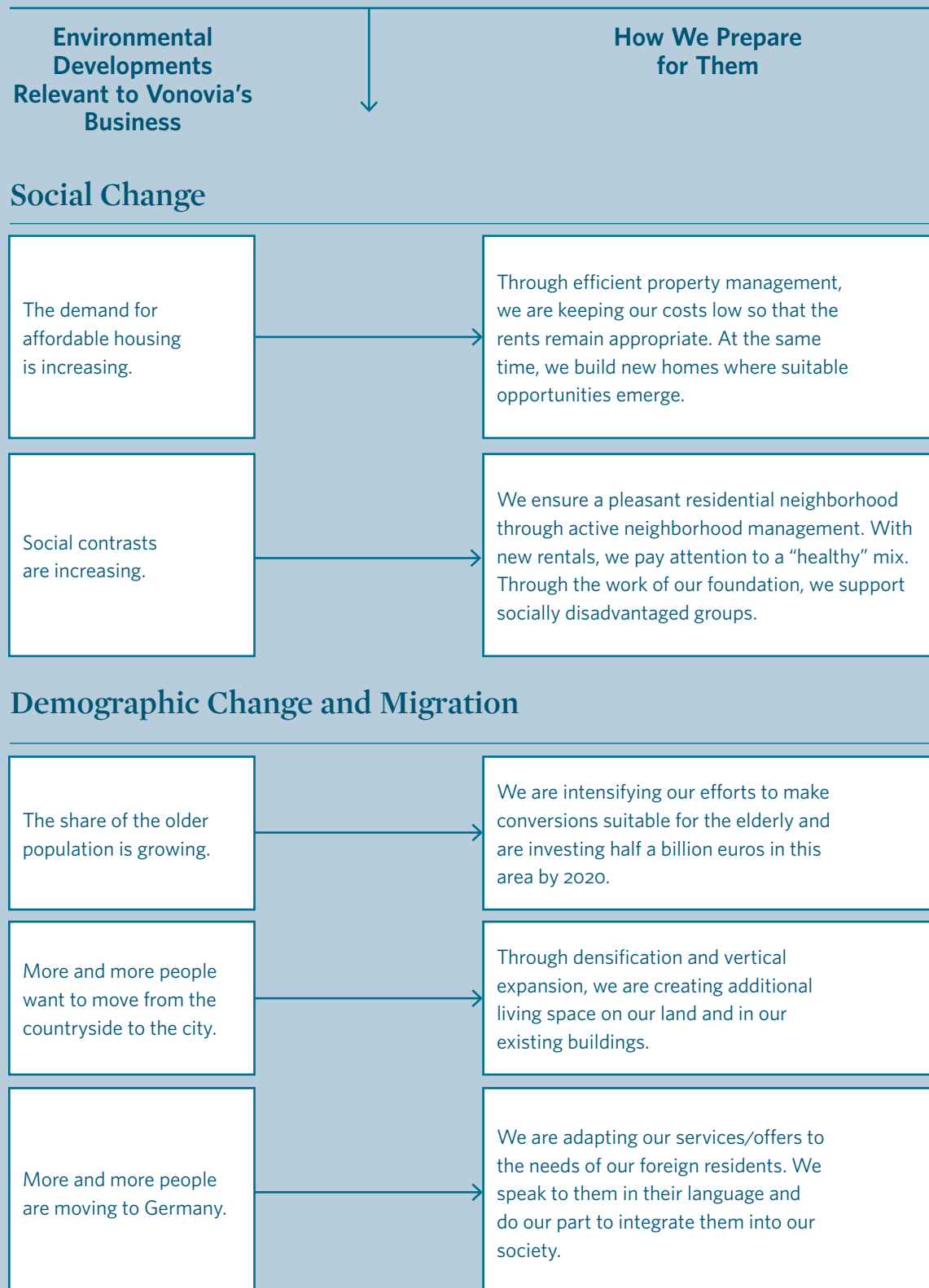
The operational processing of sustainability-related issues is performed via the staff positions and line functions of Vonovia SE. Those who share responsibility ensure that in the course of day-to-day business the joint arrangements are implemented and goals are achieved. These individuals come from the areas of customer service, the residential neighborhood, product management, process management, HR, procurement, accounting, communication and technical services. [102-19](#)

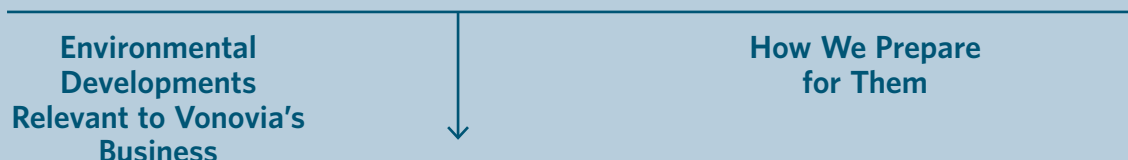
During the preparation and creation of the sustainability report, those who share responsibility meet regularly. Independently of this, they hold discussions in a small group if necessary. In the meetings, the participants involve themselves, among other things, with the agreement of measures, the achievement level of targets and the surveying of report-related issues, information and data. External sustainability consulting supports Vonovia in the development of its sustainability management and the implementation of systems to survey the required key figures.

The next step involves the development of a sustainability strategy, as well as the definition of corresponding goals and the determination of measures arising from them.

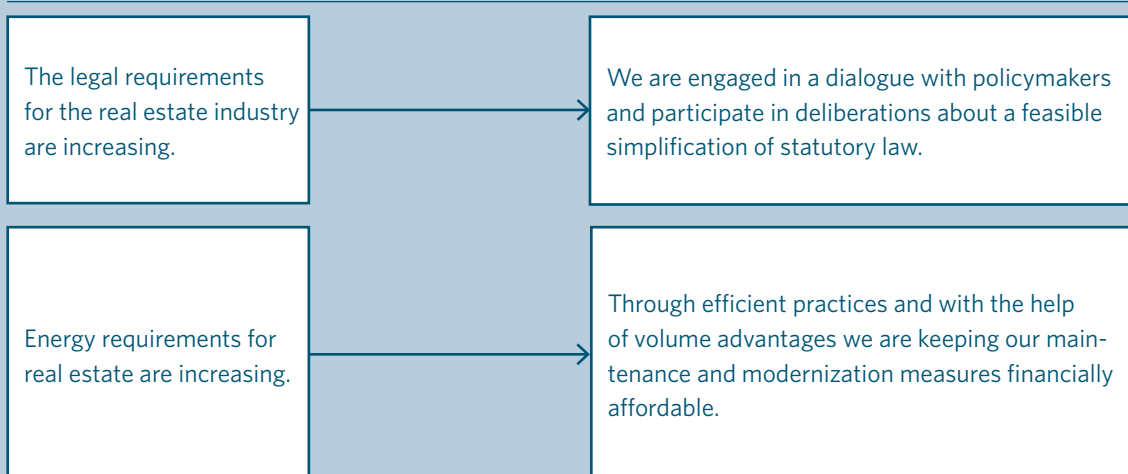
Environmental Development

☒ 102-15, 201-2

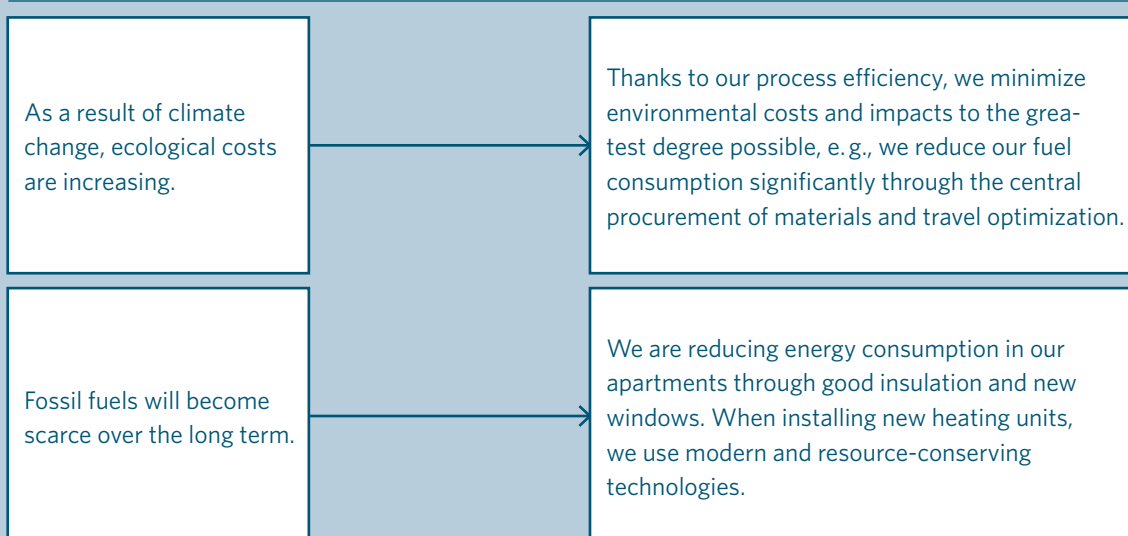




Regulation



Environment and Climate



In Dialogue with Stakeholders

☒ 102-40, 102-42, 102-43, 102-44, 203-2, 415-1

As a capital markets-oriented company with around one million customers that plays a key role in the social and housing policy landscape, we have a whole range of relationships with various stakeholders. Our dialogue with them helps us to address their expectations, recognize potential room for improvement and convert this into specific measures.

A Broad Range of Stakeholders

Our stakeholders have different interests with regard to our company and exert influence on our company. Our main stakeholders include customers, employees, shareholders, investors and analysts as well as policymakers at the municipal, state and federal levels. Additional interest groups are tenants' associations, suppliers and service providers, the media and non-governmental organizations (NGOs). 102-40

Communication and dialogue with these stakeholders are important to Vonovia because we have to be aware of their views, interests and concerns in order to be able to reflect them in our business orientation. 102-42

Stakeholder Interests: How We Involve Them in Our Business

The interests and wishes that stakeholders call to our attention are manifold. However, our business approach largely ensures that all our stakeholders benefit from it since it combines essential economic, social and environmental expectations.

As a service company, we have a natural interface with our most important stakeholder group: The direct contact that Vonovia employees have with our **customers** is the most important form of dialogue with this stakeholder group. Our customers expect us to be able to provide them with straightforward, service-oriented and timely answers to their questions and to complete any work that has to be done on their home as quickly as possible. Important issues for them are good availability, responsiveness and a local presence. We want to satisfy these expectations through the good coordination of our central customer service with our own local employees: The employees of our central customer service at the Duisburg and Dresden locations receive more than 10,000 telephone inquiries daily from our existing customers, solving or referring them further. Customers can also contact Vonovia by letter, e-mail or fax. We now support our existing customers with more than 3,700 caretakers, craftsmen and gardeners. Our approach to communicating with our customers also includes quarterly customer satisfaction surveys and ad hoc surveys that aim to achieve further improvements in our service quality and actively involve our customers in the development of our services. → p. 42 et seq. Customers also receive information on various topics in a quarterly customer magazine. ☐ AR 2016, p. 36-37 102-43, 102-44

Our **employees** want an attractive job with an interesting compensation, an employer that provides them with opportunities for professional and personal development, and a reliable, fair working

~1,000

Employees
at our service centers handle
our customers' requests

+160

New Trainees
started work at Vonovia
in 2016

+20 %

Increase
in dividends per share
compared with 2015

4,200

Suppliers and Service Providers
are in a business relationship
with Vonovia

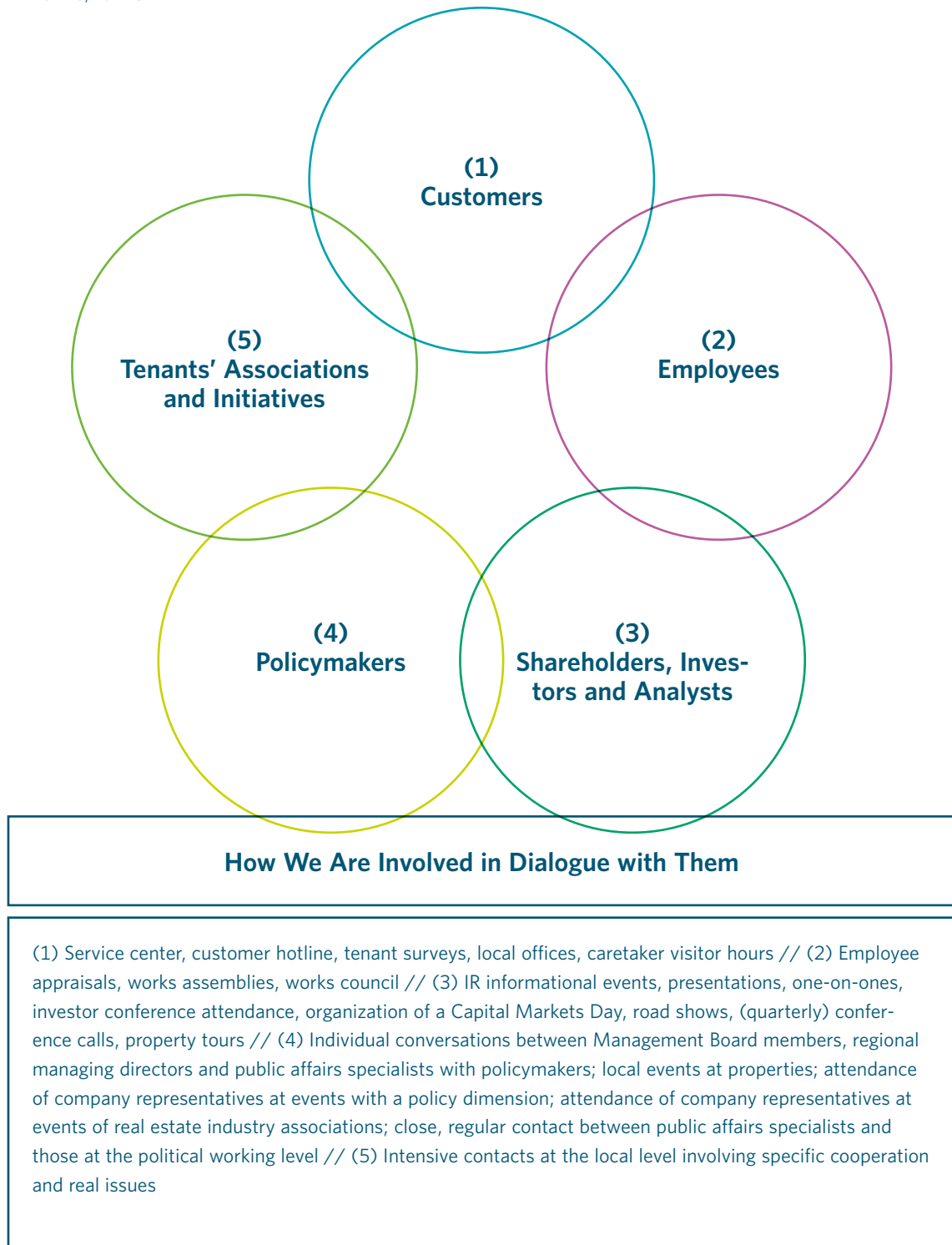
environment. With our broad business approach, our employees find numerous opportunities for professional and personal development in an industry offering future security. We offer training in 14 commercial and trade professions, impart knowledge via our own academy and conduct HR development customized to personal needs. In order to maintain ongoing dialogue with our employees, managers exchange information with their employees on a regular basis, for example in employee appraisals, team or departmental meetings. Information relating to all employees is passed on in a timely manner and in full at works assemblies. → p. 78 et seq. [AR 2016, p.52](#) 102-43, 102-44

It is important to our **shareholders, investors and analysts** that we successfully implement our business model, which is oriented toward stable growth and a reliable yield, and report on it transparently. We pursue our goals very actively with a broad-based strategy. In recent years, we were able to increase the earnings power of our portfolio significantly through our property management, portfolio management and the expansion of our Extension activities. In addition to our core business, we also regularly review acquisition opportunities. We mainly use face-to-face meetings, conference calls, presentations and road shows to maintain regular dialogue with our shareholders, investors and analysts. 102-43, 102-44

Policymakers would like us to work with them on issues of neighborhood and urban development, and participate as a major market partner in the solution of socially relevant matters, such as the rising demand for housing, demographic change or climate change. For this, we engage in regular and comprehensive discussions with political representatives and associations at the municipal, regional and federal levels. We conduct non-partisan discussions with representatives and participate as an opinion leader in forums and events on real estate matters. We also initiate projects of social relevance, such as projects for neighborhood development → p. 60 et seq., projects for the inclusion of migrants or our measures to build new housing. → p. 38 et seq. In addition, the real estate industry is regulated by the legislative branch and must comply with high standards here. In our dialogue with policymakers, we refer to both the positive and negative effects of proposed legislation for our industry. However, Vonovia

Stakeholder Groups*

☒ 102-40, 102-43



Regular and close contact exists with suppliers and service providers, the media, NGOs and the public sphere.

* The order reflects the respective degree of influence of the stakeholders

remains neutral in its political work and has the clear guideline not to make any political donations. The company is similarly prohibited from membership in parties or party-affiliated networks. 102-43, 102-44, 415-1

Fair dealings in tenant matters as well as the quick and constructive identification of solutions in case of conflicts are important to **tenants' associations and initiatives**. We maintain close contact with local tenants' associations. We conduct tenant assemblies and, if necessary, are ready to respond to questions from tenant advocates on a short-term basis. In order to avoid escalations, we thoroughly review the legitimacy of criticism directed at us, if possible. In case of legitimate criticism, we attempt to eliminate any related deficiencies quickly. 102-43, 102-44

Our **suppliers and service providers** expect from us a business relationship conducted on a partnership basis, in which the interests of both sides are adequately taken into account. We and our commercial partners, partners in the trades and other partners are bound together by the common interest to deliver very good services for Vonovia and our customers. A Business Partner Code and a Code of Conduct ensure that we are on the same page in terms of the key cornerstones of our collaboration. → p. 90 et seq. 102-44

The **media** expect from us the readiness to communicate and an open communication policy – also regarding matters that deal critically with our company. We conduct comprehensive public relations and strive to provide information even on short notice. In order to prioritize our communication properly, we continually inform ourselves about issues that influence our environment. We conduct regular press conferences and discussions with representatives from the media – also on location – and are available for interviews regarding technical matters. In case of crises or disruptions, we endeavor to respond quickly to questions. 102-43, 102-44

NGOs and the public sphere would like us to make a financial and operational contribution to social issues. As a corporate citizen, Vonovia is directly involved in municipal life since the object of our business affects the day-to-day lives of the neighborhood community and vice versa. Accordingly, we cooperate with numerous organizations such as

welfare associations or church institutions. We participate in school projects, maintain playgrounds and support sports clubs, social and cultural institutions and disadvantaged individuals through our foundations. In addition, we involve public organizations in the development of new services. → p. 44 102-43, 102-44, 203-2

Material Topics

☒ 102-46, 102-47, 102-49, 103-1

Vonovia deals in a continuous and structured manner with foreseeable developments in German real estate markets as well as with social and demographic change. We also involve our stakeholders in defining the issues that we consider to be material and relevant.

Performance of a Materiality Analysis to Validate the Content of the Report

During our preparations for the 2015 Sustainability Report, we identified and prioritized the topics that are material to our company and our business activities as part of a process involving several stages.

Vonovia conducted a stakeholder survey at the start of 2017. The results of the survey allow us to validate the material topics that were identified last year and, where appropriate, to replace them with other topics or add additional ones. As part of this process, we revised last year's topic list and used it as a basis for the survey.

The survey was conducted both online and in the form of personal interviews. More than 60 internal and external stakeholders took part in the online survey and qualitative interviews were conducted with 22 external experts. The survey participants included representatives from the capital markets, tenants, employees, suppliers and service providers of Vonovia, as well as representatives from authorities, the world of politics, associations, NGOs and

academia. The stakeholders were selected based on their knowledge of Vonovia and their sustainability expertise.

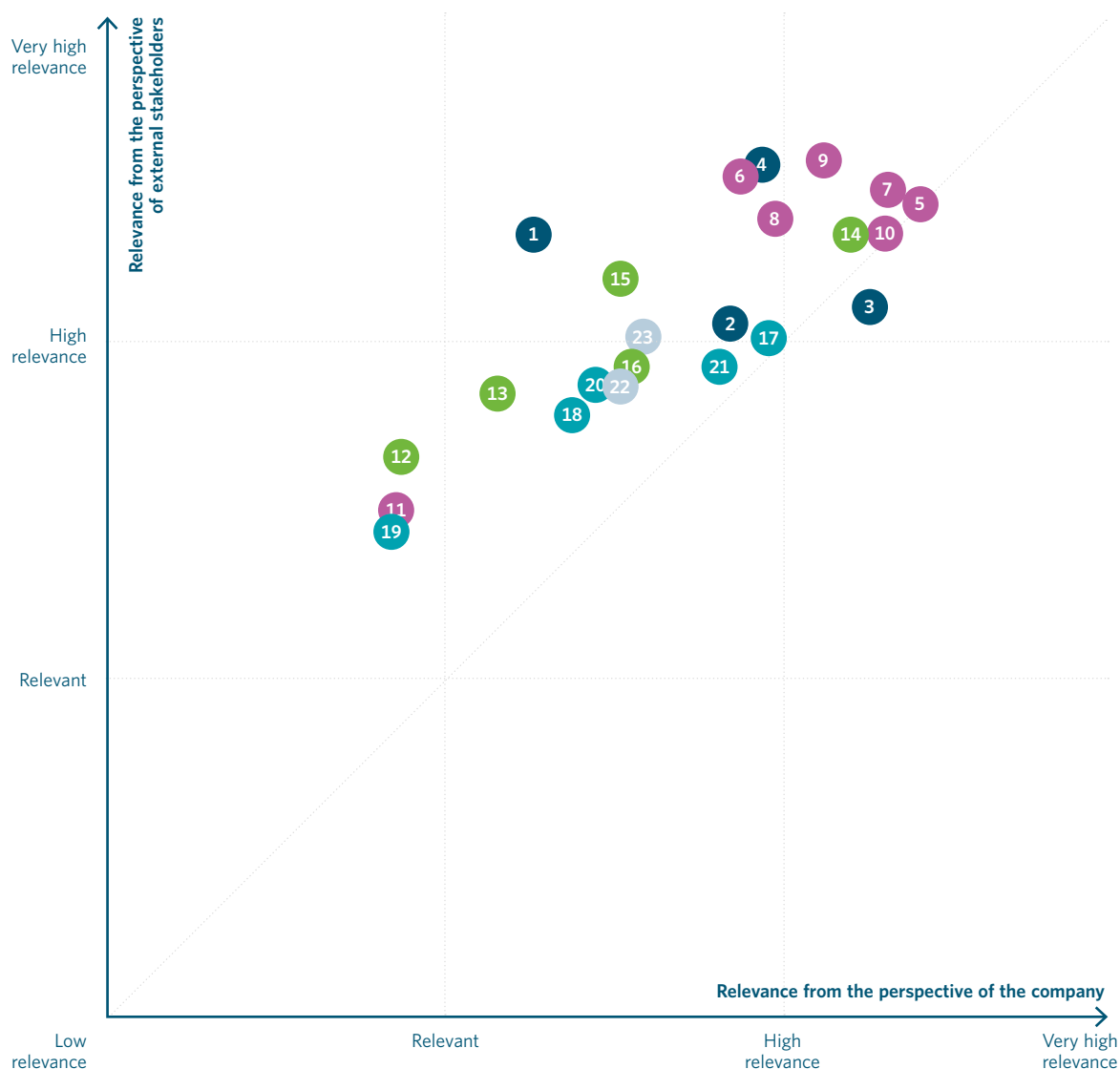
The stakeholders were asked about the sustainability topics that they felt were the most relevant to the housing industry. This involved asking them to score the 23 topics mentioned in terms of their relevance and to specify any other relevant topics. An in-house workshop was conducted after the survey to discuss and prioritize the results.

The scores assigned to the individual topics from an internal and external perspective were translated into a materiality matrix. → p. 23 A comparison with the topics covered last year showed that Vonovia already concentrates on the key sector topics. Stakeholders did not deem any of the topics put forward by Vonovia to be irrelevant. The topics raised by the stakeholders themselves are also all topics that Vonovia already addresses. 102-46

We also asked the stakeholders surveyed to assess Vonovia's performance in the individual topic areas. We were given the best performance ratings in the areas of long-term growth → p. 8 et seq. and portfolio maintenance. → p. 50 et seq. At the moment, our stakeholders believe that neighborhood development is the area that offers the biggest development potential for Vonovia. You can find information on the activities we are already pursuing in this area and our plans for the future from → p. 60 onwards.

Materiality Matrix

☒ 102-47



Sustainable Management

- 1 Adjustments to Reflect Climate Change
- 2 Compliance and Anti-Corruption
- 3 Long-Term Growth
- 4 Open Dialogue with Society
- 22 Social and Labor Standards in the Supply Chain
- 23 Environmental Standards in the Supply Chain

Society and Customers

- 5 Portfolio Maintenance
- 6 Affordable Rents
- 7 Customer Health and Safety
- 8 Neighborhood Development
- 9 Creation of Homes
- 10 Service Quality and Customer Satisfaction
- 11 Social Commitment

Environment

- 12 Impact of Transportation/Logistics
- 13 Company Environmental Protection
- 14 Energy Efficiency and Reducing Greenhouse Gas Emissions in the Portfolio
- 15 Environmental Protection in the Portfolio
- 16 Environmental Protection in Connection with Renovation and New Construction Measures

Employees

- 17 Initial and Further Training
- 18 Occupational Health and Safety
- 19 Co-Determination
- 20 Diversity and Equal Opportunity
- 21 Work-Life Balance

Year-over-Year Changes in the Material Topics

102-49

The list of material topics is based on the topics we identified for the 2015 Sustainability Report. Before conducting the stakeholder survey, we also added a number of overarching issues that were brought to our attention in the context of the last report, and aimed to look more specifically at other existing issues to get a better idea of how our stakeholders evaluate the individual issues:

As far as **sustainable management** is concerned, we added two new topics: open dialogue with society and adjustments to reflect climate change. What is more, the combined topic of “social and environmental standards in the supply chain” was broken down into two separate issues.

With regard to **society and customers**, social commitment was added as a new topic. The topic of demographic development is a cross-sectional topic that we address in numerous areas of the company – such as in the senior-friendly conversion of apartments, but also through support for young and old. In terms of content, this is being replaced and focused on here by the subject of “creation of homes”. This area includes all of the measures that we take to counteract the pressure on the housing markets and create new homes in metropolitan areas, in particular.

As far as the **environment** is concerned, we have reclassified the individual topics, concentrating on where there is an impact in order to define the areas accordingly. This makes our climate and environmental protection processes more focused. Specifically, this means the issues of energy efficiency, reduction of greenhouse gas emissions as well as waste and water management from 2015 have been worded more specifically to create the following topic areas: energy efficiency and reducing greenhouse gas emissions in the portfolio, environmental protection in the portfolio, environmental protection in connection with renovation and new construction measures, company environmental protection and the impact of transportation/logistics.

In terms of **employees**, we have added the topics of diversity and equal opportunities, as well as co-determination. As diversity and equal opportunities play a key role within our company, we had already reported on these issues in the 2015 Sustainability Report although they had not yet been defined as material issues. Given the increased importance of this issue, also as a result of the CSR reporting requirement for major capital market-oriented companies, we have now added it to the list of material issues.

Material Topics per Action Area 102-47, 103-1

Material topic	Material for			GRI topic	Page reference
	Vonovia/ business processes	Custo- mers/ society	Supply chain		
Sustainable management					
Long-term growth	x			Economic Performance	p. 8-10, p. 12-13, p. 16-17
Open dialogue with society		x		Public Policy // Approach to Stakeholder Engagement (102-42)	p. 18 et seq., p. 21, p. 34-35, p. 36-37
Compliance and anti-corruption	x		x	Anti-Corruption // Anti-Competitive Behavior // Environmental Compliance // Socioeconomic Compliance // Marketing and Labeling	p. 26 et seq.
Adjustments to reflect climate change	x	x		Economic Performance	p. 8-10, p. 12-13, p. 16-17
Environmental standards in the supply chain			x	Procurement Practices // Supplier Environmental Assessment	p. 90-93
Social and labor standards in the supply chain			x	Procurement Practices // Supplier Social Assessment	p. 90-93
Society and customers					
Portfolio maintenance	x	x		Material Topic not covered by GRI	p. 50-53, p. 55 et seq.
Customer health and safety		x		Customer Health and Safety	p. 46-47
Creation of homes		x		Local Communities	p. 36-40, p. 60 et seq.
Service quality and customer satisfaction		x		Approach to Stakeholder Engagement (102-42)	p. 32-35
Neighborhood development	x	x		Indirect Economic Impacts // Local Communities	p. 42-45, p. 60 et seq.
Affordable rents	x	x		Indirect Economic Impacts	p. 37, p. 38, p. 44-45, p. 58
Social commitment		x		Indirect Economic Impacts	p. 21, p. 60 et seq.
Environment					
Energy efficiency and reducing greenhouse gas emissions in the portfolio	x	x		Energy // Emissions	p. 50-53, p. 54-56, p. 98 et seq.
Environmental protection in the portfolio	x	x		Biodiversity // Water // Effluents and Waste	p. 58-59, p. 98 et seq.
Environmental protection in connection with renovation and new construction measures	x			Water // Effluents and Waste	p. 39, p. 98 et seq.
Company environmental protection	x			Energy // Emissions // Water // Effluents and Waste	p. 70-71, p. 98 et seq.
Impact of transportation/logistics	x			Energy // Emissions	p. 68-69, p. 98 et seq.
Employees					
Initial and further training	x			Training and Education	p. 78-79, p. 80-81
Work-life balance	x			Employment	p. 74-75, p. 84-85
Diversity and equal opportunities	x			Diversity and Equal Opportunity	p. 82-83
Health management/occupational health and safety	x			Occupational Health and Safety	p. 84-89
Co-determination	x			Labour/Management Relations // Freedom of Association and Collective Bargaining	p. 28-29, p. 76, p. 90-92

Governance and Compliance

☒ 102-12 , 102-16, 102-18, 102-19, 102-22, 103-2, 103-3, 205-2, 205-3, 206-1, 405-1, 416-2, 419-1

Responsible and transparent corporate governance is a top priority for Vonovia. After all, Vonovia is one of the leading companies in the real estate sector. We are aware of our status as a role model and the responsibility that comes with it and aim to live up to this responsibility in all respects.

Corporate Governance: Key Metric for Our Corporate Culture 103-2

Corporate governance is the responsible management and supervision of a company. Good corporate governance is a key aspect of sustainable management and strengthens the trust of our customers, employees, shareholders, business associates and the general public in Vonovia SE; it increases the company's transparency and strengthens our Group's credibility.

Both the Management Board and the Supervisory Board are thoroughly committed to the principles and ideas of the German Corporate Governance Code (DCGK). The active implementation of the Code forms the basis for responsible corporate governance aimed at long-term value creation and serves as a guideline for conduct in the company's daily management and business. Every year, the Management Board and Supervisory Board express their commitment to the Code by issuing a **declaration of conformity** pursuant to Section 161 of the German Stock Corporation Act (AktG), as they did in February of this year. 102-18

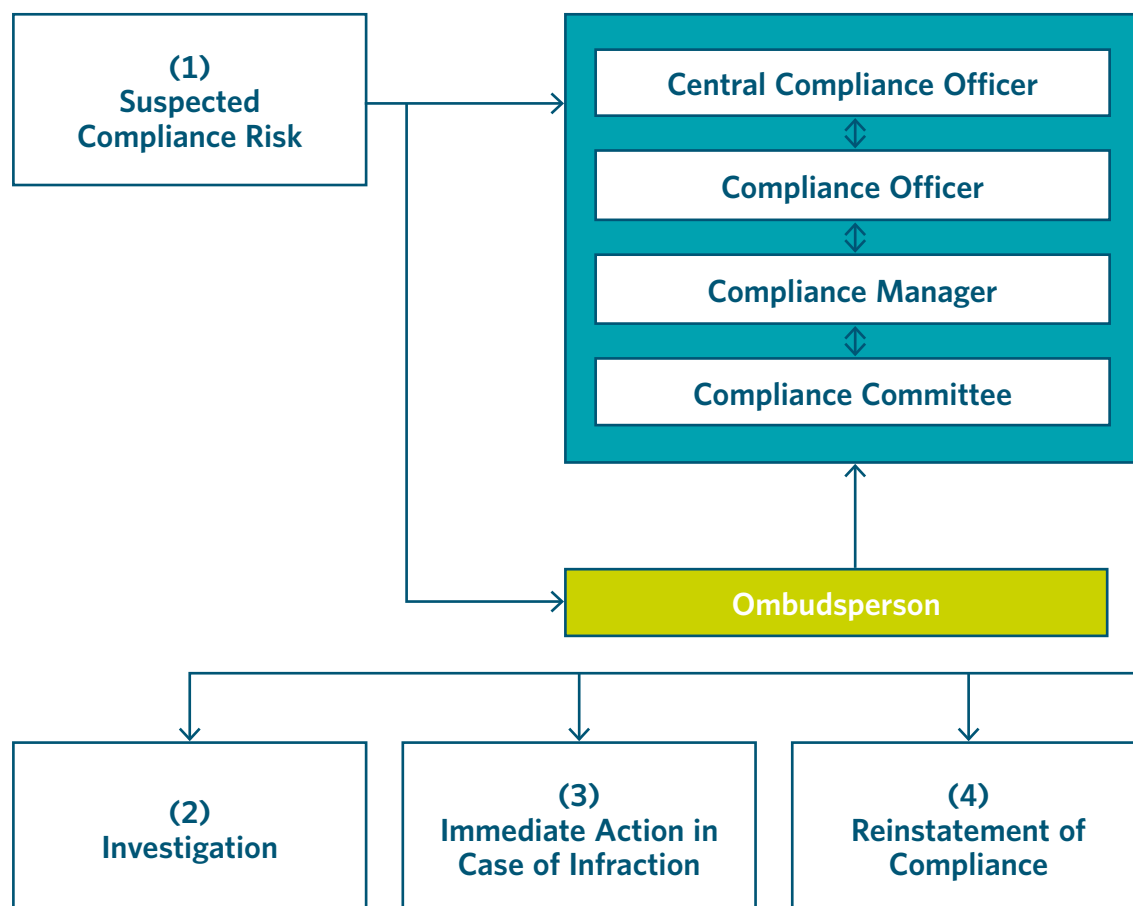
In the **declaration on corporate governance**, the Management Board also reports on corporate governance at Vonovia for the Supervisory Board at the same time. Both declarations will be permanently published by the company in its annual report as well as on its website for perusal. [☒ AR 2016, p. 18 et seq.](#)

But for us, good corporate governance is about much more than merely fulfilling statutory requirements. As a major housing company, we are aware of the particular significance of our entrepreneurial actions for society at large. This is why we are also committed to the main objectives and principles set out by the **Corporate governance initiative of the German housing industry**, which we have been a member of since November 14, 2003. The initiative supplements the principles of the German Corporate Governance Code to include housing-specific aspects and is committed to even greater transparency, an improved image and a more competitive real estate sector. 102-12

Management Board and Supervisory Board

The company is directed by a Management Board, which is responsible for conducting business. Its main duties include managing the Group, setting the strategic focus and planning, as well as establishing, implementing and monitoring a risk management system. The Management Board is bound by the company's interests and is obliged to increase the value of the company in the long run.

Compliance Management System



Following Mr. Thomas Zinnöcker's departure at the end of January 2016, Vonovia's Management Board consisted of four individuals in the 2016 fiscal year. Each Management Board member manages his executive division independently and provides the Management Board as a whole with information on key developments on a regular basis. Resolutions on matters of particular importance or fundamental issues relating to corporate policy and corporate strategy are passed by the Management Board as a whole. The distribution of duties and collaboration within the Management Board are set out in the rules of procedure for the Management Board.

The members of the Management Board are appointed by the Supervisory Board. The focus is on ensuring that members have the special knowledge and professional skills they are expected to have in order to perform their duties. Particular emphasis is placed on leadership skills and organizational/social skills.

As the supervisory body, the Supervisory Board monitors the management of the company's business and supports the Management Board with decisions of fundamental importance. It is provided with regular information by the Management Board on business developments, the strategy and potential opportunities and risks. → p. 13 [AR 2016, p. 19 et seq.](#) 102-18, 102-19

In the 2016 fiscal year, the Supervisory Board had twelve members who were elected by the Annual General Meeting. Vonovia's Supervisory Board is not subject to a co-determination requirement. Professional qualifications and personal skills are key when it comes to filling positions on the Supervisory Board.

The Supervisory Board performs its duties in plenary meetings, unless individual matters are assigned to Supervisory Board committees. At the moment, Vonovia's Supervisory Board has set up the following committees: Audit Committee, Finance Committee and Executive and Nomination Committee. The intensive work performed within the committees supports the Supervisory Board in effectively performing its duties and in helping to ensure efficient decision-making processes. The Supervisory Board's Audit Committee is responsible for the issue of sustainability. [102-22](#)

Diversity in the Executive Bodies

All members of the Management Board are male. Based on the legal and financial circumstances, the Supervisory Board made the decision in 2015 to leave the target for the proportion of women on the Management Board to be achieved by June 30, 2017 at 0%.

The Supervisory Board aims to exploit the diversity of its members to perform its supervisory and advisory duties in the best possible way. Indicators of diversity include, in particular, varying degrees of experience and also the proportion of women on the Supervisory Board.

The Supervisory Board members are aged between 46 and 69. Four members are female, bringing the proportion of women on the Supervisory Board to 33.3%. This means that the target set in 2015 of having 25% of the Supervisory Board positions filled by women, i.e. having three women on the Supervisory Board, by June 30, 2017, was exceeded ahead of schedule. [405-1](#)

Code of Conduct and Business Partner Code

With a separate **Code of Conduct**, we provide the ethical and legal framework within which we act. The Code of Conduct does not set out any detailed instructions for action, but rather describes the conduct guidelines that apply with binding effect to Vonovia's employees and managers. The focus is on dealing fairly with each other but also in particular on dealing fairly with our customers, business partners and investors. The Code of Conduct specifies how we assume our ethical and legal responsibility as a company and is the expression of our company values, meaning that it forms the basis for an open, appreciative and legally compliant corporate culture. The Code of Conduct features provisions on issues including environmental or health protection, respect for employee rights, dealing with conflicts of interest or interacting with governments and public-sector agencies. [102-16](#)

All employees have been provided with information on the content and binding nature of the Code of Conduct, which can also be consulted at any time on the intranet. All new employees receive a copy with their contract of employment and, by signing their contract, undertake to adhere to the Code of Conduct.

The **Business Partner Code** forms the basis for cooperation with suppliers and service providers. By signing the Code, our business partners undertake to adhere to the anti-corruption guidelines set out therein. Non-compliance with the Code can lead to significant restrictions or even to the complete termination of the business relationship. [102-16](#)

Both our Code of Conduct and our Business Partner Code pay particular attention to the issue of corruption. Both documents make it unmistakably clear that evidence of corruption will not be tolerated by Vonovia and will lead to appropriate consequences. [205-2](#)

Compliance: Fair Play According to Clear Rules [103-2](#)

We understand compliance to mean the lawful action of our company, its bodies and employees. Through the corresponding monitoring of our compliance rules, we protect the integrity of employees, customers and business partners and shield our company from negative consequences.

Our corporate compliance – in-house rules and guidelines, e.g. to protect the capital market, ensure data protection, secure information, manage risks or set out guidelines on how to deal with donations and sponsoring – is based on the relevant statutory requirements, the articles of association and the rules of procedure for the Supervisory Board and the Management Board. Compliance at Vonovia also includes product-related compliance.

Compliance with all rules is monitored by a central **compliance management system** based on IDW Standard PS 980. Compliance management at Vonovia is part of the legal department.

A central **compliance officer** is assigned the task of identifying compliance risks, taking suitable measures to avoid and detect these risks, and taking appropriate action in response to determined compliance risks. This officer is supported by **compliance managers** and compliance specialists in individual departments who, along with the officer, are the key contacts for compliance matters and suspected cases at the company.

An external **ombudsperson** is available to all employees and business partners as a confidant for compliance matters. If necessary, the ombudsperson accepts information about suspected compliance cases on an anonymous basis.

A **Compliance Committee** also discusses and coordinates compliance issues. The Compliance Committee meets every quarter to discuss current cases as well as the refinement of Vonovia's compliance management system. Along with the compliance officer, the compliance managers and the ombudsperson, other members of the Compliance Committee include representatives from the areas of internal audit, risk management, HR and the workers' council.

Regular Training on Governance and Compliance ¹⁰³⁻²

Vonovia employees are routinely trained on compliance issues, particularly on the issue of combating corruption. Procurement, for which the issue is particularly relevant, receives special training on corruption and criminal law pertaining to corruption. In order to anchor compliance deeper within the company and to be able to inform and train employees about it on a more comprehensive basis, we have designed a special e-learning tool, which will be available to employees beginning in mid-2017 in the intranet.

The Supervisory Board is regularly and comprehensively briefed on the issues of compliance, corruption and existing guidelines and procedures. The Audit Committee regularly receives a compliance report, which reports on suspected cases, measures and training offered on the issue of corruption. ²⁰⁵⁻²

In the 2016 fiscal year, there were several suspected cases of corruption, which we investigated diligently. However, none of the suspicions were confirmed. ^{103-3, 205-3}

Furthermore, in 2016 – as well as in previous years – we were not aware of any material violations of valid provisions regarding the health of customers that were not immediately remedied. ⁴¹⁶⁻²

Otherwise, there were several non-material compliance violations or suspected cases during the reporting year. This demonstrates clearly that our established system functions well: The cases were reported and addressed and corresponding consequences ensued. ^{103-3, 419-1}

Dealing with Antitrust Proceedings in a Forward-Looking Manner

As a rule, Vonovia deals with antitrust-related situations in a careful and forward-looking manner. Specifically, this means that Vonovia, for example, reports acquisitions as soon as possible to the German Federal Cartel Office and begins to integrate the acquired companies or portfolios only after approval has been granted by it. There were no violations of competition law guidelines. ^{103-2, 103-3, 206-1}

DB

Satisfied Customers

- 32 Fundamentals – Further Improving Customer Satisfaction
- 36 Affordable Housing – Helping to Alleviate the Pressure on the Housing Markets
- 42 Affordable Services – Providing Homes that Offer Greater Levels of Comfort
- 46 Customer Health and Safety – Taking Preventive Measures

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Fundamentals

☒ 102-43, 102-44, 103-2, 103-3

As a modern service company, Vonovia focuses on customer orientation and tenant satisfaction. We believe that offering tenants affordable, attractive and livable homes is a prerequisite for the company's successful development.

Management Approach: Customer Satisfaction As a Key Success Factor 103-2

Our company's economic success and, in particular, the success of our extension strategy → p. 12 are directly linked to the satisfaction level of our customers.

This is why our customers' satisfaction is a priority within the company and is one of the core aspects of Vonovia's corporate culture. Accordingly, improving customer satisfaction is the duty of all of the company's business areas and is something that each and every manager is responsible for.

Our customer satisfaction activities in 2016 continued to focus on taking customer interests into account and we implemented a whole range of measures to improve our services in the interests of our tenants.

This is evident, for example, from the decision we made in 2016 to extend our service hours for our customers: We are now available from 7 a.m. until 8 p.m. from Monday to Friday and between 8 a.m. and 4 p.m. on Saturdays. Another measure is the "courtesy callback" service that automatically calls back customers who were in a queue. The technical introduction of automated callbacks means that we can make appointments more quickly and efficiently, for example.

Vonovia's customer orientation is based primarily on two pillars: First, our central service center together with local caretakers and our company's own craftsmen and residential neighborhood organization ensure that our tenants' concerns are attended to in a timely, straightforward and reliable manner. We also take our customers' residential environment into account, ensuring that it is livable and attractive and making extensive investments in maintaining and modernizing our buildings.

What is more, as part of our Extension strategy, we offer our customers innovative services to continuously improve customer satisfaction and win their long-term loyalty. In doing so, we take care to ensure, in particular, that the services create added value for our customers and make their housing experience more pleasant.

In everything that we do, we ensure that both the homes we offer and the housing-related services remain affordable for our customers. We can



Both overall satisfaction and customer loyalty have increased steadily in the past three years.

achieve this, for example, through the cost savings we can make and pass on to our customers thanks to our size.

The customer service team works continually on improving our services, for example by further optimizing the interplay between our central points of contact, consisting of around 1,000 employees, who are on hand to help our tenants six days a week for a total period of 73 hours, and on-site employees – craftsmen, caretakers and gardeners. The central management approach creates numerous advantages for customers: It ensures that information is consistent, helps to prevent misunderstandings and increases both the process speed and quality of the service.

The customer satisfaction department works closely with the product management department, which is responsible for launching new services at Vonovia.

→ p.42 et seq.

Customer Surveys As a Key Management Tool

Customer satisfaction is a key component of Vonovia's strategic focus. Consequently, the third main key performance indicator alongside FFO 1 and adjusted NAV is the Customer Satisfaction Index (CSI). It is determined at regular intervals in systematic customer surveys conducted by an external service provider and shows the effectiveness and sustainability of our services for the customer.

We use the customer surveys to address general customer satisfaction aspects, such as image, loyalty and overall satisfaction, and to provide theme-based feedback relating, for example, to customer service, maintenance and modernization measures. The survey results are drawn up at business unit level and are made available to the responsible regional managers. This allows any particular references made by our customers to repair reports, a specific residential building or external installations to be addressed and followed up on directly, and means that corresponding investments and measures can be taken and implemented in a targeted manner. [102-43](#), [102-44](#)

Our operating business offers additional insight into customer satisfaction through the vacancy rate, tenant fluctuation, and direct feedback from our customers in day-to-day business.

We also calculate the Customer Commitment Index (CCI) on a regular basis. The CCI reflects how loyal our customers are to our company.



In addition to the regular surveys, we conduct event-based interviews on an ongoing basis for the purposes of internal quality assurance. During these interviews, we let customers describe to us directly how satisfied they are with the manner in which Vonovia handled their last issue.

The customer surveys and interviews are key tools for us when it comes to managing customer satisfaction. They help us to better understand our customers' needs and pick up on any potential for improvement. The fact that we conduct the surveys so often allows us to recognize any changes in customer satisfaction in a timely manner and take the right measures quickly to counteract any negative developments.

Renewed Rise in CSI, Marked Improvement in CCI [103-3](#)

The positive development in the survey results and the fact that we were able to achieve all of the objectives we had set for ourselves in 2016 show that our customer satisfaction efforts are paying off. The results for 2015 were either up on, or on a par with, the prior-year level in almost all categories of the customer satisfaction survey.

By way of example, our customers

- > gave both our customer service as a whole and our commercial and technical customer service a better score than in previous years.
- > gave us better marks for the security of our residential developments and buildings in 2016 than in the previous year (+8%).
- > scored us particularly high with regard to how friendly our caretakers are, as in the previous year. [102-43](#), [102-44](#)

In particular, our customers appreciated our move to extend our service hours in our two customer service locations in Duisburg and Dresden. This resulted in a further marked increase in perceived telephone availability.

All in all, both the CSI and the CCI improved considerably in 2016. The CSI rose by 8 % as against 2015 in 2016, which equates to a total increase of 30 % since 2012. The results showed a particularly marked improvement in terms of customer loyalty, with the CCI up by 18 % year-over-year.

+30 %

Increase
in the CSI between
2012 and 2016

+18 %

Increase
in the CCI year-over-year

73

h/Week
of availability offered by Vonovia's
customer service team

20

Minutes
is the maximum it takes Vonovia
to call the customer back
if all lines are busy

Outlook for 2017

Over the next few years, we will continue to focus on further improving the satisfaction of our customers and, as a result, achieving even better long-term customer loyalty.

In 2017, "training and quality" will be established as an independent organizational unit within our customer service organization. This will allow process improvements to be implemented in the day-to-day work of our customer service employees in an even faster and more structured manner.

We also plan to further expand the services we offer our customers via our customer portal and make the portal more user-friendly.

In order to arrive at further detailed results for our properties and to identify the measures that need to be taken to boost customer satisfaction in 2017, we conducted a separate written customer survey in a number of selected neighborhoods in our portfolio in early 2017. The written customer survey allows us to reach a bigger target group. The aim of this additional customer survey is to identify potential for improvement in detail and to use this information to come up with even more targeted measures that can be tailored to suit individual buildings and streets.

Affordable Housing

102-15, 203-2, 103-2, 103-3, 413-1

Germany's residential real estate market is currently being shaped by significant migration flows. Particularly in the country's metropolitan areas, the demand for housing has been exceeding the supply for some time now. This means that rents are constantly rising, particularly for apartments with one to two bedrooms, which are increasingly in demand – also due to demographic change in Germany. But moves to create new homes are making only slow progress. Thanks to our size and our efficiency-based approach, Vonovia is doing its part to help people in Germany continue to find affordable housing.

Vonovia Offers Attractive and Affordable Housing 103-2

Vonovia's IPO back in July 2013 signaled the start of a long-term growth course, the aim being to create a modern service company that could offer attractive and affordable housing across Germany.

Vonovia splits its residential portfolio into 15 regional markets that are based on the residential real estate market regions in Germany and are spread across the entire country. These markets are core towns/cities and their surrounding metropolitan areas that are largely similar in terms of the supply of real estate and the real estate market, both at present and in the forecasts. They are also the markets that especially benefit from domestic migration. In relation to the fair value, 91% of our total portfolio is located in these 15 regional markets. [AR 2016, p. 44 et seq.](#)

Vonovia's six biggest regional markets are Berlin, the Rhineland region (Cologne, Düsseldorf, Bonn), the Rhine-Main region (Frankfurt, Darmstadt, Wiesbaden), the southern Ruhr region (Dortmund, Essen, Bochum), Dresden and Stuttgart, followed by the highly prosperous regions of Hamburg, Munich and Freiburg.

Vonovia offers conditions that, in some cases, are significantly lower than the standard local comparative rents. According to the 2016 F+B rent index, these have increased by 1.8% – as was also the case in the previous year. The difference between cities is quite considerable in some cases, with an average rent of € 6.54 per square meter of living area.

In order to calculate the rent index, the net rents, excluding ancillary expenses, were analyzed for apartments covering an area of 65 square meters with mid-range fittings and in mid-range locations, in municipalities with at least 20,000 inhabitants and published rent indices. As these features also apply to a large number of apartments in our portfolio, the values of the index can be approximately compared with those of Vonovia. Across the entire portfolio, Vonovia's in-place rent per square meter amounts to € 6.02, and is thereby considerably lower than the average for the cities with rent indices (€ 6.54).

(Source: F+B rent index 2016)



How Does Vonovia Manage to Keep Rents Affordable in the Long Term? [103-2](#)

Our business model forms the basis in this respect. Vonovia manages its housing stocks throughout Germany using standardized systems and processes. Our customers benefit from our size: It allows us to achieve economies of scale on the property management side, reducing the costs per residential unit.

Also when procuring services, we are able to achieve cost advantages that benefit our customers, too, for example, in the form of lower ancillary costs. [203-2](#)

We reinvest a large share of our (rental) income in the portfolio itself – in the form of ongoing main-

tenance and modernization. For example, we are increasing the energy efficiency of apartments, the long-term effect of which includes independence from rising energy prices. → [p. 54 et seq.](#) As a leading residential real estate company, we have considerable opportunities open to us when it comes to using standardized procedures and materials to achieve economies of scale in our investment activities. Wherever it is appropriate and technically feasible, we try to use standard products for our maintenance and modernization measures. The volumes we can generate as a result enable us to agree on special conditions with our suppliers, allowing us to either receive higher-quality goods for the same price, or to purchase the material to be used at a lower price. [203-2](#)

Affordable Housing Thanks to Serial and Modular Construction 103-2, 102-15, 413-1

Creating affordable living space in central locations is the most pressing challenge facing the real estate industry in Germany. According to GdW Bundesverband deutscher Wohnungs- und Immobilienunternehmen e. V. (German Association of German Housing and Real Estate Companies), at least 400,000 new apartments will be required over the next few years – 80,000 of which will be social housing apartments and at least a further 60,000 apartments in the low-cost segment.

GdW expects around 275,000 units to have been completed across Germany in 2016 – meaning that current construction activity falls considerably short of the annual need for new construction. GdW points to the long and drawn-out processes involved in making land available for construction, a lack of planning permission capacities, high construction costs, rising real estate transfer taxes and high energy-related requirements combined with insufficient investment subsidies as reasons why new construction activity aimed at creating affordable rented apartments has been unable to pick up sufficient speed. (Source: GdW, Wohnungswirtschaftliche Daten und Trends 2016/2017)

Vonovia takes the lack of housing in Germany very seriously. We have taken a good look at how we can build new and affordable apartments, for example.

As a portfolio holder, our clear focus is on building rented homes, managing them in the long term and renting them at prices that an average earner can easily afford. This, however, also puts us under increased cost pressure because we can only rent out apartments at affordable prices if the construction costs are low. This is why our approach to construction activities is a novel one within the real estate industry: series production and modular construction. The future apartment is split into modules. They are prefabricated, transported to the construction site and assembled there. In order to take the relevant demographic and infrastructure-related requirements into account, individual adjustments are made to the building that is constructed by putting the various modules together.

At the same time, the building projects are not implemented individually, but rather in series using systematic, standardized processes. This allows us to both reduce the costs associated with the new construction measures and to shorten the construction period considerably, thus reducing disruption to residents. What is more, the precise prefabrication of the modules in the factory allows the method to meet high quality standards.

A significant advantage for Vonovia stems from the fact that we have land and vertical expansion potential in our portfolios. This means that we do not need to acquire expensive land to build on that would either show up in the costs or is not even available to begin with. As a result, we pursue two different approaches to our new construction activities: On developed land, we create new living space by adding extra stories to existing buildings and performing attic conversions. On undeveloped land, we create new buildings.

But cost pressure is not the only challenge facing Vonovia in connection with its construction projects: The process is also exacerbated by changes to, and different guidelines in, state construction regulations, meaning that it is only possible to fully adapt the modular new construction system to a certain extent. Wooden hybrid construction buildings with five upper floors, for example, cannot be erected in all federal states due to different fire protection requirements. In addition, the further requirements that apply in terms of accessibility have a significant impact on the modular concept – and, as a result, on the construction costs.

Varying municipal requirements have a huge impact on the extent to which construction projects can be realized time and again. It is sometimes difficult to meet the design requirements or furnish evidence of the required parking spaces that cannot be made available in full due to a lack of space.

We are engaged in an intensive dialogue with policymakers and municipalities at various levels in order to master these challenges. Planning that is as long term and detailed as possible, as well as a functioning regional network and good cooperation with the building authorities, also play a decisive role in determining the success of the construction projects.

When it comes to measures to add extra stories to existing buildings, it is not uncommon for existing tenants to voice concerns over the construction projects. Any initial reservations that tenants may have can be resolved by making sure that regional authorities and construction managers work together to provide tenants with information and involve them early on.

Taking Demographic Change into Account in the Construction Projects [102-15](#), [413-1](#)

Demographic change in Germany – caused by an aging population on the one hand and by migration flows within and to Germany on the other – is creating not just a need for new living space, but a need for living space that also takes account of social developments and meets the corresponding requirements. Accessibility, for example, is a key issue, as is the size of the new apartments being built.

All of Vonovia's newly built apartments exceed the statutory requirements in terms of accessibility, i.e. the apartments do not feature any floor level differences of more than two centimeters. The installation of wider apartment entrance and internal doors, which make it easy to use walkers within the apartment, are standard. In addition, all of Vonovia's new buildings feature an elevator system. Efforts are also made to add elevator systems to buildings when additional stories are added. Vonovia is currently working on developing low-cost, viable alternatives to the current elevator concepts.

Taking Environmental Guidelines and Standards into Account in the New Construction Projects

Vonovia's new construction projects comply completely with the more stringent requirements of the Energy Saving Ordinance (EnEV). This means that the buildings not only require less heating, but also offer excellent protection against heat in the summer thanks to extensive roof insulation and external shading devices (roller shutters) in the south and west of the buildings. Protection against heat in the summer is also taken into account when extra stories are added to existing buildings. In addition, sustainable and recyclable construction and insulation material is used both for new buildings and in measures to add extra stories to buildings. [102-15](#)

Successful Completion of the Pilot Project in 2016 [103-3](#)

In 2016, Vonovia completed its first series-built residential unit with a modular construction in Bochum, which not only complies with all of the valid requirements and laws, but actually exceeds them in part. The building is located within an existing Vonovia development and is a densification project. The infrastructure was already in place and the construction site was already owned by Vonovia, which reduced the costs even further.

Fourteen new turnkey apartments were completed following a construction period of just three months. With rents of less than € 10 per square meter, the apartments meet the requirements for socially acceptable construction.

The additional accessibility requirements that are not actually set to come into force until 2017 as part of the new Federal Building Code for North Rhine-Westphalia were incorporated into the ongoing planning process at short notice. This involved adjusting the number of apartments offering unrestricted wheelchair use accordingly, something that was achieved by altering the modular design.

The pilot project for adding extra stories to existing buildings, which involves 20 apartments in 13 buildings in Dortmund, is currently entering the finalization phase. The interior of the first modular construction has already been completed, meaning that the property can be marketed in the near future.

Outlook for 2017

The initial experience gleaned in 2016 will prove fundamental for the significant expansion of the new construction volume over the next few years. A further 20 modular buildings and additional series construction projects to add extra stories are already planned for 2017. By the time we have reached the final expansion stage, we plan to be creating more than 1,000 new apartments every year in the future.

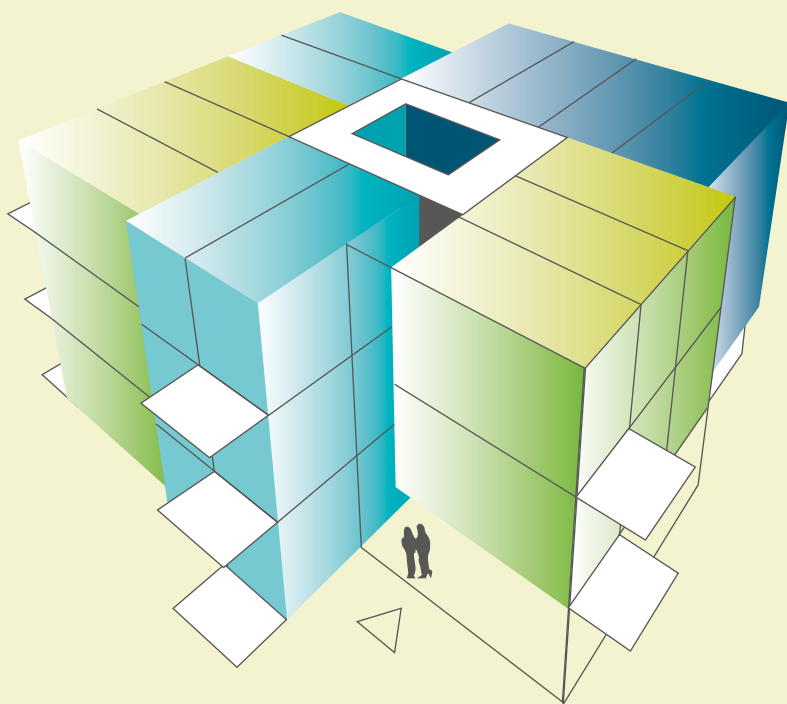
We are currently working with regional architecture firms and specialist planners in order to implement the projects. When extra stories are added to existing buildings, the interior fitting process is already handled by our own craftsmen's organization. Our goal is to realize the specific interior fittings for new construction projects with our own craftsmen's organization as well. Currently, our own employees are primarily assuming responsibility for coordination with the partner firms.

Vonovia has also set itself the objective of expanding the modular new construction concept and further reducing its construction costs. One possible option lies in optimizing the layout plans for stairwells. This improves the living area factor and reduces the construction costs per square meter of rentable living space without impairing the quality of the apartment.

Vonovia also plans to use construction components it has developed itself, such as balcony systems or windows, in new construction projects or projects to add extra stories in the future.

We also contribute our previous planning and practical experience to the political discussion about affordable construction and housing. For example, through the German Property Federation (ZfA), we were directly involved in discussions of the Alliance for Affordable Housing and Construction (Das Bündnis für bezahlbares Wohnen und Bauen) at the federal level. In addition, representatives from Vonovia participated in numerous discussions and political events sponsored by associations, institutes, parties and other institutions. In this, we see an important contribution to a discussion that affects the entire industry.

Successful Completion of our First Series-Built Residential Unit in 2016



3 Months

Construction period



14 Apartments

turnkey



< 10 €/m²

socially acceptable

Affordable Services

☒ 102-15, 103-2, 203-1, 203-2

The needs of our customers are growing and changing: They not only want their apartment to be modern, comfortable and in a good condition, but also want the environment around them to be livable and offer the facilities they need. This is why we have added housing-related services to our rental business in a quest to offer our customers added value and additional convenience as opposed to just a place to live.

Modern Ancillary Services for More Comfortable Homes 103-2

In recent years, Vonovia has been working systematically on developing various services that are related to – and influence – housing to supplement its conventional “living space” offering. Vonovia is working continually on validating and expanding these supplementary services and developing new ones.

Whenever ideas are developed, the customer is always the focal point of our considerations. Before an idea is developed further and makes it past the pilot phase and on to the product launch stage, it has to meet three requirements: First, it has to offer customers added value. Second, it has to be cost-effective and affordable for customers. And third, it has to be a candidate for standardization and implementation on a larger scale.

For some years now, we have been offering our customers services that improve their sense of comfort and satisfaction, yet are affordable – and will remain so. We can achieve this by always implementing our services on a large scale and making them accessible to all customers. This allows our customers to benefit from cost advantages, which we can achieve by virtue of our size and pass on to our customers in the form of discounts. 203-2

Examples include:

- > **Cable TV:** One service that is already well-established is Vonovia’s cable TV business. Partnerships with Deutsche Telekom and other cable network operators mean that Vonovia’s multimedia subsidiary already supplies more than 75 % of Vonovia’s properties with TV signals and high-bandwidth telecommunications connections offering Internet bandwidths of 50 Mbit/s and more. We pass along the volume advantages, which we receive by virtue of our size, to our customers in the form of contracts below the prevailing market rates.
- > **Bathroom modernization in response to tenant requests:** If needed, we can modernize the bathroom of our customers in exchange for an affordable fixed rent surcharge. Vonovia can buy the materials that it needs in bulk, keeping the costs for tenants low. We installed 700 bathrooms in response to tenant requests in 2016.

Additional Services for Our Customers



Approximately 270,000 Households are supplied with a direct cable TV signal.



More than 700 Bathrooms were modernized in 2016, in response to tenants' requests.



Around 30,000 Apartments are billed using "smart metering" for our customers.



200 DHL Mail Boxes for Packages have already been installed in multi-family houses.

- > **Kitchen modernization in response to tenant requests:** The same principle that applies to bathroom modernization can now also be applied to the kitchen. The pilot phase was completed successfully and the service is now being rolled out across the board. [102-15](#), [203-2](#)

We ensure with our caretakers, craftsmen and gardeners, who work directly in and on our properties, that repairs or modernization measures are carried out quickly and to a good standard and that the residential neighborhood is well maintained. Vonovia is continually expanding the services it offers in relation to the residential environment. Our service portfolio includes, among other things, the cleaning of stairwells, paths and park areas, professional tree and hedge-trimming services, lawn maintenance and the fertilization of green spaces, as well as many more services. Our customers also benefit here from size-related price advantages that arise through our standardized, efficient processes or in the procurement of materials. [203-2](#)

We also, however, include demographic change, the greater flexibility among the population, the increasing need for security and, last but not least, the energy transition in our considerations about new services for our customers:

Taking Demographic Change and Migration to Germany into Account

As we also have a lot of older people as customers, we are also thinking about ways of offering them tailored additional services that will allow them to stay in their own homes for as long as possible.

In particular, senior-friendly apartment conversions, but also bathroom conversion measures based on our tenants' wishes, respond to the needs of our tenants, as these measures first of all take accessibility aspects into account by installing walk-in showers and second, also use tiles that minimize the risk of slipping, making the bathrooms more convenient for older customers.

In addition, we are currently running a pilot project for assisted living systems, which we expect to offer a significant increase in quality of life and safety for our older tenants in particular. The assisted living systems can support the customers in their apartments, enabling them to stay as long as possible and

remain independent in their accustomed surroundings. Examples of applications are primarily in the areas of safety, comfort and entertainment. Among other things, we are also involved in a number of research projects on “decentralized SmartHome” systems. [102-15](#)

So that our older tenants’ health needs are met and they are socially integrated, we have cooperated for many years with appropriate institutions and welfare associations, which can provide on-site care for older tenants at their request. [203-1](#)

We are currently also collaborating with another provider on a pilot project trialling a mobile home emergency system in one particular region. We are also analyzing the market for outpatient care and household services. Specific models for the implementation of a high-quality service offering for Vonovia’s older tenants are already in the planning stages.

The considerable influx of refugees in 2015 created new challenges for Vonovia in many areas. Several thousands of refugees have already found a new home with Vonovia. In many cases, the language barrier is a major obstacle to communicating with the telephone-based customer service team. Vonovia has addressed this need and has also been offering an Arabic service hotline since January 2016. [102-15](#)

Taking the Population’s Increasing Need for Security into Account

The number of apartment break-ins in 2015 made it clear to us just how important burglary protection is for rented apartments as well. The issue is of increasing importance to our customers, too. We have reacted to this and launched a pilot project offering a number of security solutions. Customers can choose the option they want from a range of different security measures. The products on offer range from reinforced bolts to the replacement of the apartment entrance doors with doors of a higher resistance class. These modernization measures are being coordinated with the State Criminal Police Agency of North Rhine-Westphalia. [102-15](#)

Taking the Population’s Increasing Flexibility into Account [102-15](#)

As many of our tenants are not at home during the day, we also develop services that offer them significant added value in terms of flexibility. For instance:

- > **Smart metering:** Smart submetering technology means that data on water and heating consumption can now be transmitted automatically using wireless technology. As a result, ancillary expense bills can be prepared more quickly. We are already billing the costs for around 30,000 units with the help of state-of-the-art technology via a wholly-owned subsidiary for our customers. The company is to continue to grow in this area in the years to come, too. Tenants benefit from automated remote meter reading, rendering the need for them to be at home on “meter-reading day” obsolete.
- > **DHL mailbox for packages:** In order to spare our customers a trip to the post office after work or at the weekend and to give them the opportunity to receive their packages even when they are away or to send them at any time, we have installed mailboxes for packages (known as a Paketbox) in multifamily residences in cooperation with DHL. In addition to the 50 mailboxes already installed in 2015 as part of a pilot project, a further 150 mailboxes were realized in 2016. We plan to extend this field of business further in the future.

Taking the Energy Transition into Account **Saving Energy by way of Energy-Efficient Modernization**

A sustained, significant reduction in energy consumption is a key prerequisite for the success of the energy transition in Germany. Buildings account for a large share of total energy consumption. Vonovia is aware of its responsibility in this area, which is why it has launched an extensive program for the energy-efficient modernization of its buildings. → [p. 54 et seq.](#)

Lower Ancillary Expenses Thanks to Decentralized Energy Supplies [102-15](#)

The constant rise in electricity prices, which is a matter of concern for many of our customers, is another reason for us to continually expand our energy-related services. But what many customers do not know is that actual electricity prices only

account for around one-quarter of the total invoice. The rest of the price can be traced back to taxes, grid fees and other charges, with the two latter items having a major impact on the price increase. One way of counteracting rising grid fees and stabilizing costs in the process is making decentralized energy available – by generating power on-site. The electricity generated on location is not fed through the public grid, allowing many cost items to be saved. This means, however, that an investment has to be made in a power generation system, for example, a photovoltaic facility, on location. Vonovia has recognized its customers' need for greater price stability and their desire to participate in the energy transition as consumers and piloted a tenant electricity concept for the very first time in 2016: A photovoltaic facility was installed in a building complex and connected to the building facilities. Tenants in a total of nine buildings can opt for the tenant electricity rate and are supplied with electricity from their own roof during sunny hours. In the hours when there is less sunshine, electricity generated from hydropower sources is supplied from the grid.

In 2016, we used 160 of our own photovoltaic facilities with a total output of 3.35 MWp to generate more than 3,000 MWh in regenerative electricity. The electricity is fed into the grid in full. Our 27 decentralized cogeneration units allowed us to generate more than 311,000 kWh of electricity – the heat generated in the process is used to support heating systems and heat the drinking water within the building.

We believe that this area offers further growth opportunities and will be making investments in decentralized power generation to tap into further potential.

Customers' Need for Electromobility

We are keeping a very close eye on developments relating to electromobility. Particularly in major cities, the use of electric vehicles is expected to increase in the future. A suitable charging infrastructure is crucial in this respect. We received the first few inquiries from customers looking for a charging infrastructure in 2016. We are working with various providers to develop corresponding solutions. But publicly accessible charging stations on Vonovia properties also offer potential for a new business area. We plan to realize the first few projects in this area in 2017. [102-15](#)

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Customer Health and Safety

103-2

It is very important to us that our tenants feel healthy and safe in their homes. This is why we ensure that our apartments are in a good condition, and that materials used are not detrimental to the health and help create a good indoor climate.

Health Safety of the Building Materials

In the course of our maintenance and modernization measures, we exclusively use materials in our apartments that do not pose a threat to health and we comply with the related statutory law without exception.

Vonovia's procurement department stipulates the standard building materials that may be used in the apartments and ensures that they have previously undergone and successfully passed various quality tests. We place a particular emphasis on the potential impact of the materials over their entire utilization cycle through disposal. In 2016, the standard ranges for the main product areas, such as compact radiators, room doors, wall or floor tiles, were redefined. The criteria mentioned were taken into account in full as part of this process as well. There was no need to conduct any special health and safety checks in connection with the materials used in the reporting year.

Before an apartment can be transferred to a new tenant, it is subject to a standardized acceptance process. This allows any defects in the apartment that could pose a health or safety risk to be identified and rectified before the new tenant moves in.

Of course, legally prescribed tests, such as the Legionella test of drinking water, are routinely conducted. In addition, we personally handle the legally prescribed installation of smoke detectors in the apartments and maintain them regularly in order to ensure their proper functioning.

Renovation work on older properties can require measures to remove asbestos. If this is the case, we carry out all necessary measures in such a way that any danger to our customers is ruled out and the safe removal of asbestos is assured. In the process, we comply with the technical rules for the handling of toxic materials at all times.

Good Indoor Climate through the Right Preconditions

The regular maintenance of apartments according to modern standards and the deliberate selection of building materials allows us to create all of the underlying conditions for a healthy indoor climate, for example to prevent mold formation.

By way of example, the windows installed have a decisive impact on the indoor climate. After all, windows that are poorly insulated or haven't been sealed properly not only push heating costs up, but also exacerbate the risk of moisture and, as a result, mold formation in the apartment.

To allow our customers to contribute to a mold-free apartment as well, we inform them routinely about how they can ventilate and heat so that the risk of mold formation remains as low as possible.

If mold has formed in an apartment despite all precautions, our craftsmen's organization takes all necessary measures to eliminate the mold and prevent a new formation of mold. We get rid of any mold immediately and do not ask any questions about who is responsible. The priority for us is ensuring that our customers have a healthy living environment.

Minimizing Potential Hazards in the Residential Neighborhood

As landlord, we also share responsibility for the health and safety of our customers outside the apartments: For example, we conduct routine safety inspections of our playgrounds. Of course, we also fulfill all public safety provisions without exception so that potential hazards can be minimized over the long term. If the inspections uncover deficiencies or risks, we immediately take measures to eliminate them.

Security in Our Properties

Whether our tenants feel secure in their apartments and living environment depends to a considerable degree on how secure they feel. We contribute to a feeling of security by ensuring sufficient lighting for pathways and car parks, entrance areas and corridors. We are also in the process of piloting various security solutions that customers can choose for themselves. These range from reinforced bolts to more secure apartment doors. → p. 44

Reduction of Noise Pollution

Annoying noise can also harm the well-being of our customers. Although Vonovia's ability to exert influence in this area is rather limited, we nevertheless take various measures to promote noise-free housing as much as possible.

For properties located on busy streets, for example, we ensure that noise pollution in the apartments is minimized through good window insulation.

During maintenance or modernization measures, construction noise makes impaired living comfort unavoidable. In such cases, we try to make little gestures, for example organizing a BBQ on site to make the situation a bit more pleasant for our customers.

Particularly in connection with our new construction activities, we take a great deal of care to keep the inconvenience for the existing tenants to a minimum. This applies to a particular degree to the addition of extra stories to buildings, as tenants remain in their apartments while the construction work is being carried out. The modular construction system makes a key contribution to keeping the construction period to a minimum, as the apartment modules are already prefabricated when they are delivered to the building site, meaning that they only need to be assembled before work on the interior fittings can commence to finalize the property.

But customer complaints about noise also often relate to noise caused by other tenants or immediate neighbors. In these cases, we focus on promoting a sense of community and try to mediate between the parties in order to arrive at a solution. In addition, by taking measures like posting house rules in different languages, we contribute to creating a common understanding of community and living together.



A Sustainable Portfolio

- 50** Fundamentals – Optimizing the Buildings Portfolio on an Ongoing Basis
- 54** Climate and Environmental Protection in Our Properties – Reducing the Energy Consumption of our Buildings
- 60** Neighborhood Development – Developing Customized Concepts

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Fundamentals

☒ 102-7, 102-15, 103-2

At the end of the 2016 fiscal year, Vonovia had a real estate portfolio of more than 330,000 apartments throughout Germany. This portfolio is the material foundation of our business activities and accounts for – as measured by fair value – about 83 % of the Group's assets. Our company's future development is underpinned by these solid foundations.

Our Portfolio 102-7

As of December 31, 2016, the Group had a real estate portfolio comprising 333,381 residential units, 85,421 garages and parking spaces and 3,405 commercial units. 58,969 units are also managed for other owners. Most of the properties in the Group's portfolio are multifamily residences.

According to the latest census taken in 2011, Germany had 23.3 million rented homes (source: www.gdw.de). On this basis, our portfolio in Germany has a market share of approximately 1.4 %. Large private companies, including Vonovia, manage 3.2 million apartments, or around 14 % of the housing stock. On this basis, Vonovia's market share amounts to 10.4 %. As a result, we are the leading private sector actor in the German housing market.

Our portfolio is distributed across the whole of Germany, with properties located in 660 cities and municipalities. For an overview of the regional distribution of our portfolio and Vonovia's largest locations, we refer to our [AR 2016, p. 44-45 et seq.](#)

The Group's real estate portfolio covered 20,781,489 m² of living area in total as of December 31, 2016, with the average apartment size coming in at approximately 62 m². The average unit consists of two or three rooms, a kitchen and a bathroom.

Management Approach: Continuous Optimization of Our Building Stock 103-2

We aim to continuously increase the value of our company by pursuing a strategy of profitability and sustainability. This goal is at the heart of our business activities. The quality of our portfolio plays a key role.

On the one hand, we define portfolio quality as the good structural condition of our properties. On the other hand, we aim to improve our portfolio quality – the value of our portfolio and the income which it generates – through new construction, holistic neighborhood development projects, and targeted sales and acquisitions.

Preserving and Improving the Structural Quality of Our Portfolio

We preserve and improve structural quality through maintenance and modernization of our portfolio. Through maintenance measures, we ensure that our

Building Upgrades in 2016 by Region



TOP 10 Modernization Locations

Region	City	Units	Area (in m²)	Investment volume (in €)
West	Dortmund	1,006	57,768	20,148,557.17
Southeast	Dresden	1,357	76,238	15,747,700.83
Central	Frankfurt	235	14,503	12,304,611.21
North	Hamburg	389	24,739	10,850,021.80
North	Hannover	438	24,911	10,388,505.29
West	Essen	637	33,997	10,142,535.36
North	Bremen	311	18,453	9,801,775.00
South	Mainz	216	14,690	9,608,706.35
North	Kiel	289	17,694	7,708,046.00
East	Berlin	255	14,045	7,660,917.95
Total		5,133	297,038	114,361,376.97

building stock is preserved, while through modernization measures we elevate buildings and apartments to a new standard of use.

We make decisions about portfolio investments for both operating and strategic reasons. In any case, they support our goals – and this includes, first and foremost, customer satisfaction. Our investments cover our entire portfolio and all of Germany's federal states.

Continuous Maintenance to Preserve Our Building Stock

We include maintenance measures under routine and long-term planned economic expenses. By practicing continuity, we avoid spikes in expenses and space out our capacities. Aside from this, through regular measures we avoid additional costs, which often result from deferred maintenance.

Where we implement maintenance measures, and which maintenance measures, is determined in part from long-term planning and in part from recently identified needs that become known to us during regular inspections. The resulting savings may be another factor prompting a decision to implement maintenance measures: If maintenance work is due to be performed in the immediate vicinity or in case of cost advantages for other reasons, we will also perform work on properties which are not yet entirely due for maintenance, in order to optimally exploit – also in the interests of our customers – the economies of scale resulting from the size of our company.

Energy-Efficient Modernization Measures to Improve the Standard of Living and Use

By investing in modernization, we elevate buildings and apartments to a new standard of use. We fundamentally distinguish here between energy-efficient modernization measures and measures that improve the standard of living:

Energy-efficient modernization measures generally involve improvements to the building shell and communal areas as well as the heat and electricity supply systems. For example, we improve the apartments' heat insulation and install new and technically superior heating systems. This considerably reduces energy consumption – and thus also the apartments' CO₂ emissions as well as our tenants' ancillary expenses. → p. 55 et seq.

Key Portfolio Data (Dec. 31, 2016)

Number of Units

333,381

Total Living Area

20,781,489 m²

Average Apartment Size

62 m²

Average Unit

2 to 3 rooms, kitchen and bathroom

Occupancy Rate

> 98 % of units rented out

Vacancy Rate

2.4 %

Average Monthly In-Place Rent

6.02 € per m²

Measures to improve the standard of living include, for example, the installation of new balconies or the modernization of bathrooms and nowadays even kitchens. These upgrading measures are implemented within a self-contained living area. Moreover, they often coincide with senior-friendly conversion work.

Reacting to Demographic Change through Senior-Friendly Housing 102-15

We would like to enable our customers to continue to live in their apartments in their old age. For this reason, we also consider demographic change in our modernization programs: The distribution of the age pyramid is increasingly shifting toward the older age groups. Eurostat (June 2016) estimates that in 2015 more than 21% of the German population was aged 65 or above. Forecasts estimate that this percentage will rise to between 27.0 % and 27.5 % in Germany by 2030. (source: www.ec.europa.eu)

Therefore, for every modernization measure, we review where we can eliminate obstructions at the same time. These measures include leveling thresholds and steps, broadening hallways and installing zero-threshold showers or accessible washbasins.

We also adapt our portfolio to the needs of older customers with respect to other day-to-day issues: For example, during construction we also lower obstructions in common areas and ensure through separate storage areas that our tenants can store their walkers and similar aids securely.

Expenses for Maintenance and Modernization

In 2016, we invested € 320.1 million (2015: € 330.7 million) in maintenance and ongoing maintenance and € 472.3 million in the modernization and further enhancement of our portfolio (2015: € 355.6 million). That comes to a total of € 792.4 million (2015: € 686.3 million), or € 36 per square meter. We have thus exceeded the previous year's level of € 33.04 per square meter by a good 10 %.

In 2016, we implemented measures to improve the standard of living – a process that often also involves senior-friendly conversion work – with a volume of around € 130 million (2015: € 100 million). More than 9,500 (2015: 6,900) apartments were completed in 2016. Where technically feasible, conversions were carried out according to the standards of the KfW program 159 “Senior-Friendly Conversions.” By 2020 we intend to invest an additional total of € 500 million in the area of senior-friendly homes.

Vonovia will continue to roll out its investment program: In November 2016, the company resolved an investment program of around € 1 billion for 2017 (investment spending in 2017 of between € 700 million and € 730 million). The key areas of focus are improvements to existing building stock, new construction and adding extra stories to existing buildings.

Improving Our Portfolio Quality

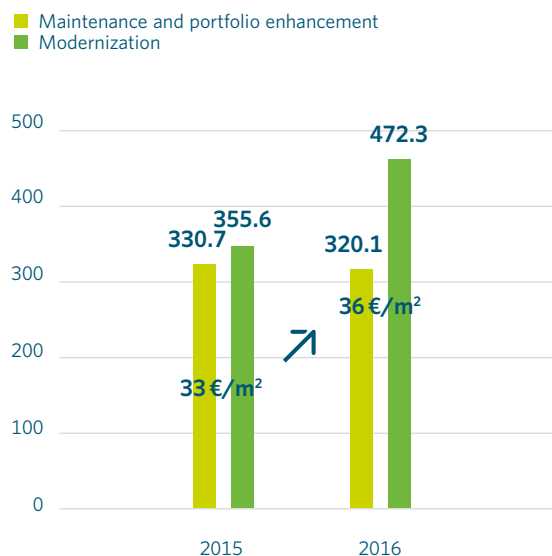
We improve the quality of our portfolio through sales and acquisition activities. Here, our focus is on acquiring properties that are suited for successful long-term management through our standardized processes and selling those that do not meet this criterion. Important evaluation criteria are:

- > Location: Are the (potential) properties or portfolios located in regions, cities and settings that fit our strategy?
- > Building stock: Is the (potential) property or portfolio quality such that it is consistent with our approach to property management?
- > Perspective: Is further development of the properties or portfolios possible in line with our value-enhancing strategy?

In relation to the fair value, 91% of our total portfolio is located in our 15 regional markets, which mainly comprise core towns/cities and their surrounding metropolitan areas. Only a small part of our strategic stock is located outside of these metropolitan regional markets. [AR 2016, p. 44–45](#)

Portfolio Investments in 2016

(in € million)



Climate and Environmental Protection in Our Properties

☒ 102-13, 103-2, 103-3, 302-1, 302-3, 302-4, 302-5, 305-5, CRE1

Energy consumption in buildings constitutes a large share of total energy consumption in Germany. As a result, buildings are responsible for a significant portion of CO₂ emissions. Through our comprehensive energy-efficient modernization measures, we are providing a strong contribution to climate protection and conserving resources in Germany.

Management Approach: Systematic Reduction in Energy Use and Increased Energy Efficiency for Our Portfolio 103-2, 302-5

Vonovia aims to support the German government in achieving its climate goals through its energy-efficient building upgrades. In addition, a high energy standard reduces the level of energy consumption in apartments and thus, in the long term, also our tenants' ancillary expenses. However, at the same time it is important to us that the modernization measures which we implement are affordable for our tenants.

We continued to successfully pursue our systematic approach in 2016. The most frequent energy-efficient measures were facade insulation, replacement of windows and heating systems and insulation of attic and basement ceilings.

In order to rise to this challenge of reconciling ecological goals with our tenants' economic interests, in the 2016 fiscal year we successfully applied new financing instruments which focus on energy saving and ramped up our modernization program by 33 %, from a volume of € 355.6 million in 2015 to € 472.3 million.

In implementing our modernization measures, we of course comply completely with the legal requirements of the German Energy Saving Ordinance (EnEV). The German Reconstruction Loan Corporation (KfW) is subsidizing a major portion of the modernization measures. The KfW standard required to obtain a subsidy actually exceeds the EnEV efficiency requirements. In 2016, within the scope of our modernization program, a total of 10,326 rented units were refurbished with KfW funds – this figure includes energy-efficient building upgrades as well as modernization of heating systems.

In Berlin, we have launched a building upgrade pilot project within the scope of the KfW 151 development scheme. The goal is to construct an energy-efficient building which meets the KfW 100 standard. This represents a further approach to building upgrades, in addition to our building upgrades within the scope of the KfW 152 development scheme.

42,000

MWh

savings of energy demand in our
building stock in 2016

26,000

MWh

savings of energy demand in our
building stock in 2015

13,000 t

Savings of CO₂ Emissions
2016

10,000 t

Savings of CO₂ Emissions
2015

Modular and prefabricated construction is the standard approach for our new construction segment. Through high-volume factory pre-production, buildings can be constructed in a more energy-efficient manner. This helps to conserve environmental resources.

As far as its technical measures are concerned, Vonovia seeks not only to adhere to the latest technical standards and the applicable requirements at all times, but also to anticipate future developments. This includes, for example, being involved in the new nationwide "Alliance for Climate-Neutral Housing" (Allianz für klimaneutralen Wohnungsbestand), which brings together companies and institutions from the real estate sector, industry and academia. The members of the Alliance are convinced that the key to affordable environmental protection in residential buildings lies in increasing the efficiency of building heating supplies. They believe that, as well as renovating the building shell, the technical building infrastructure, in particular, has to be improved by taking measures with a high cost-benefit effect. In the biggest academic study conducted on this topic to date, various technologies are being analyzed in more than 500 multifamily residences to examine their effects in terms of generating savings. The research findings are intended to show which measures yield particularly substantial savings in relation to the required investment. [102-13](#)

More than 13,000 Metric Tons of CO₂ Emissions Saved in 2016 [103-2, 103-3, 302-5](#)

In 2016, we continued to systematically pursue our goal of continuously improving the quality of our housing stocks and residential neighborhoods. As part of our "energy-efficient building upgrade" program, we replaced the insulation for a living area of more than 1,357,000 m² (2015: 357,550 m²) in almost 400 projects or about 22,550 units (2015: 300 projects or about 7,000 units). In 2016, the catalog of energy-efficient improvements also once again included the optimization and renewal of heating systems. Around 10,000 apartments benefited from this last year (2015: 7,000).

The measures that were carried out in 2016 resulted in savings of more than 42,000 MWh (2015: 26,000 MWh) of final energy demand for our building stock. In 2016, CO₂ emissions were reduced by more than 13,000 metric tons (2015: 10,000 metric tons). This

corresponds to energy savings for the buildings refurbished in 2016 of 47.5 %, or a 48 % reduction in CO₂ emissions (2015: 43 % and 47 %). 103-3, 302-4, 305-5

Based on the energy certificates of 316 commercial properties and 50,056 residential properties, the average energy intensity of our buildings amounts to 413.53 kWh/m² for commercial properties and 165.13 kWh/m² for residential properties. 302-3, CRE1

Outlook for 2017

As well as modular construction, in 2017 Vonovia implemented new construction projects to the KfW 153 standard for the first time. The goal is to create new housing while taking ecological issues into consideration and helping to fulfill the German government's climate protection goals.

In addition, we intend to continue to pursue the same volume of building upgrade programs while reconciling this with ecological and economic interests. For this purpose, we are examining further refinancing instruments while focusing on energy savings.

Cogeneration and Photovoltaics: the Use of Alternatives to Traditional Energy Production 103-2

In order to increase the energy efficiency of our apartments, we also use cogeneration units. Cogeneration units are utilized to supply tenants with heat and for efficient electricity production. In 2016, 27 gas-powered cogeneration units were operated within Vonovia's portfolio. Electricity production was increased to a total of 311,000 kWh, since the number of operating hours rose continuously by comparison with 2015 thanks to the elimination of defects.

We significantly expanded our photovoltaics (PV) business area in 2016. Through the purchase of a major solar portfolio our installed capacity was increased to 3,348 kWp. Around 13,100 solar modules with a module area of approx. 21,300 m² supply this high level of capacity. This is roughly equivalent to the size of three soccer pitches. In 2016, renewable solar energy-based energy production was thus increased to a total of 3,500 MWh. The volume of energy produced is thus 56 times higher than in the previous year, 2015 (62 MWh). 302-1, 302-4

In late 2016 we implemented our first pilot project, making decentralized energy available for our tenants. As part of our photovoltaics development measures, two PV installations were set up in Mainz in order to supply tenants with low-cost solar power produced on-site. Interested tenants in a total of nine linked-up buildings can opt for this tenant electricity product and then primarily receive electricity from their own roof. In the hours when there is less sunshine, they are supplied with green electricity from the grid, thus ensuring a reliable supply at all times. Delivery to the first tenant will begin in February 2017. 302-4

Tenant Information: Sharing in Savings by Sharing in Knowledge

Vonovia's direct influence on our tenants' energy consumption is extremely limited. However, in order to explain the significance of saving energy and conserving resources to our tenants, we regularly inform them about energy-saving options through our customer magazine "zuhaus" and by distributing flyers. For example, we explain how modern heating systems operate and provide tips on how to use them effectively.

Electricity Generated by Photovoltaic Equipment

3,500

MWh 2016



62

MWh 2015

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In the area of water use, we likewise have only limited ability to influence the behavior of tenants. Nonetheless, we are active here too and sensitize our tenants in terms of using and conserving this resource responsibly. 103-2

Management Approach: Professional Waste Management for Our Portfolio and on Construction Sites 103-2

Re-Sorting Increases Recycling Rate

In the area of waste prevention and recycling, we support our tenants with waste separation. A service provider assumes responsibility for re-sorting household garbage, which increases the recycling rate. In this way, about 50 % of the residual waste can be saved and recycled.

The use of a service provider pays off for the tenants through reduced waste fees and a higher recycling rate. Following high savings of € 4.4 million in 2015, a further € 3.3 million of residual waste fees were avoided in 2016. Of these further savings, we were able to pass on savings of almost € 2.3 million to our tenants through their ancillary expenses bills (2015: € 3 million). 203-2

In 2017, the service provider structure in this area will be reorganized and once again put out to tender. In structural terms, the volume of orders throughout Germany will be allocated to fewer waste management companies overall. This will enable better control of these companies and enhance comparability, thus delivering further improvements in terms of quality and potential savings for our tenants in general.

At the same time, here too we aim to achieve product improvements for our tenants. For instance, this may involve innovative service concepts (e. g., mobile garbage can cleaning) as well as new planning approaches, like for new buildings, in terms of the design and position of the waste storage locations on the properties. Standardized and modular waste storage location concepts are currently being developed whose modular new design will enable them to be efficiently installed in new and existing properties, while offering easier handling and a uniform look.

13,100

Solar Modules



21,300 m²

Modules

covering an area of 21,300 m², roughly the equivalent of three football pitches

€ 3.3 million

Savings

of residual waste fees
in 2016



€ 2.3 million

Passed on to Tenants

through their ancillary
expenses bills

Waste and Wastewater Management on Construction Sites

Waste and wastewater management also plays a major role on our construction sites. Every craftsman's training includes professional disposal of used materials, since environmental protection and occupational safety often go hand in hand: Employees receive instruction on proper separation and professional disposal of various construction and other materials etc. during their initial training and subsequently receive further guidance on this from their supervisors and managers. Many environmental issues at Vonovia are covered by environmental, health and safety (EHS) regulations.

During modernization work on properties, we are frequently faced with harmful substances which require special disposal. Residual waste and harmful substances such as asbestos must be identified in good time, so as to ensure their proper disposal.

Waste and toxic materials are disposed of throughout Germany through a professional waste management partner (DoGA), who handles all of the documentation relating to disposal quantities and waste categories. Our craftsmen's organization receives regular reports on this. The necessary notifications under Section 53 of the German Waste Management Act (KrWG) are submitted to the relevant environmental authorities for all of the member firms of our craftsmen's organization.

A current challenge is the disposal situation for insulating boards containing HBCD – which has yet to be clarified. These materials must be professionally stored on construction sites pending provisional clarification of the process for their disposal. Through its association work, Vonovia is seeking to clarify this disposal issue prior to the expiry of the currently applicable transitional arrangement.

Subcontractors are obliged to handle the entire waste management process for the relevant construction projects. In the case of disposal of asbestos, our procurement department monitors licenses and documentation.

A certified specialist laboratory samples and analyzes possibly contaminated components and materials prior to their removal. Disposal concepts are agreed with the responsible firms and the authorities involved on the basis of the findings. The performance of this work is monitored by these firms' technical personnel and is reviewed by health and safety coordinators tasked with this on the construction sites. The disposal certificates are documented.

As a rule, Vonovia ensures that the firms carrying out this work use environmentally friendly materials which will not cause water pollution (mineral plaster, etc.). A landscape gardener will replace adjacent topsoil and appropriately dispose of it through landfill.

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Neighborhood Development

☒ 102-15, 413-1

Today's apartment-seekers no longer decide on the basis of size and price alone. The urban environment – such as population or infrastructure – also plays a major role and can influence the decision for or against an apartment. Therefore, neighborhood development is a priority for us. For this reason, we maintain relationships with local policymakers and initiatives and together develop and implement long-term concepts.

Management Approach: Neighborhoods which Are Fit for the Future Increase Customer Satisfaction and Apartments' Appeal 102-15

Since we manage our apartments in more or less contiguous settlements, as a rule, we can influence not only individual apartments but also the atmosphere in our neighborhoods. We take advantage of this opportunity through targeted neighborhood care and development.

The advantages that result from our commitment to the neighborhoods are diverse and extend beyond utility to our customers: The entire community – all the way to the municipal level – benefits from a good atmosphere.

We must develop customized concepts for the individual neighborhoods. These include energy-efficient modernization, creating a safe, relaxing and green environment, and supporting social amenities such as schools and sports clubs.

A key concept for our activities in the area of neighborhood work is "cooperation." We work with public and private sector institutions, established interest groups and spontaneously formed working groups. In the process, our goal is always the same: a livable environment for our customers and long-term development of our neighborhoods.

For further information, please see: ☒ www.vonovia.de/ueber-vonovia/verantwortung/quartiersentwicklung

The Eltingviertel District in Essen: a Model Project 413-1

The Eltingviertel district in northern Essen has optimal infrastructure connections and great potential to become a popular and well-situated urban neighborhood: attractive old stucco architecture, unused space for cafés, bars and shops, parks and spacious courtyards. But many of the buildings are in need of renovation. Many inhabitants only have limited financial resources at their disposal, and the neighborhood is home to a comparatively high proportion of people with migrant backgrounds and welfare recipients.

Together with the city of Essen and the residents, Vonovia is in the process of upgrading the neighborhood. It is focusing on issues such as a modern energy supply system with a low level of energy consumption, sustainable residential concepts, an improved infrastructure and the involvement of social projects. However, in undertaking all of this work it is important to us that the neighborhood

remains affordable and the people there feel comfortable.

Following a development phase with Innovation-City Management GmbH, implementation of this project began in the spring of 2015. The model city of Bottrop represents the first InnovationCity by the project company InnovationCity Management GmbH and is a symbol of both environmentally friendly urban redevelopment as well as the holistic modernization of neighborhoods.

Our company has budgeted a financial contribution of € 29 million for the project. € 9.3 million of this has been earmarked for the 23 buildings and the green spaces of the Victoriashof complex. Most of the building upgrade work was performed in the period from August 2015 to November 2016: Generous balconies were added and facades and stairwells were restored, true to the style of the old buildings.

In particular, the changeover from storage heaters to biomethane-based district heating will have a very positive impact on the neighborhood's carbon footprint, and tenants will also benefit through considerably reduced energy costs. This energy-saving measure was supplemented with basement and attic insulation as well as the replacement of windows. Around one third of this portfolio is now being publicly funded – a further contribution toward the creation of affordable housing.

Vonovia has initiated the rehabilitation of the green spaces through an open space planning competition and will complete this process in 2017.

Additional Projects of Various Dimensions 413-1

We are also undertaking numerous activities in other regions in order to maintain or restore the livability of neighborhoods.

In Bremen, for around 18 months now, we have been pursuing the ongoing development of the **Swiss Quarter in Bremen-Osterholz** in partnership with the city. We have already invested € 3.3 million in this neighborhood of 1960's era apartments over the past year. This has improved the entire area. The energy-efficient renovation work, rehabilitated green spaces, freshly painted facades and renovated windows in 250 units as well as the sustainable development of this neighborhood have clearly improved the

quality of life. In 2017, further investments will follow with a volume of € 2.3 million for the energy-efficient renovation of the remaining 186 apartments.

Following this neighborhood development work, the Swiss Quarter will offer a home for people from every generation and of every nationality.

The "Nördliche Zollvereinstraße" neighborhood with around 1,000 apartments is located in **Essen's Katernberg district**, in the immediate vicinity of the "Zollverein" UNESCO World Heritage Site. Vonovia owns more than half of these apartments. Vonovia's cooperation with the city of Essen and with two further residential real estate companies focuses on social work in the local neighborhood, motivating residents to get involved, and implementing investment measures.

In the **African Quarter in Berlin-Wedding**, we are currently implementing the energy-efficient modernization of our apartment buildings which were constructed in the 1970s, which will deliver high energy savings and a significant improvement in the quality of life for our tenants. Our tenants are a special feature of this development. In no other development do we have such loyal tenants: Roughly every other tenant has been with us for more than 30 years. We are proud of this and aim to further enhance this development in the interests of our tenants. Most of our tenants in this neighborhood are older citizens. For this reason, we are installing features in our buildings such as wide and self-opening electric front doors and modern lifts. We are supplementing our modernization measures with a new building, which will mainly consist of affordable, senior-friendly apartments.

The **Johannstadt neighborhood in northern Dresden** is undergoing strong demographic change. In the period up to November 2017, Vonovia will invest around € 15 million here in the refurbishment of a 10-story building comprising around 200 units. 40 new apartments will also be created as part of this work. Moreover, within the scope of Dresden's "social city" initiative and with the involvement of an advisory board drawn from the local neighborhood, a green and open space is to be designed to which the general public will have access and will be able to use. This project consists of four construction phases and will continue until 2018, with a total

volume of about € 1.3 million. The city of Dresden is providing approx. € 350,000 of this amount.

In **Bielefeld**, Vonovia we will be pursuing a holistic neighborhood development program over the next few years in the southern district of Sennestadt. This work will focus on completely modernizing around 280 apartments to make them more energy efficient, and adding extra stories to existing buildings. We are also extensively investing in the residential environment, so that this 1950s neighborhood once again becomes a lovable and lively place.

We are likewise active in northwest Dortmund, in **Dortmund Westerfild**: In this 1970s neighborhood, the modernization of heating systems, renovation of balconies and a concierge solution are core aspects of our holistic neighborhood development plans. This building work will be accompanied by further social activities in the neighborhood.

The modernization of these two neighborhoods in Bielefeld and Dortmund is being implemented as part of the "Better Living – Energy-Efficient Renovation Plus" initiative launched by the housing ministry of North Rhine-Westphalia, with public funding covering around a third of the total investment volume; Vonovia is thus contributing to the goal of creating affordable housing in North Rhine-Westphalia. The cities of Bielefeld and Dortmund are participating in these projects and supporting them through urban development commitments.

Outlook for 2017

We have planned a comprehensive neighborhood development program for our estate in Berlin-Tegel, which consists of around 1,100 units. This 1950s development is currently largely in the same condition as when it was first built. With Lake Tegel, Tegel Forest and the Schlosspark country house park, Tegel has a very high recreational value. Transportation connections and local infrastructure are likewise outstanding.

Over the next six years or so, Vonovia will invest around € 100 million in this development. At the heart of this estate we are planning a modern senior citizens' residence, which will be managed by a well-known social agency.

The existing buildings will be comprehensively renovated, thus reducing energy requirements and improving the quality of life for our tenants. Through additional new modular buildings → [p. 38 et seq.](#) we will mainly create family apartments, which are now in great demand but currently not provided for in this development. A third of these newly built apartments will likely be price-controlled and rented out to low-income tenants.

Here too, the residential environment is a core aspect of our neighborhood development program. We will cordially invite our tenants to participate in the process of developing their neighborhood. For instance, we aim to improve the parking space situation and to increase the level of safety through additional lighting and fences. The living environment will be enhanced through target group-oriented sports areas and playgrounds, meeting places and art projects.

Social Commitment via Foundations

Vonovia uses foundations to show its social commitment by providing support to tenants, the rental environment, and in cases of social hardship.

The Vonovia Foundation is a charitable foundation under German civil law. The foundation is committed to social affairs, community life, helping others to help themselves and vocational training. Its mission is to provide help in cases of social hardship and to individuals who need assistance, and to promote intact neighborhoods and vocational training. The foundation thus contributes to shaping and ensuring social and neighborhood cohesion in Vonovia's properties. It expressly supports active citizenship, personal responsibility and individual initiative within a residential context.

With its work, the GAGFAH Foundation "Mensch und Wohnen" (people and living) focuses on promoting a residential environment that brings young and old people together, and fosters a sense of community spirit between these groups in Vonovia's housing developments. This foundation finances meeting places, playgrounds and other assistance and support services, with a focus on social activities. The GAGFAH Foundation only supports charitable work.

Among the Measures in Neighborhood Care are:



Design and Maintenance of Parks

Our more than 300 gardeners care for an area encompassing 5,740,000 m² in our total portfolio.



Tree Care

More than 222,000 trees provide shade to people on our land. We monitor their health condition during routine inspections.



Playground Maintenance

Across Germany, Vonovia maintains more than 1,000 playgrounds, on which children can play.



Regular Local Presence

Our local employees get involved in the individual neighborhoods and are reliable contacts for our tenants.



Energy-Efficient Renovation Work, Painted Facades, Renovated Windows

Vonovia develops customized concepts for the individual neighborhoods. We implement the construction measures with our craftsmen.



Resource- Conserving Processes

- 66** Fundamentals - Making Ongoing Efficiency Gains
- 68** Conserving Resources in Transportation and Logistics - Reducing Impacts on the Environment
- 70** Climate and Environmental Protection in Our Administrative Buildings - Exploiting the Potential for Energy Savings

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Fundamentals

☒ 302-4

Efficiency is one of the core elements of Vonovia's business model. However, we also continuously seek out opportunities to increase our level of resource efficiency and reduce our impact on the environment in our business processes.

Management Approach: Focus on Resource Efficiency and Conservation of Resources 302-4

Efficiency plays a key role in all of Vonovia's business areas: for the management of our portfolio and support for our customers, for maintenance and modernization measures.

Our craftsmen's organization is a key aspect of our business activities and our customer service. We intend to further increase our capacities in this area in the future. Moreover, the level of availability and the response time of our craftsmen's organization will at least remain at their current high levels, since these two factors have a key impact on customer satisfaction. The mobility of our craftsmen and optimization of the related support processes are key aspects in order to enable this goal. → p. 68 et seq.

Our craftsmen's mobility is ensured, above all, through the considerable size of our vehicle fleet. Our technical service accounts for around 3,500 cars, while Vonovia's total fleet comprises more than 4,000 vehicles. The number of kilometers driven (approx. 30,000 km/year/vehicle) and the vehicle fleet's CO₂ emissions are accordingly high. The area

of transportation and logistics is thus particularly significant for conserving resources and optimizing processes. To improve our use of resources and reduce our environmental impact, Vonovia is therefore closely addressing its vehicle fleet and the number of kilometers driven:

The condition of the vehicles plays a key role. Vonovia thus relies upon modern vehicles and regular maintenance in order to optimize the efficiency of its vehicle fleet. → p. 68 et seq. At 22.6 months, the average age of our overall fleet is less than two years old. Each vehicle is generally ordered with a navigation system, allowing the user to select the best possible route and avoid detours. Vonovia also uses travel optimization and centralization to ensure that no empty trips are made, distances are kept as short as possible, and vehicles are more consistently used to capacity. This helps reduce the number of kilometers driven and thus also CO₂ emissions.

As a further measure to reduce the use of resources in its own business processes and to increase efficiency, Vonovia has identified various opportunities for energy savings in the administrative buildings which it itself uses. These energy-saving measures are being implemented within the scope of its ongoing property management. → p. 70 et seq.



Conserving Resources in Transportation and Logistics

☒ 302-4

With our own craftsmen's organization, caretakers and gardeners, we are always close by for our customers in our properties. As a result, trips to our various regions and within our managed properties are unavoidable – and numerous. We have therefore identified various measures to ensure that these trips are nonetheless environmentally friendly and conserve resources.

Management Approach: Travel Optimization Conserves Resources and Boosts Efficiency 302-4

Vonovia's housing portfolio covers the whole of Germany. Our craftsmen, our caretakers and our gardeners thus operate all over the country every day and need to be highly mobile.

In order to minimize our environmental impact, we have implemented various measures to optimize our processes in the area of transportation and logistics as far as possible.

Shorter Distances through Centralized Coordination of Appointments

In the area of transportation and logistics, we focus as much as possible on centralization: Processes that can be bundled are handled centrally, like our repair center, where repair inquiries are received and appointments are coordinated for our craftsmen. The employees there can see from the incoming orders precisely where there is a need and estimate how long the craftsmen will require before scheduling a resource-conserving and cost-efficient

sequence of appointments. In this way, travel is planned efficiently. This saves time, distances traveled and money, and protects the environment.

In addition, when assigning tasks to craftsmen, we ensure that these jobs are situated close to where they live, thus avoiding long journeys at the start of their working day. Some of Vonovia's housing stocks are situated far away from the locations of our technical service – in this case, we commission local subcontractors to carry out the work, so as to avoid our craftsmen covering long distances.

In addition, our goal is that our craftsmen think in such an integrated and networked manner, that where possible, only one trip is required in order to deal with a particular task. For instance, once on site, a service technician will carry out minor jobs in other trades, so as to complete the repair. Our technicians receive training for this purpose, where necessary.

Shorter Distances Thanks to New Technologies

Through smart metering, apartments are equipped with an intelligent system that records and bills heating consumption and transmits the data directly to the central system using wireless technology. As a result, individual meter reading of the heating units is no longer necessary. This in turn saves time, travel and fuel and thus reduces greenhouse gas emissions. Due to the success of our pilot project, we significantly expanded our smart metering in 2016: We are already billing the costs for around 30,000 units with the help of state-of-the-art technology via a wholly-owned subsidiary for our customers.



~4,000 → 14,540

Cars
belong to Vonovia's vehicle fleet

Metric Tons CO₂e
of emissions from our vehicle fleet

As a next step, implementation of new IT tools for fuel reporting and a controlling system to reduce fuel consumption are planned. Fuel consumption will be systematically registered during fueling and evaluated as part of our vehicle fleet management. Heavy users will be actively notified of the resulting costs and CO₂ emissions and encouraged to drive in a fuel-efficient manner.

Conserving Resources through Environmentally Friendly Means of Transportation

We ensure that the cars in our vehicle pool feature the latest technology and therefore comply with the latest emission standards. All new vehicles fitted with diesel engines comply with the EURO 6 standard. In 2016, the greenhouse gas emissions of Vonovia's vehicle fleet amounted to 14,540 t CO₂e (2015: 12,044 t CO₂e). This increase (+21%) is due to the fact that Vonovia's fleet had around 25% more vehicles than in the previous year.

In early 2016, fuel-efficient ecoFlex gasoline-powered models were acquired for the fleet's small vehicle segment. Previously, only diesel vehicles had been used here.

Vonovia is intensively examining the issue of alternative drive systems. A pilot project is already underway and the first vehicle was introduced in December 2016.

In Cologne, Frankfurt, Leverkusen, Düsseldorf and Bochum, Vonovia's caretakers now use bicycles to travel around their properties several times a

week. Out and about on their bikes, our employees are even more conspicuous, make it easier for our tenants to approach them while protecting the environment.

Shorter Distances Thanks to Direct Deliveries for Our Technicians

Most of the spare parts and materials which our craftsmen require every day are delivered directly to their vehicles overnight. Through this overnight delivery system, we save valuable time and mileage, since it is no longer necessary to collect materials from the location in question or from the building material trader. Where overnight delivery is not possible for some materials and spare parts, the goods can be collected from one of our trade partners who have a dense network of branches, thus enabling short distances.

In 2016, the ratio of overnight deliveries to the total volume of material usage was further increased and thus contributed further to preventing CO₂ emissions.

Climate and Environmental Protection in Our Administrative Buildings

☒ 302-3, CRE1

In its climate protection efforts, Vonovia focuses on energy-efficient modernization of its housing stock, since its rented apartments cause most of Vonovia's climate-related impact. However, we would also like to ensure that resources are conserved in the administrative buildings which we use.

A large proportion of Vonovia employees work primarily in leased office space, especially in our Bochum, Duisburg and Dresden locations as well as in the large metropolitan areas.

In selecting suitable commercial space for planned new rentals, we take into account the energy efficiency of buildings, in order to enable use that conserves energy and reduces the consumption of resources.

In business operations, we optimize the use of resources by using environmentally friendly fittings and office materials. The digitalization of tenant records and internal administrative procedures has already led to a reduction in paper consumption in current business operations.

The use of energy-saving IT and printing technology leads to the optimization of resource consumption, as does compliance with rules of conduct established in part by the landlords regarding the use of heating, cooling and ventilation according to existing energy-saving building concepts.

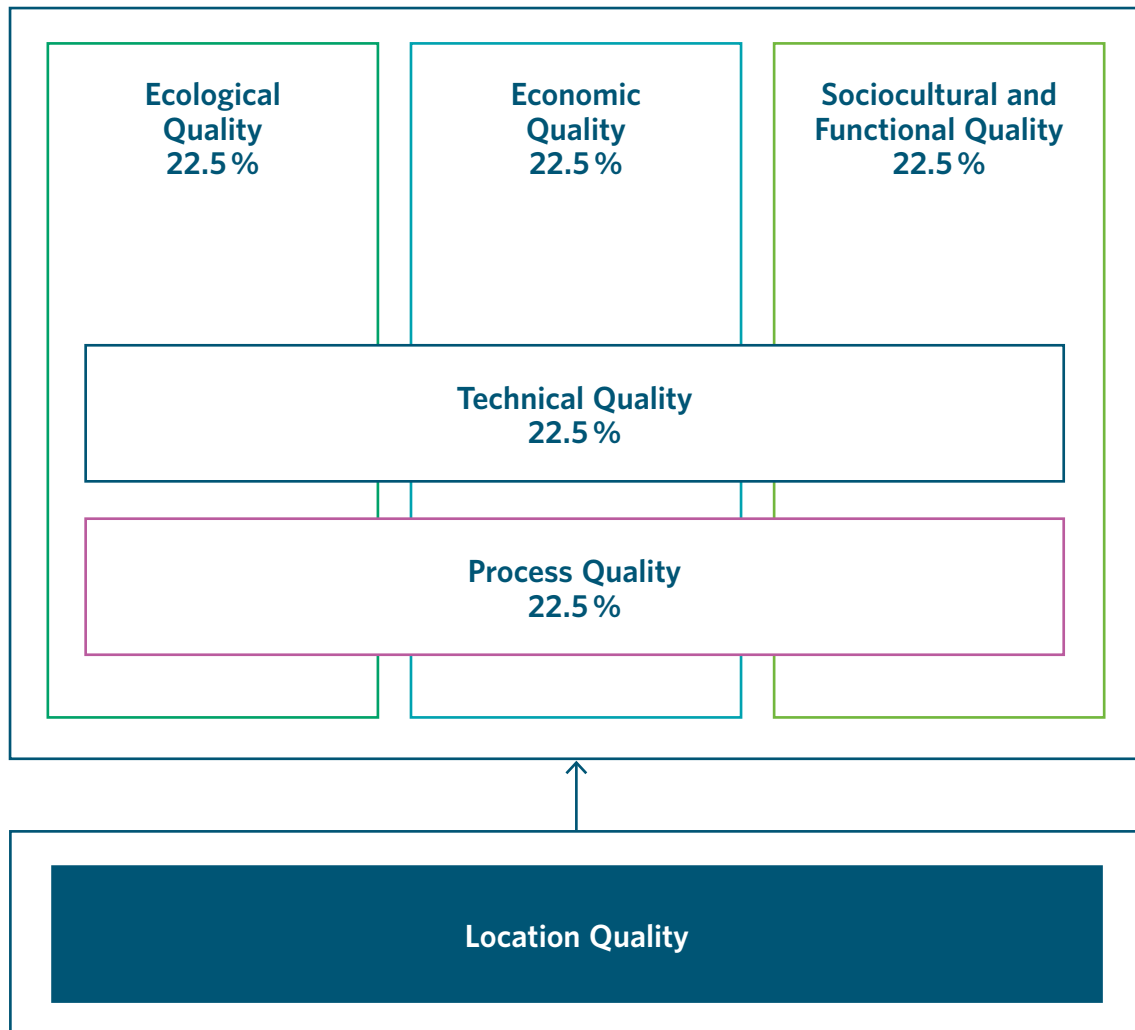
Within the scope of the company's business operations, energy consumption through the use of electricity and heating energy at Vonovia's main administration in Bochum totals 5,692.5 MWh. This corresponds to a consumption level of 268.5 KWh per square meter of office space.

Electricity consumption was reduced by around 1,000 MWh year-over-year, but heating energy consumption increased slightly by around 160 MWh.

The above-mentioned level of energy consumption is due to the fact that Vonovia's main administration is currently still located within a leased office property. Due to various features of this building, it no longer conforms to today's requirements for an energy-efficient building.

DGNB Gold Standard Certification for the New Vonovia Headquarters

The Second-Generation DGNB Certification System



Vonovia is currently building new headquarters in Bochum. The planned office property satisfies current requirements regarding energy efficiency, energy consumption and sustainability. This office building should be occupied by the spring of 2018

and receive a DGNB Gold Standard certification. 302-3, CRE1



A Sense of Community

- 74 Fundamentals - Retaining Employees in the Long Term
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Fundamentals

☒ 102-8, 102-16, 102-41, 103-2, 401-1, 402-1, 405-1

With their abilities and expertise, our employees are the bedrock of our success. They play a key role in our fulfillment of our corporate strategy goals. That is why we are living up to our responsibility as an employer and investing in our employees and their development.

Our HR Management Approach Is in Line with Our Corporate Objectives 103-2

Vonovia is a service company, which is why the success of our company rests to a decisive degree on the abilities, motivation and commitment of our employees. The challenges facing the housing industry, developments in its operating environment and evolving customer requirements necessitate continuous ongoing development – of the company as a whole and its services, but also of its employees.

However, our employees' expectations of their employer are also changing. An employer's attractiveness and the services which a company offers its employees are nowadays much more important than they used to be. Added extras for employees besides their salary, opportunities for initial and further training to allow them to pursue their professional and personal development, measures which help them to stay healthy, and possibilities for balancing their career and personal life are particularly significant in this respect.

Vonovia's HR management thus faces the challenge of finding and training the best employees for the right positions, in order to ensure long-term success and continual, efficient implementation of the company's growth strategy. At the same time, Vonovia needs to be an attractive employer for its employees and to foster their loyalty to the company.

HR management thus has a special significance at Vonovia, since its activities and methods make a key contribution to safeguarding the company's long-term viability. Accordingly, key issues associated with our HR management are, in particular, targeted initial and further training with regard to our employees' professional and personal development, health as well as occupational safety – particularly for our craftsmen's organization, but also a work-life balance that enables our employees to combine their career and personal life in the best possible way. In addition, we aim for a prejudice-free work environment.

As in all other business areas, we pursue a holistic approach to our HR management, aiming for a long-term focus as well as a sense of community.

The mission statement which we developed in 2015 is a key component of our sense of community. Thanks to its clear definition of our mission and our vision, it underpins our activities and serves as the basis for a corporate culture characterized by respect, appreciation and openness. → p. 11 et seq. 102-16

Distribution of Vonovia Employees in the Group

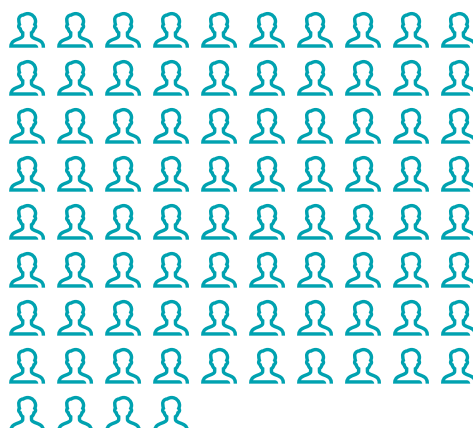
6 %

of Vonovia Employees
work for the holding company



84 %

of Vonovia Employees
work in the following business areas:
craftsmen's organization, real estate service
and customer service



At Vonovia, every employee should be granted the opportunity to make a contribution through their expertise and abilities and to actively shape Vonovia's success. Further training is thus a priority at Vonovia: The company offers its employees various development opportunities for optimal training and support in line with the requirements of their specific position.

Moreover, health and safety and maintaining employees' ability to work are of key significance for Vonovia. We offer a series of measures, training courses and initiatives covering occupational safety and accident prevention (particularly for the employees of our craftsmen's organization) as well as health protection and promotion.

Vonovia offers its employees various working hours models for a better work-life balance. In addition, where desired, a family service provider assists employees during difficult personal situations.

Vonovia sees diversity as a huge opportunity, encourages it and aims to establish a prejudice-free work environment. Vonovia resolutely opposes any form of prejudice or discrimination.

HR Structure

As of December 31, 2016, Vonovia had 7,437 employees (December 31, 2015: 6,368 employees), 5,646 of whom were male. As well as the integration of Süddeutsche Wohnen (SÜDEWO), the increase in our number of employees is mainly attributable to the continuous growth of our technical service for our craftsmen's organization and our residential neighborhood organization. The significantly higher proportion of male employees in our company reflects the size of our technical service, which mainly consists of male employees.

Around 84 % of Vonovia employees work in the following areas: the craftsmen's organization, real estate service (which also includes caretakers), and customer service. About 6 % of Vonovia employees work for the holding company. The remaining 10 % of our employees work in our residential neighborhood and Immobilien-Treuhand sectors. 102-8

Our approach to HR management takes into consideration the specific needs of different business areas and occupations. Accordingly, there are different approaches to recruiting, but also different contracts and works agreements for the individual business areas. Nearly all of our employees are covered by works agreements, which set out most of our rules and regulations. 102-41

Through our merger with GAGFAH S.A. and our integration of SÜDEWO, over the last two years our HR activities have focused on the development of structures and uniform processes. We will continue to pursue these activities in 2017.

Since the spring of 2016, HR management has been under uniform control throughout the Group. The structures of the works councils will be consolidated and standardized during 2017.

Preserving Employee Rights

Works councils have been established in all Vonovia companies in order to represent employees' interests. This enables employees and employer's representatives to pursue a trust-based and constructive dialog. In case of significant changes within the company, Vonovia naturally informs its workers within the legally prescribed notice periods. 402-1

Our Focus in HR Management: Recruitment and Retention of Employees 103-2

Seeking out and recruiting qualified employees who will support us in implementing our corporate strategy and our growth strategy is a core challenge and the key goal of our HR management. For we will only be able to maintain our current level of success if we can find the right people for the right positions.

Where possible, we fill leadership positions with internal candidates. To do so, we rely on a well-planned successor management system as well as a targeted employee development process - whoever does a good job and shows dedication can quickly take on a great deal of responsibility at Vonovia. Where necessary, we also recruit top performers and high-potential candidates from outside our company.

We have many commercial and, in particular, technical positions to fill. In this respect, for recruitment purposes, we use conventional approaches such as job postings on job portals or Vonovia's careers site and cooperate with employment agencies, but also pursue more innovative approaches such as "speed dating" for craftsmen and gardeners. These measures are supported by communication of our company values, our goals and how we intend to achieve them, and also our attractiveness as an employer.

We also offer diverse and attractive options for a career in the real estate sector for young professionals: internships for our management roles, training for commercial and trade professions, activities as working students, dual-degree programs, and a trainee program.

Employees by Gender and Age Group (2016) 102-8, 405-1

By Gender

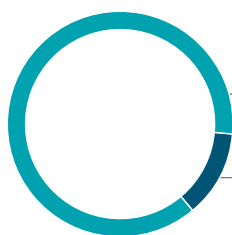


1,791
female
(= 24.1%)



5,646
male
(= 75.9%)

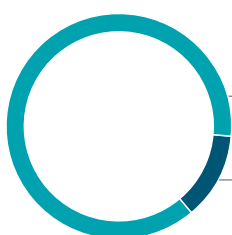
By Employment Contract



limited 6,507 (87.5 %)

unlimited 930 (12.5 %)

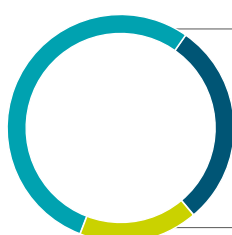
By Employment Type



full-time 6,517 (87.6 %)

part-time 920 (12.4 %)

By Age Group



30-50 years 3,999 (53.8 %)

> 50 years 2,157 (29.0 %)

< 30 years 1,281 (17.2 %)

On attracting the right employees, we attach great importance to encouraging long-term commitments: About 87 % (6,507) of our employees have unlimited contracts. We also offer our employees attractive social benefits, various further training measures, health promotion opportunities and working hours models enabling a good work-life balance, → **p. 84 et seq.** in order to strengthen our employees' loyalty. In 2016, the voluntary turnover rate was 7.3 %. 102-8, 401-1

Outlook for 2017

In 2017, we will continue to work on integrating within our organization the companies which we acquired over the last few years from the point of view of their structures and corporate culture. The development of uniform HR management processes and the standardization of works agreements are key areas of focus here. Moreover, we intend to continue to demonstrate that we are an attractive employer and, with this goal in mind, we plan to launch an employer branding campaign in 2017. At the same time, we will deepen our activities in the fields of HR development and succession planning.

In addition, over the next few years we will significantly increase our volume of personnel in our craftsmen's organization and our residential neighborhood sector. To achieve these goals, Vonovia is using proactive and innovative recruitment channels such as mobile recruiting alongside conventional recruitment channels. Vonovia is also pursuing a refugee integration project in cooperation with the German Federal Employment Agency (Bundesagentur für Arbeit).

Initial and Further Training

☒ 103-2, 404-1, 404-3

New tasks and career opportunities continuously arise for Vonovia employees thanks to our rigorously pursued growth strategy as well as our multifaceted business model. As a result, we invest intensively in the training of young talents as well as in the targeted development of our employees.

2016 Once Again the Largest Vocational Training Class at Vonovia

As of December 31, 2016, 420 young people had completed vocational training or a dual course of study at Vonovia – for 14 different professions and a range of different degree courses. In the 2016 vocational training year, 160 new trainees began their careers at our company at 22 locations. This is our largest ever vocational training class. As in the previous year, the focus was on craftsmen trainees, for further development of our technical service and in order to recruit employees right at the start of their careers.

If they perform well, all of our trainees have a good chance of obtaining permanent employment; our hiring rate over the past five years has averaged more than 90 %. Vonovia's training system is distinguished by individual solutions, a commitment to diversity and, in particular, the promotion of individuals with migrant backgrounds. In 2016, we were once again able to expand our training offerings in our commercial and technical fields. Trainees began an apprenticeship to become a dialog marketing specialist with Vonovia's customer service team for

the first time in 2016. Vonovia's residential neighborhood service has increased its training offerings for the professions of garden and landscape gardener and building cleaner. In recognition of the excellent quality of training provided by Vonovia, the company was singled out in 2016 as an exemplary training company by the German Association of German Housing and Real Estate Companies (GdW) and received an award from the magazine Focus Money for being one of "Germany's best training companies."

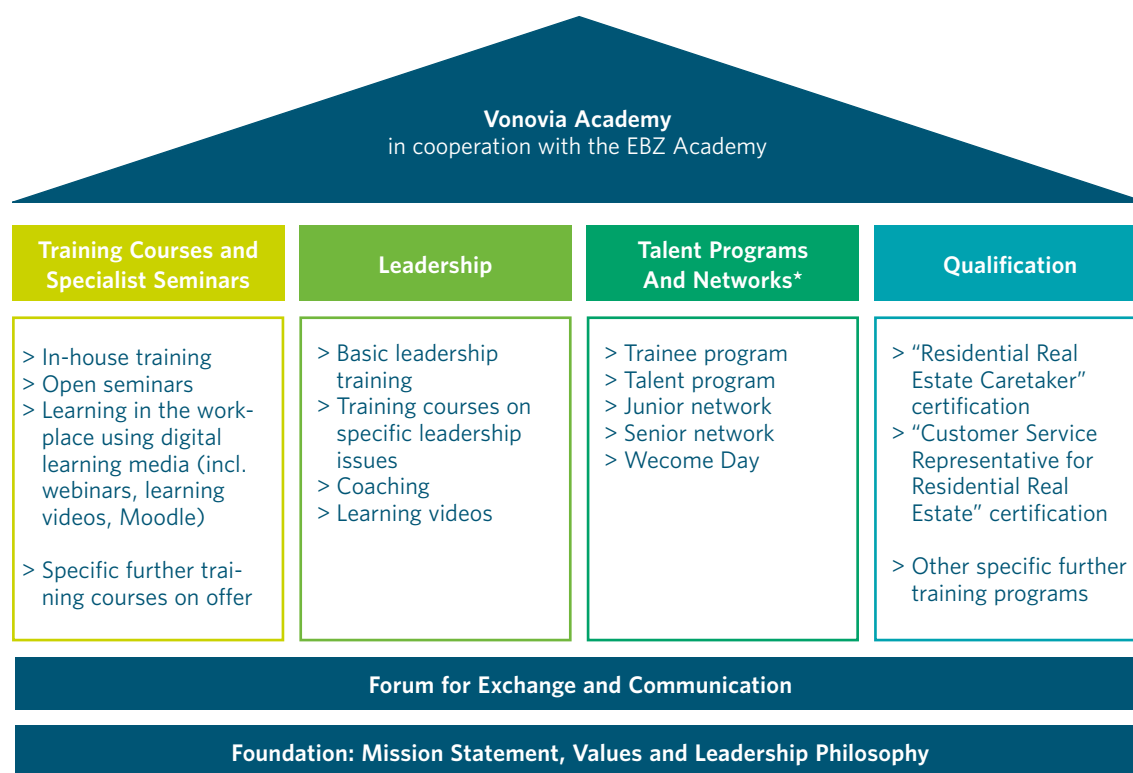
HR Development and Internal Further Training 103-2

Targeted further training programs are a central component of our HR management. They also strengthen the loyalty of qualified employees to our company.

The goal of our HR development activities is to support our employees in their work. We offer them a broad range of opportunities to individually prepare for our company's current and future requirements. Our mission statement, our values and our leadership philosophy serve as the basis for all of our HR development tools and measures.

In 2016, we introduced our new HR development tools to ensure that our mission statement is put into practice even more strongly in employees' day-to-day work. In this respect, special "management training sessions introducing our HR development tools" were offered as well as training covering our

The Pillars of the Vonovia Academy



* in the planning stage

summer appraisals where superiors receive feedback from their employees. → p.80 et seq.

In addition, our newly developed training modules for managers were launched.

The Vonovia Academy forms part of our HR development measures. This includes training and technical seminars, leadership and certified qualification courses. The Vonovia Academy offers our employees a specific and demand-oriented range of courses and thus a large number of opportunities for their professional, methodological and personal development.

In 2016, we consolidated the further training courses offered by the old Deutsche Annington and GAG-FAH, thus once again expanding our Academy's offerings in the field of further training. A particular area of focus here was the reworking of Vonovia's

"Residential Real Estate Caretaker (Chamber of Industry and Commerce)" course, which we have tailored even more strongly to the requirements and challenges associated with this role. Around 30 caretakers began this course in the fourth quarter of 2016.

Seminars on matters of tenancy law, compensation issues arising during apartment handover inspections and the handling of sensitive issues such as unpaid rent, disturbances and noise pollution were further offerings of the Vonovia Academy which proved highly popular in 2016. However, our "Residential Real Estate Caretaker (Chamber of Industry and Commerce)" course and our "Basic Leadership Skills" training series, which we offer in particular for employees who have recently taken up a leadership position or will do so in the near future, were also well attended.

In 2016, a total of 1,023 employees (2015: 1,614) participated in further training, with the number of further training man-days amounting to 2,600 (2015: 5,925). As a result, the further training rate of our company was about 14 % (2015: 25 %), which corresponds to an average of 0.35 (2015: 0.93) further training days per employee. In 2016, we invested a total of around € 2.5 million (2015: € 2.3 million) in further training for our employees. The decline in the number of participants and man-days is attributable to the fact that the year 2015 was shaped, in particular, by integration training following the merger with GAGFAH and the integration of SÜDEWO (2,500 training days), which no longer took place in 2016. In addition, compared to 2015, it was mainly our technical service which took on additional employees in 2016, where only a small amount of conventional further training takes place. [AR 2016, p. 52](#) 404-1

We also provide our employees with individual support through in-service further training courses and courses of study like "Real Estate Economist," "Bachelor of Arts Real Estate" or "Bachelor of Arts Business Administration." We thus promote the continuous development of new skills and employee motivation.

Integration of Sustainability Issues in Vocational and Further Training

Sustainability issues are becoming increasingly important for the real estate industry. We thus attach great importance to our employees receiving appropriate training and to the development of an understanding of sustainability within our company. Right at the start of their training, our trainees who work in the project teams of individual strategy departments come into contact with current issues such as demographic change, energy efficiency and renewable energy. Our range of further training courses also deals with such issues, such as in our course leading to the Certified Real Estate Technician qualification.

Introduction of New HR Development Tools 103-2

We introduced three new HR development tools in 2016: annual appraisals, regular HR meetings/HR retreats and summer appraisals. They form the basis for ongoing further development. They underpin our mission statement and encourage mutual respect in our daily relationships. They are also intended to

1,023

Employees
took part in
further training in 2016

2.5

€ Million
were invested in
further training by Vonovia
in 2016

160

New Trainees
started work at
Vonovia in 2016

14

Professions and Degree Programs
are offered to the trainees by
Vonovia

support our managers in their daily leadership tasks and to systematize leadership.

The annual appraisal is an HR development tool which enables each employee to receive regular, structured, respectful and development-oriented feedback from their line manager. In particular, the goal is to assess employees' work results and conduct at work as well as the potential for their further development. Employees without management responsibility are assessed in terms of their behavior in line with the company's values, while managers are assessed on the basis of their conduct in accordance with our leadership philosophy. Development objectives and specific development measures may be identified and agreed upon on this basis. 404-3

At our regular HR meetings/HR retreats, superiors can discuss the results of the annual appraisals in two different ways: directly with the relevant member of the Management Board at regular HR meetings or in discussions with their direct superior and other managers at HR retreats. The goal is to gain an overview of talents within the company, to be able to arrive at an early assessment for succession planning and to agree on individual development plans. Regular HR meetings and HR retreats help managers to calibrate their own assessments.

At our summer appraisals, employees provide confidential upward feedback to their direct superior in line with our leadership philosophy. This feedback can be passed on either during an individual interview or in a team setting. The goal of the summer appraisals is to agree on measures for improving working relationships. 404-3

Around 230 managers underwent training as part of the introduction of the new HR development tools.

The HR tool "Magellan" was implemented to support our new HR development tools. It offers an overview of all impending meetings and of the status of each meeting, and documents the development measures agreed upon. A major benefit is the transparency which this provides managers and employees.

A project team in our technical service has specially designed and subsequently tested an annual appraisal questionnaire for technicians. This pilot scheme will continue in 2017, and the resulting findings and any necessary changes will be collected and evaluated.

Outlook for 2017

Our goals for HR development in 2017 and subsequent years include focusing more strongly on identifying and developing talents and pursuing structured succession planning. For this purpose, targeted measures will be implemented such as creating individual development plans, conducting individual coaching sessions or offering leadership training.

E

F

Diversity and Equal Opportunities

☒ 102-12, 103-2, 406-1

The diversity of our workforce is one of our competitive advantages. Every day, we benefit from a constructive dialog and the different perspectives and ways of thinking that stem from our employees' social, cultural and linguistic backgrounds.

Management Approach: a Clear Commitment to Diversity in Our Company 103-2

In 2013, we as a company signed the "Diversity Charter." By doing so, we made a clear commitment to create and promote a work environment that is free from prejudice. Regardless of gender, age, sexual orientation and identity, race, nationality, ethnic background, religion, or worldview, all employees should experience appreciation, tolerance and respect. The signing also meant the go-ahead for HR management to expand existing initiatives and to develop additional concepts in order to promote and more firmly anchor the issue of diversity within our company. We are unaware of any discrimination cases in 2016. 102-12, 406-1

We are convinced that the diversity of our workforce, which is drawn from around 30 different countries, benefits our company and our processes. Due to their various cultural and social backgrounds, our employees contribute different mentalities, perspectives, experiences and ways of seeing things to our company. This diversity – and especially our employees' knowledge of various languages – is particularly valuable in dealing with our customers, who come from a total of 170 different countries.

Whether German, Turkish, English or Arabic, Vonovia's employees are able to communicate with our customers in their own language, respond directly to their concerns and, above all, understand possible cultural idiosyncrasies.

The diversity of our employees is already apparent during our vocational training courses: In 2016, more than 35 % of our trainees in the commercial sector had a migrant background. In addition, we are increasingly seeking to inspire girls and women to enter the trades and to recruit them for our company. We have therefore developed measures in order to directly appeal to young women. At career orientation events held at schools, we inform girls of the various internship offerings at our company, enabling them to gain initial experience of careers in the trades. As part of the "Training Ambassador" program of the Chamber of Industry and Commerce and the Chamber of Trades, our female employees (also in the trades) visit schools to talk about their work in our company. At the nationwide Girls' Day, pupils have the opportunity to accompany our craftsmen and technical employees during their everyday work.

Vonovia would also like to increase the share of women at its first management level: The Management Board has set a goal of reaching a proportion of women of 25 % by June 30, 2017. Due to organizational changes, the proportion of women at management levels below the Management Board will likely amount to around 18 % as of this date.



30

Nations

Our employees come
from various nations



170

Nations

Our customers
come from more than 170 nations



> 35 %

with Migrant Backgrounds

More than 35 % of our trainees
in the commercial sector
had a migrant background in 2016

Integration of Refugees

As a growing company, we are continuously looking for employees for our various segments. We need the majority of them in the trades or in gardening and landscaping, for instance, but also for commercial careers in the relevant segments of our company.

We will of course continue to offer refugees the opportunity to apply for these positions and help them to embark upon a regular life in Germany. We have launched a pilot project with Gelsenkirchen job center, through which we have already been able to hire the first group of refugees as construction helpers. The greatest challenges for us are, above all, the regulatory requirements, such as the status of asylum applications and the related waiting periods, the recognition of qualifications, but also practical things such as the lack of a driver's license or language skills. At least in those areas we can help relatively rapidly and support refugees' participation in language courses. Furthermore, we have many employees with migrant backgrounds (about 25 % in the trades).

Internships have enabled young refugees to gain an initial insight into the world of work and various occupations, while also getting to know our training system. In 2016, three refugees began on-the-job training at our company. We will maintain this commitment in 2017.

For additional information on the structure of our workforce (age structure, gender distribution, share of disabled employees), we refer to the key figures chapter beginning on → p. 95 of this report.

Health and Balance

☒ 102-8, 103-2, 103-3, 401-3, 403-2, 403-3

In order to maintain our employees' ability to perform and to preserve their health, we have established a workplace health promotion system as well as measures to support a work-life balance within our company. The safety of our employees during their day-to-day working lives, particularly our craftsmen, is likewise of paramount importance for Vonovia.

Health Promotion 103-2

The health and social affairs department centrally manages the issues of health and balance within the Vonovia Group. We offer our employees two programs with different emphases: "Health and Relaxation" focuses on prevention and the healthy behavior of employees, while "Family and Career" offers a diverse range of measures to support the balancing of family and career needs.

The offerings for our employees extend from colorectal cancer and skin cancer prevention to flu shots, massage treatments and health days. As part of our preventive measures, we offer partnerships with fitness centers, a service line providing advice for employees and executives as well as coaching sessions. In addition, we regularly evaluate workplace ergonomics and the equipping of workplaces.

Through the Vonovia Academy, employees can attend seminars on the issues of "stress management" and "healthy leadership." In addition, employees have the option of obtaining information on a wide range of health issues at the health portal "Time for Health." For example, this portal offers nutritional tips and recipes, demonstrates exercises that can be done in the office, and indicates when it is time for the next medical checkup.

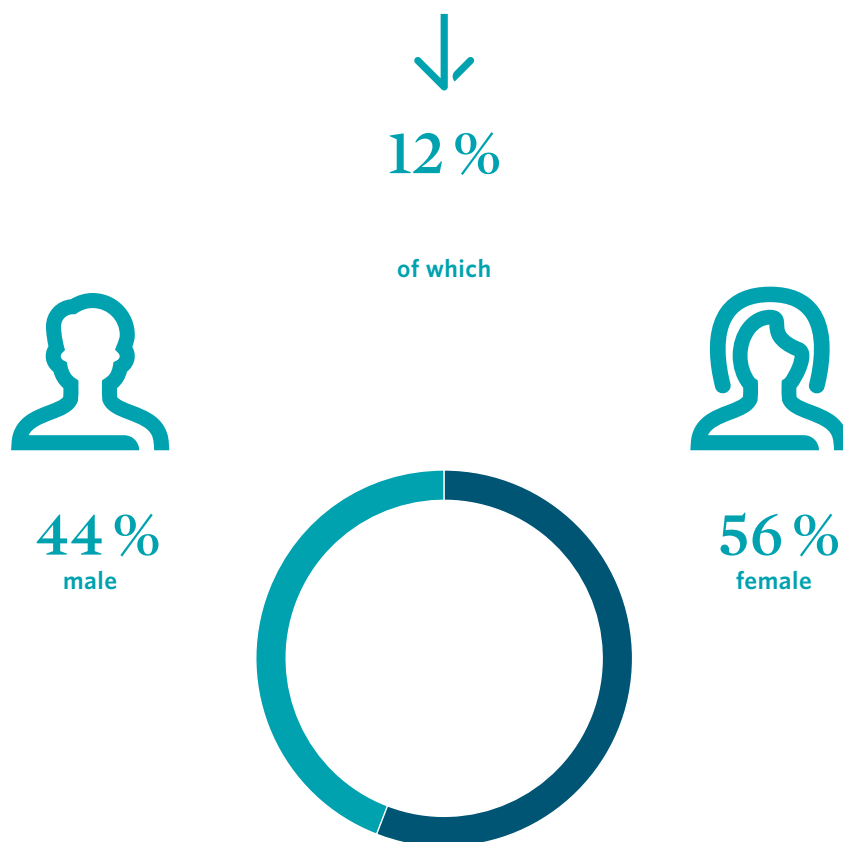
If employees return to the company after a long illness, they are reintegrated into the work routine through corporate reintegration management.

Career and Family 103-2

For today's employees, being able to balance their career and family needs is an important factor in their choice of employer. It increases their level of motivation and ability to perform and supports their long-term loyalty to the company.

Vonovia takes this very seriously and supports its employees through a large number of offerings. Within the scope of our "Family and Career" program, we offer our employees various working hours models as well as the option of individual part-time arrangements (the proportion of part-time employees as of December 31, 2016 was 12 %, of whom 56 % were female). They also receive advice from colleagues in relation to maternity rights, parental allowance and parental leave. 102-8

Part-Time Rate as of Dec. 31, 2016



In order to support employees in our company who have children, we maintain a partnership with the family service provider PME. If need be, parents can make use of child day care services (comprehensive care at home, regularly or in the event of an emergency) and obtain assistance in finding a day care center as well as for school-related issues like homework and tutoring support. In addition, we offer our employees rapid assistance if day care becomes unavailable at short notice or if schools have days off; for example, at our Bochum location, a parent-child office is available for use by employees. During periods of school breaks, we offer a range of daily and weekly programs for children as well as longer holiday trips through our family service provider PME.

The high rate of return from parental leave clearly demonstrates that our comprehensive support for employees who have children has a positive impact on employee loyalty: More than 70 % of all mothers and fathers return to our company after the birth of their child. [401-3](#)

At Vonovia, maintaining a work-life balance also includes support for employees who are nursing relatives. With help from PME, we arrange home-based and hospital treatment, provide advice on the financing of care and senior-friendly home modifications, and offer support for "assisted living." If needed, we also furnish our employees with legal information, for instance, with regard to living wills, powers of attorney and care directives. Offerings

of psychosocial counseling for dealing with illness and the need for care in the family are also part of "Family and Career."

Occupational Safety at Vonovia 103-2

Vonovia attaches great importance to offering its employees a work environment in which they are protected against risks and threats to their health while carrying out their work. To the extent that such risks exist while work is being done, our goal is to minimize them as much as possible throughout our Group by taking appropriate measures and complying with applicable laws and regulations.

Organizing Occupational Safety at Vonovia SE 103-2

Health promotion and occupational safety are divided up into two separate departments at Vonovia. However, these two departments regularly exchange views within the framework of health circles on overarching issues or on an ad hoc basis in specific cases, together with the relevant company physician and occupational safety specialist.

Occupational safety is a core issue for Vonovia's facility management department. Following the consolidation of the Group's newly acquired companies, the different occupational safety organizations were harmonized in 2016. Volunteer occupational safety helpers were identified and designated within the Group's various companies throughout Germany. The duties of the regional occupational safety specialists and the company physicians of the various service providers have now been assigned to the existing service providers which operate nationwide.

The potential threat to the holding company is relatively low, of course, which is why occupational safety is merely a subordinate process here. This is supplemented by a broad range of preventive measures. → p. 84 et seq.

Internal coordinators for occupational safety were appointed in the Group's subsidiaries in 2016. They manage, for instance, the external service provider and organize occupational safety committee meetings. In addition, a process of defining Group-wide standards has now been initiated, so as to provide more intensive technical support for the Group's companies in fulfilling their occupational safety tasks and duties.

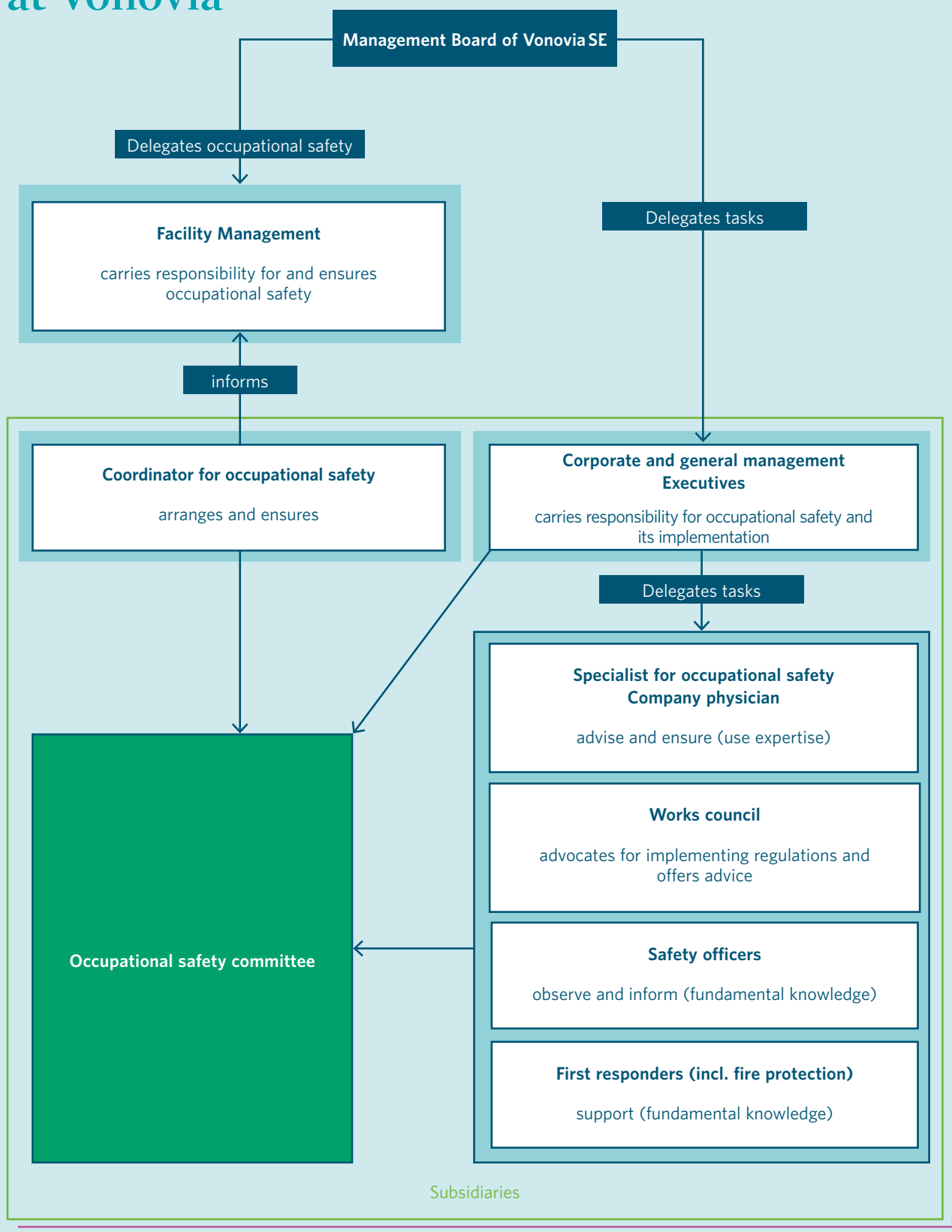
Vonovia's subsidiaries have also established occupational safety committees (OSC), which meet regularly. Employee representatives are represented on the occupational safety committees through legally regulated mandates. A regular dialog is held with them to optimize occupational and workplace safety. The representatives of the works councils are notified of any changes on a quarterly basis at the OSC meetings (at the national and regional level) and participate in implementing necessary measures (e.g., reviewing the effectiveness of risk assessments). Occupational safety responds to specific inquiries from works council members individually and directly. No formal agreements were concluded in the sustainability period under review.

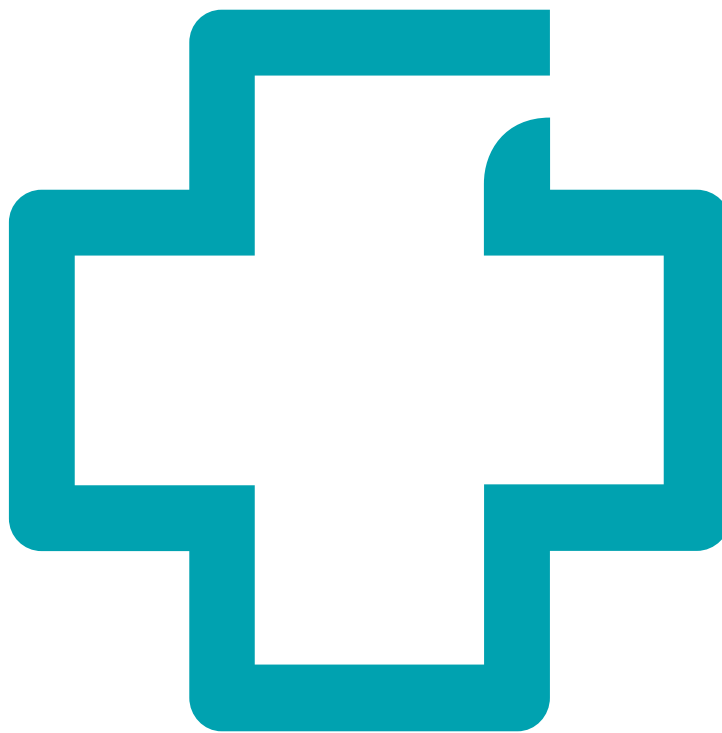
In addition, first responders, fire protection assistants and safety officers are trained at all Vonovia locations where employees are regularly present.

Organizing Occupational Safety for the Technical Service 103-2

Vonovia's craftsmen's organization has its own occupational and workplace safety department in order to comply with the special requirements that apply for a large number of trades. This department is supported by an external service provider whose occupational safety specialists and company physicians provide technical support for coordinators and responsible parties at various locations. In individual cases, the responsible coordinators exchange views with the employees in Vonovia's health and social affairs department.

Organizing Occupational Safety at Vonovia





Preventive Measures and Risk Minimization As a Core Focus of Occupational Safety 103-2

All of Vonovia's measures are intended to sharpen employees' awareness of potential dangers – for their own protection and also for their colleagues' protection. Procedural and operating instructions provide for the danger-free performance of duties. Safety briefings are conducted on a trade-specific and individual basis.

During regular training and instruction sessions, employees are informed and made aware of the safety risks and potential dangers, so that they can take precautions by behaving appropriately.

The employees' instruction sessions incorporate the results of risk assessments (for the craftsmen's organization, on a trade-specific basis) – this applies for all of the company's business areas. As well as general safety-related rules of conduct, such as how to behave in case of an emergency, all issues are discussed in the risk assessments for which potential threats have been determined. In addition, necessary measures are determined in case of identified risks. Any instruction sessions held are documented in writing. Where required, the company's employees – and the craftsmen's organization in particular – are provided with personal protective gear.

For the craftsmen's organization, an audit of the applicable risk assessments was launched in the second half of 2016 with effectiveness reviews performed at six different locations. These continued up until the end of the first quarter of 2017 and their findings are currently being processed.

A training course for managers was developed in 2016 for the Group's internal HR development academy. The goal is to provide managers with a greater understanding of their responsibility, duties and obligations in relation to occupational safety. The legal framework, Vonovia's occupational safety organization, and tools for the preparation of risk assessments and for employee instruction, such as instruction cards, were core aspects.

Notification and Documentation of Accidents and Injuries 103-2

In 2016, due to the various potential risks within the company's business areas, the reporting obligation for accidents was transferred from the HR department to the departments for occupational safety for administrative activities and occupational safety for technical work (craftsmen's organization). The frequency of accidents at Vonovia was 51 per 1,000 employees in 2016. Most of the accidents occur during activities performed by craftsmen (see employee key figures). None of our employees has been shown to have a high illness rate or threat of illness due to his or her job. 403-2, 403-3

Injuries are documented in an accident log that must be preserved for five years. Since July 1, 2016, accident reports have been processed separately for Vonovia and for the craftsmen's organization for statistical purposes. Since early 2017, necessary measures have been determined on the basis of the resulting findings.

Outlook for 2017

The ongoing development of occupational safety is a continuous process. Training measures are planned for volunteer occupational safety roles (safety officers, first responders and fire protection assistants with evacuation functions), while the Group-wide standards (e.g., instruction sessions, operating instructions, site inspections) for occupational safety will be actively expanded and implemented.

The craftsmen's organization plans to sharpen its structures in cooperation with specialist roles at the company's various locations and together with the external occupational safety specialists and company physicians. The tasks and projects for the next two years will mainly result from the effectiveness reviews evaluated in the second quarter of 2017.

At the end of 2016, a toxic materials management system was implemented, which will be prepared and completed in 2017 for use at the company's locations.

5

Internal Coordinators

have been appointed for occupational safety across Germany

22

Occupational Safety Committee Meetings

were organised by the craftsmen's organization in seven regions across Germany in 2016

+12

Safety Officers

were appointed/trained by the craftsmen's organization in 2016

Procurement and Supplier Management

☒ 102-9, 103-2, 204-1

It is not only with the people who work directly in our company that Vonovia maintains long-term commitments. We also aim to establish long-term ties with our suppliers based on mutual respect and in compliance with legal and social standards.

Management Approach: Long-Term Relationships with Suppliers 103-2

In order to live up to its aspirations of being a responsible company which acts with integrity, Vonovia places great emphasis not only on internal processes but also on responsibility along the entire value chain. For Vonovia, the nature of relationships with suppliers and business partners from the point of view of responsibility and integrity is therefore of critical importance.

Vonovia is very aware of the sustainability risks in the supply chain. The principal challenges in the supply chain primarily relate to compliance with labor and social standards in construction companies and their subcontractors. Cases of illicit employment, unsatisfactory occupational safety and noncompliance with the minimum wage still occur repeatedly in Germany.

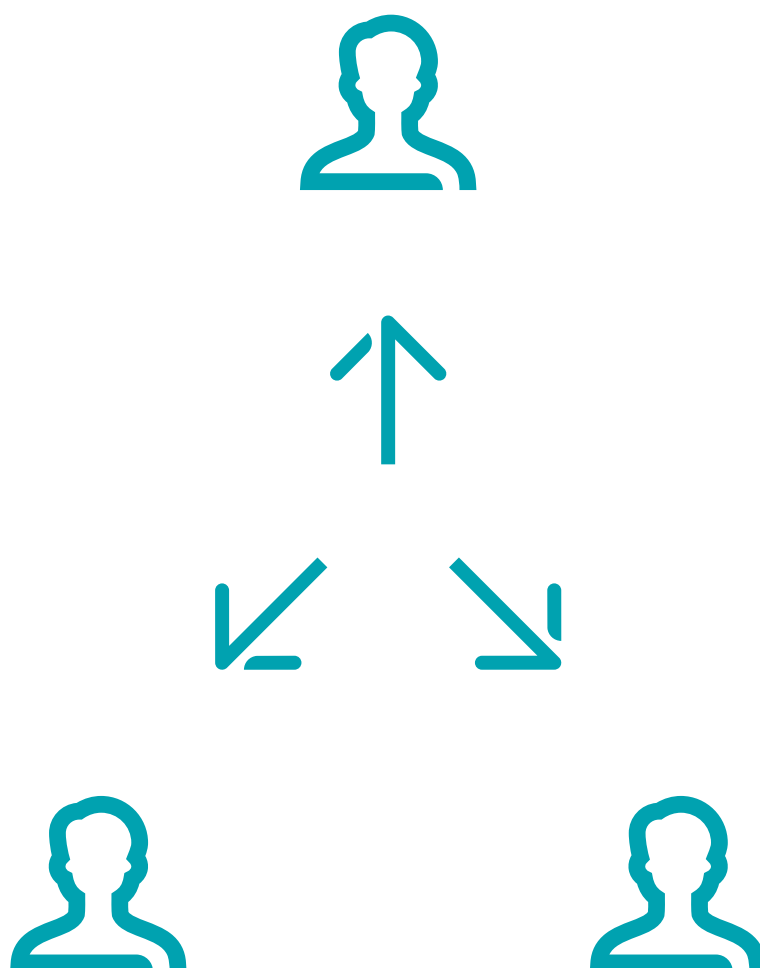
Vonovia handles a considerable volume of trade-related construction work on its own, through its craftsmen's organization. This means that most of the risks that could arise with external suppliers are excluded from the outset. Vonovia is continuously expanding the capacities of its craftsmen's organi-

zation, since it is thanks to this craftsmen's organization that Vonovia – in contrast to other companies – is significantly less dependent on the offerings of existing construction firms. Vonovia is therefore able to exclude service providers that violate certain sustainability criteria.

Business Partner Code Safeguards Relationship with Suppliers 103-2

Vonovia minimizes the risks associated with contractors in the area of labor law and occupational safety through its Business Partner Code. The Business Partner Code commits suppliers to economically and legally compliant conduct. It stipulates, among other things, that illicit employment must be ruled out, that the legal minimum wage must be paid and that valid German regulations on occupational safety and human rights must be observed. These obligations also apply to third parties – and thus to the subcontractors of our contractual partners.

The company's construction managers maintain direct contact with our subcontractors and have a clear picture of the persons working on construction sites. Compliance with the Business Partner Code can thus be largely verified within the scope of this working relationship. In addition, our procurement department holds annual reviews with key subcontractors.



Vonovia has already cooperated with some companies for many years now, during which time it has established a high level of transparency and professionalism for its processes. Business relationships are characterized by trust and commitment, thus ensuring compliance with the Business Partner Code.

In case of repeated violations of the Code or other legal provisions, we take appropriate steps, either significantly reducing the sales volume with the affected supplier or terminating the business relationship entirely. Vonovia did not learn of any significant cases of noncompliance in the reporting year.

In 2016, Vonovia used around 2,650 (2015: 2,500) suppliers for the areas of minor maintenance work, vacant apartment renovation and modernization. In the future, external firms will continue to perform specialized work, such as sewer and pipe cleaning. [102-9](#)

The TÜV Rhineland Online Toxic Materials Management System (TOGs®) was introduced in cooperation with the TÜV certification body in 2016. This ensures the safety of materials used in our housing stocks. Within the scope of this system, our asbestos, topsoil and bonding agents (ATBA) contract was newly put out to tender in the reporting year to ensure compliance with the guidelines for toxic materials. As part of this tender, all of the partici-

Vonovia's Business Partner Code

The Business Partner Code commits suppliers to economically and legally compliant conduct.



The obligations set out in the Business Partner Code apply to:

- Contractors
- Subcontractors of contractual partners



The obligations set out in the Business Partner Code include:

- A ban on illicit employment
- The payment of the minimum wage
- Adherence to the valid German regulations on occupational safety and human rights

pating companies were obliged to present licenses from the German Institute for Occupational Safety as well as specific training certificates for construction managers and employees for use of suitable tools. In addition, these companies may not employ subcontractors. Our central technical department is evaluating these companies.

A uniform supplier assessment system is currently being developed. The goal is for key suppliers to be evaluated by procurement as well as the Group's departments in order to achieve transparency and to obtain a systematic overview of the performance and development of suppliers.

Regional Nature of the Supply Chain

Due to the regional nature of its business, Vonovia prefers to work with local and regional suppliers: Many materials and services are sourced from local and regional suppliers, and in almost all cases, contracts with subcontractors are awarded within Germany. Moreover, within the framework of its social charter commitments, for several portfolio acquisitions Vonovia is obliged to place orders exclusively with small and medium-sized companies from the region at market prices. The total procurement volume for German suppliers and service providers was 95 % in 2016. 204-1

In cooperation with central procurement, the technical departments select the construction companies to be commissioned as subcontractors. Direct contact with these companies creates trust-based and reliable relationships. Many years of cooperation demonstrate that labor and social standards are reliably complied with. In the event that subcontractors find themselves in difficulties due to negative procurement decisions, we enter into a direct dialog and identify socially acceptable solutions. Vonovia bears social responsibility and is aware of the effects of negative procurement decisions, particularly for very small companies.

Materials and Procurement 103-2

Vonovia purchases large volumes of building materials as part of its minor maintenance work, vacant apartment renovation and modernization activities as well as for new buildings. This includes plumbing, electrical and painting supplies as well as floor covers, tiles and thermal insulation systems. Indirect materials are also procured, such as tools, work uniforms, the vehicle fleet and office equipment. Almost all of the purchased materials come from production sites within the EU. Standards and regulations are complied with in consultation with the company's technical managers and the procurement department. 204-1

For all of its new buildings and modernization measures, Vonovia seeks to fulfill the latest KfW standards. We purchase construction materials with this goal in mind.

Sustainability criteria such as the environmental impact of the materials used or production methods and conditions play a particularly important role for the standardization of product lines. Procurement carefully selects suppliers and subcontractors and ensures close oversight. In addition, subcontractors must provide all of the necessary licenses for construction work and regularly renew them – a process which Vonovia actively manages.

In doing so, Vonovia increasingly focuses on the standardization and automation of the procurement process.

Our industrial balconies project is one such example: The independent assembly of balcony systems using standardized, prefabricated assembly parts enabled us to integrate the value creation process and improve the efficiency of our logistics system. In a further project, a software tool helped establish a link with system suppliers for precision window production. This software enables automated calculation of the price of a specific window on the basis of the exact dimensions and cost factors.

In various pilot projects, Vonovia is cooperating directly with the manufacturers. This enables us to engage in a direct exchange with the manufacturer in relation to product characteristics or even the joint development of products. Ultimately, this leads to strengthened quality assurance as well as increased transparency in the supply chain.

Key Figures & Information Navigator

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Key Figures

This chapter contains additional GRI standards and EPRA sustainability indicators that are relevant to us in relation to employees and the environment, and which we report on collectively in order to maintain the flow of information from the main chapters.

Employee Key Figures

Key Figures	Dec. 31, 2015	Dec. 31, 2016	GRI Standards
Total Number of Employees by Employment Contract and Gender			
Total number of employees	6,368	7,437	
Employees with unlimited contracts	5,596	6,507	
of which female	1,358	1,371	
Employees with temporary contracts	772	930	
of which female	381	420	102-8

Vonovia did not hire any temporary workers in 2016. The numbers of employees at Vonovia are not subject to any seasonal variation.

Key Figures	Dec. 31, 2015	Dec. 31, 2016	GRI Standards
Total Number of Permanent Employees by Type of Employment and Gender			
Full-time employees	5,568	6,517	
of which female	1,270	1,279	
Part-time employees	800	920	
of which female	469	512	102-8

The marginally employed are included in the number of part-time workers.

Key Figures	Dec. 31, 2015	Dec. 31, 2016	GRI Standards
Personnel Turnover			
Newly hired employees	1,230	2,193	
Employees leaving the company	454*	500**	
Turnover rate	7.4*	7.3**	401-1

Vonovia operates exclusively in Germany. The employee key figures are not divided according to our strategic regions.

* The 2015 figures for employees leaving the company and turnover rate include voluntary resignations as well as dismissals. The number of voluntary resignations in 2015 was 217, which constitutes a voluntary turnover rate of 3.7 % for 2015.

** The 2016 figures for employees leaving the company include only voluntary resignations. To ensure comparability within the various reporting systems of Vonovia SE, only the voluntary turnover rate will be reported in the future.

Key Figures	Dec. 31, 2015	Dec. 31, 2016	GRI Standards
Employees on Parental Leave			
Total number of employees on parental leave	53	41	
of which female	52	41	
Employees returning to their workplace after parental leave	-	30	
of which female	-	30	
Employees returning to their workplace after parental leave and still employed 12 months after their return	-	20	
of which female	-	20	401-3

Key Figures	Dec. 31, 2015	Dec. 31, 2016	GRI Standards
Employees by Category, Gender and Age Group			
Total number of employees	6,368	7,437	
of which female	1,739	1,791	
of which female (in %)	27.3	24.1	
of which under 30 years	1,030	1,281	
of which under 30 years (in %)	16.2	17.2	
of which 30–50 years	3,337	3,999	
of which 30–50 years (in %)	52.4	53.8	
of which over 50 years	2,001	2,157	
of which over 50 years (in %)	31.4	29.0	
Employees in craftsmen's organization	2,572	3,756	
of which female	180	247	
of which female (in %)	7.0	6.6	
of which under 30 years	494	745	
of which under 30 years (in %)	19.2	19.8	
of which 30–50 years	1,535	2,185	
of which 30–50 years (in %)	59.7	58	
of which over 50 years	543	835	
of which over 50 years (in %)	21.1	22.2	
Employees in real estate service	1,649	1,477	
of which female	502	427	
of which female (in %)	30.4	28.9	
of which under 30 years	113	85	
of which under 30 years (in %)	6.9	5.7	
of which 30–50 years	711	658	
of which 30–50 years (in %)	43.1	44.6	
of which over 50 years	825	734	
of which over 50 years (in %)	50	49.7	
Employees in customer service	960	989	
of which female	554	619	
of which female (in %)	57.7	62.6	
of which under 30 years	244	239	102-7
of which under 30 years (in %)	25.4	24.2	102-8 405-1

of which 30–50 years	498	548	
of which 30–50 years (in %)	51.9	55.4	
of which over 50 years	218	202	
of which over 50 years (in %)	22.7	20.4	
Employees in holding company	488	464	
of which female	242	215	
of which female (in %)	49.6	46.3	
of which under 30 years	65	63	
of which under 30 years (in %)	13.3	13.6	
of which 30–50 years	280	268	
of which 30–50 years (in %)	57.4	57.8	
of which over 50 years	143	133	
of which over 50 years (in %)	29.3	28.6	
Employees in other sectors (residential neighborhood and Immobilien-Treuhand)	699	742	
of which female	261	283	
of which female (in %)	37.3	38.1	
of which under 30 years	114	149	
of which under 30 years (in %)	16.3	20.0	
of which 30–50 years	313	340	
of which 30–50 years (in %)	44.8	45.8	
of which over 50 years	272	253	102-7 102-8
of which over 50 years (in %)	38.9	34.0	405-1

Vonovia operates exclusively in Germany. The employee key figures are not divided according to our strategic regions.

Key Figures Dec. 31, 2015 Dec. 31, 2016 GRI Standards

Composition of Controlling Bodies

Members of the Supervisory Board	12	12	
of which female	3	4	
of which female (in %)	25	33.3	405-1

Key Figures Dec. 31, 2015 Dec. 31, 2016 GRI Standards

Disabled Employees

Disabled employees*	232	269	
Disabled employees (in %)	3.6	3.6	
of which employees in craftsmen's organization	55	85	
of which employees in craftsmen's organization (in %)	23.7	31.5	
of which employees in real estate service	109	100	
of which employees in real estate service (in %)	46.9	37.1	
of which employees in customer service	28	46	
of which employees in customer service (in %)	12.0	17.1	
of which employees in holding company	16	17	
of which employees in holding company (in %)	6.8	6.3	
of which employees in other areas	24	21	
of which employees in other areas (in %)	10.3	7.8	405-1

*According to the social law definition for disabled status pursuant to SGB IX Chapter 2
The prior-year figures in % have been adjusted for the year 2015.

Key Figures	Dec. 31, 2015	Dec. 31, 2016	GRI Standards
Employee Occupational Safety			
Total number of commute-related accidents, total employees	-	34	
Total number of work-related accidents, total employees	324	379	
of which workplace accidents of employees in craftsmen's organization	254	299	
of which workplace accidents of real estate service employees	17	20	
of which workplace accidents of customer service employees	5	17	
of which workplace accidents of holding company employees	15	18	
of which workplace accidents of employees in other areas	33	25	
Number of workplace accidents per 1 million working hours	36	36	
Work-related employee deaths	0	0	403-2

Vonovia operates exclusively in Germany. The employee key figures are not divided according to our strategic regions. Vonovia does not yet record the accident figures of its subcontractors.

Environmental Key Figures

The environmental key figures for Vonovia's business operations include the vehicle fleet (fuel consumption) and the head office in Bochum (electricity consumption and heating). We are planning to also include the energy consumption of our two customer service centers in Duisburg and Dresden in the next reporting period. This will enable us to expand the underlying data for our business operations even further. We do not have any figures on energy consumption at the customer service centers at the moment.

Energy Consumption in Business Operations

Key Figures	Unit	2015	2016	EPRA	GRI Standards
Energy Consumption for Vonovia's Business Operations					
Total energy consumption*	MWh	50,603.4	59,977.1	-	302-1
Fuel consumption					
Total fuel consumption**	MWh	44,975.2	54,284.6		
Gasoline	MWh	2,156.2	2,465.8		
Diesel	MWh	42,819.0	51,818.8	Fuels-Abs	302-1
Indirect energy					
Total indirect energy***	MWh	5,628.3	5,692.5	-	
Total electricity consumption	MWh	2,523.0	2,424.1	Elec-Abs	
Total heating systems****	MWh	3,105.3	3,268.4	DH&C-Abs	302-1
Energy intensity***	MWh/m ²	0.27	0.27	Energy-Int	302-3 CRE1

* The electricity produced by the cogeneration units and PV installations is fed into the grid. Vonovia does not sell any electricity.

** Fuel consumption relates exclusively to the Vonovia vehicle fleet. No fuels from renewable sources were used.

*** The consumption of indirect energy and energy intensity relates exclusively to the company headquarters in Bochum (21,200 m² net floor space).

**** The heating boiler facility of the main administration building is operated by ENGIE Deutschland GmbH. Vonovia purchases this heat (from natural gas) using a contracting model.

Key Figures	Unit	2015	2016	EPRA	GRI Standards
CO₂ Emissions from Vonovia's Business Operations					
Direct CO₂-emissions (Scope 1)					
Total direct CO ₂ emissions*	t CO ₂	11,974.4	14,453.4		
Gasoline	t CO ₂	567.4	648.9		
Diesel	t CO ₂	11,407.0	13,804.5	GHG-Dir-Abs	305-1
Indirect CO₂ emissions (Scope 2)					
Total indirect CO ₂ emissions**	t CO ₂	1,974.7	1,954.6		
from electricity consumption	t CO ₂	1,349.8	1,296.9		
from heating systems	t CO ₂	624.9	657.7	GHG-Indir-Abs	305-2
CO ₂ emissions per square meter	t CO ₂ /m ²	0.09	0.09	GHG-Int	305-4 CRE3

* Direct CO₂ emissions relate exclusively to the vehicle fleet. The increase in CO₂ emissions from the vehicle fleet is attributable to the 25% increase in the size of the vehicle fleet. Source of the GHG emission factors: German Federal Environment Agency (UBA) 2016; greenhouse gases included: CO₂

** Indirect CO₂ emissions and the intensity of emissions relate exclusively to the company headquarters in Bochum (21,200 m² net floor space). Source of the GHG emission factors: German Federal Environment Agency (UBA) 2016; greenhouse gases included: CO₂

Key Figures	Unit	2015	2016	EPRA	GRI Standards
Water and Wastewater from Vonovia's Business Operations					
Total water usage*	m ³	11,598	11,098	Water-Abs	303-1
Water intensity of buildings	m ³ /m ²	0.55	0.52	Water-Int	CRE2
Total wastewater discharges*	m ³	9,996.0	11,089	-	306-1

* Water consumption relates exclusively to the company headquarters in Bochum, billing period Feb. 17, 2016 to Feb. 23, 2017. Vonovia obtains water for its headquarters exclusively from the municipal supply. All wastewater is drained into the public sewage system. Consumption acc. to annual real property tax assessment notice issued by the city of Bochum.

Key Figures	Unit	2015	2016	EPRA	GRI Standards
Waste and Recycling within the Scope of Vonovia's Business Operations					
Non-hazardous waste	t	74.2	71.5		
Recycling	t	36.8	36.8		
Residual waste	t	37.4	34.7	Waste-Abs	306-2

The waste key figures relate exclusively to the company headquarters in Bochum. Hazardous waste is generated during our renovation work (see chapter: A Sustainable Portfolio). The precise amount is not recorded, however.

Energy Consumption of Our Portfolio

Unless otherwise indicated, the key figures relate to 100 % of the rented units (ru), comprising 360,513 residential and commercial units (2015) and 333,381 residential and 3,405 commercial units (2016). The relative key figures (intensity figures) are provided for each rented unit. This unit has been selected since the square meter figures for the communal areas are not available and it is not possible to divide up consumption between the living and communal areas. Since Vonovia's apartments are very similar in terms of their size and fittings, this reference value enables comparability over a multiple-year period.

Key Figures	Unit	2015	2016	EPRA	GRI Stand- ards	Like-for-like (LfL)		Scope	EPRA
						2015	2016		
Energy Consumption of Our Portfolio									
Total energy consumption*	MWh	1,807,785.0	1,963,606.1	-	302-1	-	-	-	-
Total energy inten- sity	MWh/ rented unit	5.01	5.83			-	-	-	-
Intensity of common areas (electricity)	MWh/ rented unit	0.13	0.15			-	-	-	-
Intensity in the rented units (natural gas, he- ating oil, disctrict heating)*	MWh/ rented unit	4.88	5.68	Energy- Int	302-3	-	-	-	-
Energy Consumption in Common Areas									
Total electricity consumption	MWh	47,100.0	51,600.0**			28,049.3	27,321.5**	161.780 ru	
of which from non-renewable resources***	MWh	32,557.4	28,806.7			-	-	-	
	%	69,1	55,8			-	-	-	
of which renewable resources***	MWh	14,542.6	22,793.3			-	-	-	
	%	30,9	44,2			-	-	-	
Middle region	MWh	-	7,298.3			5,171.7	5,141.2	34,117 ru	
North region	MWh	-	9,243.7			7,091.4	6,568.8	34,605 ru	
East region	MWh	-	5,707.5			2,364.3	2,344.8	11,024 ru	
South region	MWh	-	7,720.9			4,379.9	4,258.8	20,954 ru	
Southeast region	MWh	-	606.4			553.9	533.3	4,242 ru	
West region	MWh	-	13,068.1			8,487.2	8,292.1	56,837 ru	
Central region	MWh	-	43.8	Elec- Abs	302-1	1.0	1.0	1 ru	Elec- LfL

For the year 2015, the absolute electricity consumption figures relate to the communal areas for 360,513 rented units (100 %, residential and commercial) and for 2016 to the communal areas comprising 333,381 residential units (100 %) and 3,405 commercial units (100 %).

* The absolute figures for 2015 and 2016 are not directly comparable due to the inexact consumption figures for 2015, particularly due to the merger with GAGFAH. Even after the complete consolidation of the old GAGFAH, retrospective recalculation was not possible due to the lack of data. Accordingly, the figures will only be comparable from the next reporting year onward.

** In 2016, Vonovia purchased 51,600.0 MWh of electricity. Of this amount, 85 % was regionally allocated. This corresponds to approx. 243,583 rented properties. 100 % allocation is not possible, since a single electricity meter may supply two different buildings. The remaining 15 % is currently undergoing registration (mainly southeast) and cannot therefore be regionally allocated at the present time.

A total of 161,780 rented units were included in the like-for-like assessment. This corresponds to approx. 48 % of the residential and commercial units in 2016.

*** For 67 % of electricity consumption, the figures were calculated on the basis of the energy mix of our largest electricity supplier. The remaining 33 % was calculated on the basis of the average figures for Germany in 2015 and 2016 provided by the German Working Group on Energy Balances (Arbeitsgemeinschaft Energiebilanzen e. V.).

Key Figures	Unit	2015	2016	EPRA	GRI Standards	Like-for-like (LfL)		Scope	EPRA
						2015	2016		
Energy Consumption in Rented Units									
Total energy consumption in rented units*	MWh	1,760,685.0	1,912,006.2	-		1,552,011.7	1,597,999.3	see natural gas, heating oil and district heating	-
Total fuels	MWh	1,220,685.0	1,205,006.1			1,117,706.4	1,145,598.0	see natural gas and heating oil	
of which from non-renewable sources	MWh	1,217,685.0	1,205,006.2			1,117,706.4	1,145,598.0	see natural gas and heating oil	
	%	99.75	100			100	100		
Natural gas	MWh	1,104,000.0	1,090,000.0			1,021,652.5	1,045,596.6	121,407 ru	
Middle region	MWh	-	206,382.1			197,821.3	202,457.6	22,776 ru	
North region	MWh	-	236,902.7			229,939.5	235,328.5	25,263 ru	
East region	MWh	-	70,633.8			68,234.1	69,833.2	9,459 ru	
South region	MWh	-	162,058.8			152,124.6	155,689.9	16,760 ru	
Southeast region	MWh	-	37,134.2			35,995.7	36,839.3	5,084 ru	
West region	MWh	-	349,861.2			337,537.2	345,448.0	42,065 ru	
Central region	MWh	-	1,654.2			-	-	-	
Heating oil	MWh	113,685.0	115,006.1			96,054.0	100,001.4	9,904 ru	
Middle region	MWh	-	15,324.1			14,719.2	15,324.1	1,497 ru	
North region	MWh	-	18,328.4			17,604.9	18,328.4	1,847 ru	
East region	MWh	-	27,063.7			25,995.4	27,063.7	2,787 ru	
South region	MWh	-	9,638.7			9,120.2	9,495.0	813 ru	
Southeast region	MWh	-	242.7			233.2	242.7	22 ru	
West region	MWh	-	29,613.3			28,381.1	29,547.5	2,938 ru	
Central region	MWh	-	-	Fuels-Abs		-	-	-	Fuels-LfL
of which renewable sources (biogas)	MWh	3,000.0	-			-	-	-	
	%	0.25	-			-	-	-	
of which district heating**/***	MWh	540,000.0***	707,000.0			434,305.3	452,401.3	59,102 ru	
Middle region	MWh	-	46,644.5			44,778.7	46,644.5	5,625 ru	
North region	MWh	-	84,910.5			81,451.9	84,845.7	10,759 ru	
East region	MWh	-	64,481.7			61,902.4	64,481.7	8,455 ru	
South region	MWh	-	36,948.0			35,179.4	36,645.2	4,550 ru	
Southeast region	MWh	-	125,666.1			120,639.4	125,666.1	17,803 ru	
West region	MWh	-	96,530.9	DH&C-Abs	302-2	90,353.4	94,118.1	11,910 ru	DH&C-LfL
Central region	MWh	-	-			-	-	-	

The consumption figures for natural gas, heating oil and district heating relate to residential and commercial units. 2015: 360,513 rented units (100%, residential and commercial); 2016: 333,381 residential units (100%) and 3,405 commercial units (100%).

Natural gas consumption (absolute) in 2015 and 2016 relates to consolidated consumption for all heating centers. 97 % of the total volume of natural gas consumption in MWh has been regionally allocated. The remaining 3 % is currently undergoing registration and cannot be regionally allocated at the present time. Overall, 122,814 rented units are supplied.

A total of 121,407 rented properties were included in the like-for-like assessment. This corresponds to 99 % of the rented units supplied with natural gas.

Heating oil consumption (absolute) in 2015 and 2016 relates to consolidated consumption for all heating centers. 87 % of the total volume of heating oil consumption in MWh has been regionally allocated. The remaining 13 % is currently undergoing registration and cannot be regionally allocated at the present time. Overall, 11,303 rented units are supplied with heating oil.

A total of 9,904 rented properties were included in the like-for-like assessment. This corresponds to 88 % of the rented units supplied with heating oil.

* The absolute figures for 2015 and 2016 are not directly comparable due to the inexact consumption figures for 2015, particularly due to the merger with GAGFAH. Even after the complete consolidation of the old GAGFAH, retrospective recalculation was not possible due to the lack of data. Accordingly, the figures will only be comparable from the next reporting year onward. The regional distribution of the district heating consumption (2016) was based on only on actual, not estimated, consumption.

** Extrapolation to total portfolio and district heating stations not yet registered, according to consumption figures available for registered stations per m² of living area. For 2015, an actual consumption figure of 270 GWh was extrapolated to the overall portfolio. The same procedure was followed for 2016, and an actual consumption figure of 455 GWh was extrapolated to the overall portfolio.

*** This figure has been adjusted by comparison with the previous year.

Key Figures	Unit	2015	2016	EPRA	GRI Standards	Like-for-like (LfL)		Scope	EPRA
						2015	2016		
CO ₂ Emissions Resulting from the Portfolio									
Total CO ₂ emissions	t CO ₂	408,734.8	437,436.3	-	-	-	-	-	-
Total CO ₂ intensity	t CO ₂ /rented unit	1.13	1.30			-	-	-	-
CO ₂ emissions common areas only (electricity)	t CO ₂ /rented unit	0.07	0.07			-	-	-	-
CO ₂ intensity in rented units (heating oil, natural gas, district heating)	t CO ₂ /rented unit	1.07	1.23	GHG-Int	305-4	-	-	-	-
CO ₂ Emissions In Communal Areas Only									
Total CO ₂ emissions	t CO ₂	24,283.3	22,178.2	GHG-Indir-Abs	305-2	135,157.3	114,238.1	see electricity	GHG-Indir-LfL
from total electricity consumption	t CO ₂	24,283.3	22,178.2			14,737.9	13,201.5	161,780 ru	
CO ₂ Emissions in rented units									
Total CO ₂ emissions	t CO ₂	384,451.4	415,258.1			235,422.0	241,391.4	see heating oil and natural gas	
of which from non-renewable sources	t CO ₂	252,454.6	249,989.2			235,422.0	241,391.4	see heating oil and natural gas	
Natural gas	t CO ₂	222,169.0	219,351.6			209,833.2	214,751.0	121,407 ru	
Heating oil	t CO ₂	30,285.7	30,637.6			25,588.8	26,640.4	9,904 ru	
of which from renewable sources	t CO ₂	978.3	-	GHG-Dir-Abs		-	-	-	GHG-Dir-LfL
Biogas	t CO ₂	978.3	-			-	-	-	
of which from total district heating*	t CO ₂	131,018.5	165,268.9	GHG-Indir-Abs	305-3	120,419.3	101,036.6	59,102 ru	GHG-Indir-LfL

Greenhouse gases included in calculation: CO₂

Sources of emission factors: Heating oil, natural gas, biogas: German Federal Environment Agency, carbon dioxide emission factors for reporting of atmospheric emissions, 1990–2014

District heating: Bavarian Environment Agency, 2016 average for Germany (for 63.35% of consumption) and data supplied by the energy utilities, according to proportion of consumption (32%, 2015: 44.4 gCO₂/kWh, 2016: 28.9 gCO₂/kWh; 4.65%, 2015: 262 gCO₂/kWh, 2016: 178 gCO₂/kWh)

Electricity: German electricity mix 2015, 335 gCO₂/kWh (33% of consumption), data provided by the largest energy utility, 2015: 506 gCO₂/kWh, 2016: 378 gCO₂/kWh.

* The figures for 2015 have been revised by comparison with the 2015 Sustainability Report, in line with current calculations, since the energy utilities' data was available this year. The figure for district heating was also corrected.

Key Figures	Unit	2015	2016	EPRA	GRI Stand- ards	Like-for-like (LfL)		Scope	EPRA
						2015	2016		
Water Consumption for the Portfolio									
Total water used by rented units	m³	19,038,074.4	20,586,447.6			14,916,773.7	15,137,395.5	141,691 ru	
Middle region	m³	4,108,330.0	4,734,580.9			3,547,321.5	3,502,920.0	31,583 ru	
North region	m³	3,243,625.9	2,535,374.5			1,670,166.0	1,737,979.5	21,331 ru	
East region	m³	824,777.5	732,964.2			112,762.0	111,749.3	1,221 ru	
South region	m³	1,820,074.4	2,164,516.8			1,617,364.4	1,651,500.8	21,962 ru	
Southeast region	m³	394,943.4	728,242.6			92,153.3	90,963.9	1,471 ru	
West region	m³	8,646,323.1	9,680,100.9			7,877,006.6	8,042,282.0	64,123 ru	
Central region	m³	-	10,648.3	Water- Abs	303-1	-	-	-	Water- LfL
Water intensity	m³/ rented unit	112,00	102,21	Water- Int	CRE2	-	-	-	-

For the calculation of the absolute key figures, 169,983 rented units were included for 2015 and 201,412 rented units for 2016 for which the water position and the wastewater position have been apportioned separately from one another on the basis of the ancillary costs bill. Consumption relates to the rentable and communal areas. Only consumption per delivery point can be registered. It is not possible to present rentable and communal areas separately.

Consumption in m³ has been calculated on the basis of regional average prices per m³. For this purpose, the average figures of the three largest utilities in each region were determined.

For the like-for-like assessment, 141,691 rented units were included for which the water position and the wastewater position are apportioned separately from one another on the basis of the ancillary costs bill. Consumption has been calculated analogously to the absolute figures. This corresponds to 42% of the residential and commercial units in 2016.

Key Figures	Unit	2015	2016	EPRA	GRI Stand- ards	Like-for-like (LfL)		Scope	EPRA
						2015	2016		
Wastewater Volume for the Portfolio									
Total wastewater used by rented units	m³	15,134,412.6	17,869,241.7			-	-	-	-
Middle region	m³	3,460,747.3	3,975,200.1			-	-	-	-
North region	m³	2,352,553.6	2,750,591.2			-	-	-	-
East region	m³	159,247.0	538,408.4			-	-	-	-
South region	m³	2,070,293.7	2,343,064.0			-	-	-	-
Southeast region	m³	185,746.6	671,608.9			-	-	-	-
West region	m³	6,905,824.4	7,577,962.5			-	-	-	-
Central region	m³	-	12,406.6		306-1	-	-	-	-

170,064 rented units were included for 2015 and 200,998 rented units for 2016 for which the water position and the wastewater position have been apportioned separately from one another on the basis of the ancillary costs bill. The wastewater volume relates to the rentable and communal areas. Only the volume per delivery point can be registered. It is not possible to present rentable and communal areas separately.

The volume in m³ has been calculated on the basis of regional average prices per m³. For this purpose, the average figures of the three largest utilities in each region were determined.

Key Figures	Unit	2015	2016	Unit	2015	2016	EPRA	GRI Standards
Waste Volume for the Portfolio								
Total waste volume produced by rented units	t	515,245.9	480,999.7	m ³	4,636,654.0	4,328,476.0		
Total residual waste	t	130,347.7	121,684.1	m ³	1,303,477.1	1,216,840.7		
Total waste paper	t	221,591.1	206,862.9	m ³	1,303,477.1	1,216,840.7		
Green Dot (Grüner Punkt) (recycling)	t	46,925.5	43,806.3	m ³	1,564,172.5	1,460,208.8		
Total organic waste	t	116,381.9	108,646.5	m ³	465,527.5	434,585.9		306-2
Recycling quota	%	74.7	74.7	%	71.9	71.9	Waste-Abs	-

The waste volume, which is for 357,117 apartments (2015) and 333,381 apartments (2016), is based on estimated figures. The estimate is based on weekly average figures per rented unit and type of waste. These average figures are based on the waste containers provided and their volume, not the actual quantity filled. These figures are only available by volume, not on the basis of weight, as is common practice in Germany. The metric ton figures are therefore based on conversion factors for each type of waste (residual waste: 0.1 kg/l, waste paper: 0.17 kg/l, Green Dot: 0.03; organic waste: 0.25).

These figures do not represent households' actual waste volumes, since not all of the rented units' waste is disposed of via the containers provided by Vonovia; waste paper is also disposed of via public recycling containers, recycled waste is also disposed of in yellow bags, and tenants can also use their organic waste for composting.

A like-for-like calculation has been omitted. The figures for 2015 and 2016 are both based on estimates, and the basis for estimates in terms of like-for-like calculations are identical to the absolute figures.

Key Figures	Unit	2015	2016	EPRA
Buildings with sustainability certificates				
According to living area*	m ²	22,055,779	20,626,016	
	m ²	20,456,704	20,219,331	
of which with energy certificates	%	93	98	Cert-Tot
According to figures for buildings				
Buildings with sustainability certificates**	Number	48,193	46,407	
	Number	99	91	
of which energy level A+	%	0.21	0.20	
	Number	140	195	
of which energy level A	%	0.29	0.42	
	Number	1,918	2,397	
of which energy level B	%	3.98	5.17	
	Number	5,584	6,225	
of which energy level C	%	11.59	13.41	
	Number	8,852	9,404	
of which energy level D	%	18.37	20.26	
	Number	8,959	8,932	
of which energy level E	%	18.59	19.25	
	Number	8,230	7,768	
of which energy level F	%	17.08	16.74	
	Number	5,071	4,450	
of which energy level G	%	10.52	9.59	
	Number	6,777	5,984	
of which energy level H	%	14.06	12.89	
	Number	2,563	961	
Not attributable***	%	5.32	2.07	Cert-Tot

* Only includes single-family homes, twin homes and multifamily residences. Commercial properties, retirement homes, dormitories and other specialized property are not included.

** 48,193 buildings (2015), comprising a living area of 20,456,704 m² (93 % of the total living area of 22,055,779 m²) or 46,407 buildings (2016), comprising a total living area of 20,219,331 m² (98 % of the total living area of 20,626,016 m²).

*** For 2,563 buildings (2015) or 961 buildings (2016), there are no available figures clearly attributable to energy levels.

Key Figures	2015	2016	GRI Standards
Vonovia Buildings/Units Adjacent to Protected Areas			
Buildings in nature reserves	0	0	
Buildings in national parks	0	0	
Buildings in bird sanctuaries	0	0	
Buildings in nature parks	1,904	1,749	
Buildings in landscape conservation areas	138	102	
Buildings in biosphere reserves	77	90	
Buildings that belong to more than one protected area category:	37	16	
of which in nature parks and landscape conservation areas	22	9	
of which in nature parks and biosphere reserves	12	4	
of which in landscape conservation areas and biosphere reserves	3	3	304-1

The following protected area categories were analyzed: nature reserves, landscape conservation areas, nature parks, national parks, biosphere reserves and bird sanctuaries.

The number of Vonovia buildings that are located in these conservation areas was determined with the help of a geometric analysis in Vonovia's internal geographic information system. The locations of the Vonovia buildings are compared with comprehensive geodata in the individual conservation categories.

This geodata was compiled by the German Federal Agency for Nature Conservation.

Procurement and Supplier Management Key Figures

Key Figures	2015	2016	GRI Standards
Vonovia Suppliers*			
Supplier structure			
Number of suppliers	4,050	4,200	
of which from Germany	4,050	4,100	
of which from Europe (excl. Germany)	n.a.	100	
of which contract partners (minor maintenance work, vacant apartment renovation and construction)	2,500	2,650	
of which material suppliers	500	550	
of which ancillary costs**	800	750	102-9
of which material costs***	250	250	204-1
Local suppliers*			
Local suppliers as a proportion of the procurement budget (in %)	-	95	
Review of suppliers			
Number of new suppliers reviewed on the basis of			
Environmental criteria	n.a.	0	308-1
Human rights	n.a.	0	414-1
Labor standards	n.a.	5	414-1
Corruption	n.a.	0	-

* These figures are based on estimates, the precise number of suppliers is not currently available to us.

** Includes everything apportioned to the tenant, e.g. stairwell lighting or cleaning, disposal costs or similar.

*** Includes, e.g. tools, work uniforms, office and business equipment, IT, telecommunications

GRI Content Index

☒ 102-55



In the GRI Content Index we report on at least one associated indicator for every issue that has been identified as material in order to make our performance in this area transparent.

GRI Standard No.	GRI Standard Titel	No.	Brief Description of the Indicator	Page	Omissions
GRI 101: Reporting practice					
GRI 102: General Disclosures					
Organizational Profile					
GRI 102	General Disclosures	102-1	Name of the organization	p. 8	
GRI 102	General Disclosures	102-2	Activities, brands, products, and services	p. 9, p. 11, p. 12	
GRI 102	General Disclosures	102-3	Location of headquarters	p. 9; AR 2016: p. 31 et seq.	
GRI 102	General Disclosures	102-4	Location of operations	p. 9, p. 10	
GRI 102	General Disclosures	102-5	Ownership and legal form	p. 9, p. 11	
GRI 102	General Disclosures	102-6	Markets served	p. 9, p. 10	
GRI 102	General Disclosures	102-7	Scale of the organization	p. 8, p. 10, p. 50, p. 96-97; AR 2016: p. 42-45	
GRI 102	General Disclosures	102-8	Information on employees and other workers	p. 76, p. 77, p. 84, p. 95, p. 96-97	
GRI 102	General Disclosures	102-9	Supply chain	p. 91, p. 105	
GRI 102	General Disclosures	102-10	Significant changes to the organization and its supply chain	p. 11; AR 2016: p. 26, p. 33, p. 43	
GRI 102	General Disclosures	102-11	Precautionary principle or approach	p. 13 Vonovia does not yet comply with the precautionary principle of the UN.	
GRI 102	General Disclosures	102-12	External initiatives	p. 26, p. 82	
GRI 102	General Disclosures	102-13	Membership of associations	p. 8, p. 55	
Strategy					
GRI 102	General Disclosures	102-14	Statement from senior decision-maker	p. 2-3	-

GRI Standard No.	GRI Standard Titel	No.	Brief Description of the Indicator	Page	Omissions
GRI 102	General Disclosures	102-15	Key impacts, risks, and opportunities	p. 13, p. 16-17, p. 38, p. 39, p. 43, p. 44, p. 45, p. 52, p. 60; AR 2016: p. 32-33, p. 86 et seq.	
Ethics and Integrity					
GRI 102	General Disclosures	102-16	Values, principles, standards, and norms of behavior	p. 11, p. 28, p. 74	
Governance					
GRI 102	General Disclosures	102-18	Governance structure	p. 26, p. 27; AR 2016: p. 18-23	
GRI 102	General Disclosures	102-19	Delegating authority	p. 15, p. 27	
GRI 102	General Disclosures	102-20	Responsibility for sustainability	p. 15	
GRI 102	General Disclosures	102-22	Composition of the highest governance body and its committees	p. 28	
Stakeholder Engagement					
GRI 102	General Disclosures	102-40	List of stakeholder groups	p. 18, p. 20	
GRI 102	General Disclosures	102-41	Collective bargaining agreements	p. 76	
GRI 102	General Disclosures	102-42	Identifying and selecting stakeholders	p. 18	
GRI 102	General Disclosures	102-43	Approach to stakeholder engagement	p. 18, p. 19, p. 20, p. 21, p. 34; AR 2016: p. 36-37, p. 52	
GRI 102	General Disclosures	102-44	Key topics and concerns raised	p. 18, p. 19, p. 21, p. 34	
Reporting Practice					
GRI 102	General Disclosures	102-45	Entities included in the consolidated financial statements	p. 5	
GRI 102	General Disclosures	102-46	Defining report content	p. 5, p. 22	
GRI 102	General Disclosures	102-47	List of material aspects	p. 23, p. 25	
GRI 102	General Disclosures	102-48	Restatements of information	There were no restatements of information compared with the previous year.	
GRI 102	General Disclosures	102-49	Changes in reporting	p. 24	
GRI 102	General Disclosures	102-50	Reporting period	p. 5	
GRI 102	General Disclosures	102-51	Date of most recent report	p. 4	
GRI 102	General Disclosures	102-52	Reporting cycle	p. 4	
GRI 102	General Disclosures	102-53	Contact point for questions regarding the report	p. 117	
GRI 102	General Disclosures	102-54	In accordance with the "core" option of the GRI standards	p. 4	
GRI 102	General Disclosures	102-55	GRI Content Index	p. 106	
GRI 102	General Disclosures	102-56	External assurance	p. 5	

GRI Standard No.	GRI Standard Titel	No.	Brief Description of the Indicator	Page	Omissions
Material Topics 2016					
GRI 201: Economic Performance 2016					
GRI 103: Management Approach					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundaries	p. 25	
GRI 103	Management Approach	103-2	The management approach and its components	p. 8-9, p. 12-13; AR 2016: p. 30-36, p. 46-50	
GRI 103	Management Approach	103-3	Evaluation of the management approach	AR 2016: p. 46-50	
GRI 201	Economic Performance	201-1	Direct economic value generated and distributed	p. 10; AR 2016: U2 (Key Figures), p. 104	
GRI 201	Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	p. 13, p. 16-17; AR 2016: p. 86-95	
GRI 201	Economic Performance	201-3	Defined benefit plan obligations and other retirement plans	AR 2016: p. 156	
GRI 203: Indirect Economic Impacts 2016					
GRI 103: Management Approach					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundaries	p. 25	
GRI 103	Management Approach	103-2	The management approach and its components	p. 42-45	
GRI 103	Management Approach	103-3	Evaluation of the management approach	p. 34	
GRI 203	Indirect Economic Impacts	203-1	Infrastructure investments and services supported	p. 44	Excl. extent, as figures are not currently available in this form.
GRI 203	Indirect Economic Impacts	203-2	Significant indirect economic impacts	p. 21, p. 37, p. 42, p. 43, p. 58	Excl. extent, as figures are not currently available in this form.
GRI 204: Procurement Practices 2016					
GRI 103: Management Approach					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundaries	p. 25	
GRI 103	Management Approach	103-2	The management approach and its components	p. 90-93	
GRI 103	Management Approach	103-3	Evaluation of the management approach	-	*
GRI 204	Procurement Practices	204-1	Proportion of spending on local suppliers	p. 92, p. 93, p. 105	Excl. monetary value, as figures are not currently available in this form.
GRI 205: Anti-corruption 2016					
GRI 103: Management Approach					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundaries	p. 25	
GRI 103	Management Approach	103-2	The management approach and its components	p. 26, p. 28-29	
GRI 103	Management Approach	103-3	Evaluation of the management approach	p. 29	

* At the moment, the management approach is not yet subject to a structured evaluation.

GRI Standard No.	GRI Standard Titel	No.	Brief Description of the Indicator	Page	Omissions
GRI 205	Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	p. 28, p. 29	
GRI 205	Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	p. 29	
GRI 206: Anti-competitive Behavior 2016					
GRI 103: Management Approach					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundaries	p. 25	
GRI 103	Management Approach	103-2	The management approach and its components	p. 28-29	
GRI 103	Management Approach	103-3	Evaluation of the management approach	p. 29	
GRI 206	Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	p. 29	
GRI 302: Energy 2016					
GRI 103: Management Approach					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundaries	p. 25	
GRI 103	Management Approach	103-2	The management approach and its components	p. 50-53, p. 54-55, p. 56	
GRI 103	Management Approach	103-3	Evaluation of the management approach	p. 55	*
GRI 302	Energy	302-1	Energy consumption within the organization	p. 56, p. 98, p. 100	
GRI 302	Energy	302-2	Energy consumption outside of the organization	p. 101	
GRI 302	Energy	302-3	Energy intensity	p. 56, p. 71, p. 98, p. 100	
GRI 302	Energy	302-4	Reduction of energy consumption	p. 56, p. 66, p. 68-69	
GRI 302	Energy	302-5	Reductions in energy requirements of products and services	p. 54, p. 55, p. 56; AR 2016: p. 40-41	
		CRE1	Building energy intensity	p. 56, p. 71, p. 98	
GRI 303: Water 2016					
GRI 103: Management Approach					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundaries	p. 25	
GRI 103	Management Approach	103-2	The management approach and its components	p. 58	
GRI 103	Management Approach	103-3	Evaluation of the management approach	-	*
GRI 303	Water	303-1	Water withdrawal by source	p. 99, p. 103	
		CRE2	Building water intensity	p. 99, p. 103	
GRI 304: Biodiversity 2016					
GRI 103: Management Approach					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundaries	p. 25	

* At the moment, the management approach is not yet subject to a structured evaluation.

GRI Standard No.	GRI Standard Titel	No.	Brief Description of the Indicator	Page	Omissions
GRI 103	Management Approach	103-2	The management approach and its components	This aspect is currently not evaluated at Vonovia by means of an explicit management approach. Of course, we keep in mind which of our residential buildings are located in, or adjacent to, protected areas and take appropriate actions, if needed.	
GRI 103	Management Approach	103-3	Evaluation of the management approach		
GRI 304	Biodiversity	304-1	Operational sites in protected areas	p. 105	
GRI 305: Emissions 2016					
GRI 103: Management Approach					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundaries	p. 25	
GRI 103	Management Approach	103-2	The management approach and its components	p. 55-56	
GRI 103	Management Approach	103-3	Evaluation of the management approach	p. 55-56	*
GRI 305	Emissions	305-1	Direct (Scope 1) GHG emissions	p. 99	
GRI 305	Emissions	305-2	Energy indirect (Scope 2) GHG emissions	p. 99, p. 102	
GRI 305	Emissions	305-3	Other indirect (Scope 3) GHG emissions	p. 102	
GRI 305	Emissions	305-4	GHG emissions intensity	p. 99, p. 102	
GRI 305	Emissions	305-5	Reduction of GHG emissions	p. 56	
		CRE3	Greenhouse gas emissions intensity from buildings	p. 99	
GRI 306: Effluents and Waste 2016					
GRI 103: Management Approach					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundaries	p. 25	
GRI 103	Management Approach	103-2	The management approach and its components	p. 58-59	
GRI 103	Management Approach	103-3	Evaluation of the management approach	-	*
GRI 306	Effluents and Waste	306-1	Water discharge by quality and destination	p. 99, p. 103	
GRI 306	Effluents and Waste	306-2	Waste by type and disposal method	p. 99, p. 104	
GRI 307: Environmental Compliance 2016					
GRI 103: Management Approach					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundaries	p. 25	
GRI 103	Management Approach	103-2	The management approach and its components	p. 28-29	
GRI 103	Management Approach	103-3	Evaluation of the management approach	p. 29	

* At the moment, the management approach is not yet subject to a structured evaluation.

GRI Standard No.	GRI Standard Titel	No.	Brief Description of the Indicator	Page	Omissions
GRI 307	Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	During the reporting year, no material violations of applicable environmental laws and regulations became known. There were no significant fines or other monetary penalties.	
GRI 308: Supplier Environmental Assessment 2016					
GRI 103: Management Approach					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundaries	p. 25	
GRI 103	Management Approach	103-2	The management approach and its components	-	*
GRI 103	Management Approach	103-3	Evaluation of the management approach	-	*
GRI 308	Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	p. 105	Excl. percentage. We are currently reviewing the introduction of sustainability criteria for the selection of suppliers.
GRI 308	Supplier Environmental Assessment	308-2	Negative environmental impacts in the supply chain and actions taken	During the reporting period, no significant actual and potential negative environmental impacts in the supply chain became known.	
GRI 401: Employment 2016					
GRI 103: Management Approach					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundaries	p. 25	
GRI 103	Management Approach	103-2	The management approach and its components	p. 74-75, p. 76-77	
GRI 103	Management Approach	103-3	Evaluation of the management approach	-	*
GRI 401	Employment	401-1	New employee hires and employee turnover	p. 77, p. 95	Vonovia does not provide a breakdown by age and gender. From this report onwards, to ensure comparability within the various reporting systems, Vonovia will only report on voluntary turnover.
GRI 401	Employment	401-3	Parental leave	p. 85, p. 96	Excl. rate of remaining employees, as no figures are available from the previous year.

* At the moment, the management approach is not yet subject to a structured evaluation.

GRI Standard No.	GRI Standard Titel	No.	Brief Description of the Indicator	Page	Omissions
GRI 402: Labor/Management Relations 2016					
GRI 103: Management Approach					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundaries	p. 25	
GRI 103	Management Approach	103-2	The management approach and its components	-	**
GRI 103	Management Approach	103-3	Evaluation of the management approach	-	**
GRI 402	Labor/Management Relations	402-1	Minimum notice period regarding operational changes	p. 76	
GRI 403: Occupational Health and Safety 2016					
GRI 103: Management Approach					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundaries	p. 25	
GRI 103	Management Approach	103-2	The management approach and its components	p. 84-85, p. 86-89	
GRI 103	Management Approach	103-3	Evaluation of the management approach	p. 89	*
GRI 403	Occupational Health and Safety	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	p. 89, p. 98	
GRI 403	Occupational Health and Safety	403-3	Workers with high incidence or high risk of diseases related to their occupation	p. 89	
GRI 404: Training and Education 2016					
GRI 103: Management Approach					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundaries	p. 25	
GRI 103	Management Approach	103-2	The management approach and its components	p. 78-79, p. 80-81	
GRI 103	Management Approach	103-3	Evaluation of the management approach	-	*
GRI 404	Training and Education	404-1	Average hours of training per year per employee	p. 80; AR 2016: p. 52	Excl. breakdown by gender and excl. average annual no. of hours, as the figures are not currently available in this form.
GRI 404	Training and Education	404-3	Percentage of employees receiving regular performance and career development reviews	p. 81; AR 2016: p. 52	Excl. percentage of employees, as the systems are only just being set up.
GRI 405: Diversity and Equal Opportunity 2016					
GRI 103: Management Approach					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundaries	p. 25	
GRI 103	Management Approach	103-2	The management approach and its components	p. 82-83	

* At the moment, the management approach is not yet subject to a structured evaluation.

** This aspect is currently not evaluated at Vonovia by means of an explicit management approach.

GRI Standard No.	GRI Standard Titel	No.	Brief Description of the Indicator	Page	Omissions
GRI 103	Management Approach	103-3	Evaluation of the management approach	-	*
GRI 405	Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	p. 28, p. 77, p. 96-97, p. 97	
GRI 406: Non-discrimination 2016					
GRI 103: Management Approach					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundaries	p. 25	
GRI 103	Management Approach	103-2	The management approach and its components	p. 82-83	
GRI 103	Management Approach	103-3	Evaluation of the management approach	-	*
GRI 406	Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	p. 82	
GRI 407: Freedom of Association and Collective Bargaining 2016					
GRI 103: Management Approach					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundaries	p. 25	
GRI 103	Management Approach	103-2	The management approach and its components	p. 28-29, p. 90-92	
GRI 103	Management Approach	103-3	Evaluation of the management approach	-	*
				Vonovia operates exclusively in Germany. The right to freedom of association and collective bargaining is granted in all locations. Vonovia minimizes the risks associated with contractors in the area of labor law through its Business Partner Code.	
GRI 407	Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		
GRI 413: Local Communities 2016					
GRI 103: Management Approach					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundaries	p. 25	
GRI 103	Management Approach	103-2	The management approach and its components	p. 36-40	
GRI 103	Management Approach	103-3	Evaluation of the management approach	p. 39	*
GRI 413	Local Communities	413-1	Percentage of operations with local community engagement, and development programs	p. 38, p. 39, p. 60-61	Excl. percentage, as Vonovia operates exclusively in Germany.

* At the moment, the management approach is not yet subject to a structured evaluation.

GRI Standard No.	GRI Standard Titel	No.	Brief Description of the Indicator	Page	Omissions
GRI 414: Supplier Social Assessment 2016					
GRI 103: Management Approach					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundaries	p. 25	
GRI 103	Management Approach	103-2	The management approach and its components	-	**
GRI 103	Management Approach	103-3	Evaluation of the management approach	-	**
GRI 414	Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	p. 105	We are currently reviewing the introduction of sustainability criteria for the selection of suppliers.
GRI 414	Supplier Social Assessment	414-2	Negative social impacts in the supply chain and actions taken	During the reporting period, no significant actual and potential negative social impacts in the supply chain became known.	
GRI 415: Public Policy 2016					
GRI 103: Management Approach					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundaries	p. 25	
GRI 103	Management Approach	103-2	The management approach and its components	p. 21 At present, there is no explicit management approach in place at Vonovia to evaluate this aspect. Vonovia maintains constant dialogue with policymakers at the federal, state and municipal level. In its political work, however, Vonovia remains neutral at all times.	
GRI 103	Management Approach	103-3	Evaluation of the management approach	-	*
GRI 415	Public Policy	415-1	Political contributions	p. 21	
GRI 416: Customer Health and Safety 2016					
GRI 103: Management Approach					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundaries	p. 25	
GRI 103	Management Approach	103-2	The management approach and its components	p. 46-47	
GRI 103	Management Approach	103-3	Evaluation of the management approach	-	*
GRI 416	Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	p. 29	

* At the moment, the management approach is not yet subject to a structured evaluation.

** This aspect is currently not evaluated at Vonovia by means of an explicit management approach.

GRI Standard No.	GRI Standard Titel	No.	Brief Description of the Indicator	Page	Omissions
GRI 417: Marketing and Labeling 2016					
GRI 103: Management Approach					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundaries	p. 25	
GRI 103	Management Approach	103-2	The management approach and its components	p. 28-29	
GRI 103	Management Approach	103-3	Evaluation of the management approach	-	*
				During the reporting year, no significant violations of regulations and voluntary codes concerning product and service information and labeling became known.	
GRI 417	Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling		
GRI 419: Socioeconomic Compliance 2016					
GRI 103: Management Approach					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundaries	p. 25	
GRI 103	Management Approach	103-2	The management approach and its components	p. 28-29	
GRI 103	Management Approach	103-3	Evaluation of the management approach	p. 29	
GRI 419	Socioeconomic Compliance	419-1	Non-compliance with product and service regulations	p. 29	
Portfolio Maintenance 2016 (Material Topic – not covered by GRI)					
GRI 103: Management Approach					
GRI 103	Management Approach	103-1	Explanation of the material topic and its boundaries	p. 25	
GRI 103	Management Approach	103-2	The management approach and its components	p. 50-53; AR 2016: p. 40-41	
GRI 103	Management Approach	103-3	Evaluation of the management approach	p. 55 et seq.	

* At the moment, the management approach is not yet subject to a structured evaluation.

EPRA Sustainability Performance Measures

Code	Performance Measure	Unit	Page
Elec-Abs	Total electricity consumption	MWh/year	p. 98, p. 100
Elec-LfL	Like-for-like total electricity consumption	MWh/year	p. 100
DH&C-Abs	Total district heating & cooling consumption	MWh/year	p. 98, p. 101
DH&C-LfL	Like-for-like total district heating & cooling consumption	MWh/year	p. 101
Fuels-Abs	Total fuel consumption	MWh/year	p. 98, p. 101
Fuels-LfL	Like-for-like total fuel consumption	MWh/year	p. 101
Energy-Int	Building energy intensity	kWh/m ²	p. 98, p. 100
GHG-Dir-Abs	Total direct greenhouse gas (GHG) emissions (Scope 1)	t CO ₂ /year	p. 99, p. 102
GHG-Indir-Abs	Total indirect greenhouse gas (GHG) emissions (Scope 2)	t CO ₂ /year	p. 99, p. 102
GHG-Dir-LfL	Like-for-like total direct greenhouse gas (GHG) emissions (Scope 1)	t CO ₂ /year	p. 102
GHG-Indir-LfL	Like-for-like total indirect greenhouse gas (GHG) emissions (Scope 2)	t CO ₂ /year	p. 102
GHG-Int	Greenhouse gas (GHG) intensity from building energy consumption	t CO ₂ /m ² and t CO ₂ /units	p. 99, p. 102
Water-Abs	Total water consumption	m ³ /year	p. 99, p. 103
Water-LfL	Like-for-like total water consumption	m ³ /year	p. 103
Water-Int	Building water intensity	m ³ /m ² and m ³ /units	p. 99, p. 103
Waste-Abs	Total weight of waste by disposal route	t/year	p. 99, p. 104
Waste-LfL	Like-for-like total weight of waste by disposal route	t/year	–
Cert-Tot	Type and number of sustainably certified assets	Number	p. 104

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