NON-FINANCIAL INFORMATION

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EU Taxonomy

In accordance with the EU Taxonomy (Regulation (EU) 2020/852), companies subject to reporting obligations in conjunction with the Non-Financial Reporting Directive (NFRD)[1] must also include Taxonomy disclosures in their non-financial reporting. As a listed company with more than 500 employees, LEG Immobilien SE is also subject to these reporting requirements. The EU Taxonomy is the first "green" classification system for defining whether or not an economic activity is sustainable. The main objective of the EU Taxonomy is to help achieve the goals of the Paris Agreement through improved transparency on the capital market. The comparability of sustainability data across different industries is an essential part of this. The companies concerned must therefore disclose the shares of their revenue, capital expenditure (Capex) and operating expenditure (Opex) that relates to environmentally sustainable economic activities. The EU Taxonomy has defined the six following environmental objectives:

I. Climate change mitigation
II. Climate change adaptation
III. Sustainable use and protection of water and marine resources
IV. Transition to a circular economy
V. Pollution prevention and control
VI. Protection and restoration of biodiversity and ecosystems

The first two of these EU environmental objectives, "climate change mitigation" and "climate change adaptation", are to be reported on for the 2022 financial year. For 2023, the reporting is to be expanded to cover environmental objectives III to VI as well. The EU Taxonomy has defined economic activities that are potentially environmentally sustainable and consistent with all its environmental objectives.

Taxonomy eligibility

In the context of Taxonomy eligibility, the revenue, Capex and Opex of all economic activities for which the EU has issued technical screening criteria must be reported. It is not yet necessary to indicate whether the economic activity satisfied the technical screening criteria stipulated in the Delegated Acts (cf. Delegated Regulation supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council, Annex 1 & 2).

For the housing industry, for example, this includes all revenue from the rental and letting of residential buildings, regardless of whether the building in question is a low-energy house or is in the lowest energy efficiency class (H). To begin with, what matters is that these activities essentially have a direct link to EU environmental objective I (climate change mitigation).

Identification of Taxonomy-eligible economic activities

For the 2021 financial year[2], LEG conducted a review of its Taxonomy-eligible economic activities, i.e. it identified those activities of the company for which the EU Taxonomy has defined technical screening criteria. The results of the analysis shows that selected economic activities in section 7 "Construction and real estate activities", which relate to our core business, and section 4 "Energy" are considered Taxonomy-eligible. Regarding section 4, besides its obvious energy-related economic activities, such as PV electricity generation on the roofs of our properties, LEG also operates its own biomass combined heat and power station. In the following section, we report on the economic activities in numerical order.

In the 2022 financial year, LEG validated these results and determined their Taxonomy alignment. The company did this using the technical screening criteria published by the EU Commission and currently applicable, including the "do no significant harm" (DNSH) and "minimum safeguards" criteria (MS) as well as the FAQ documents from February and December 2022[3]. Furthermore, various current best practices of listed German companies were taken into account. The exact procedure is described under "Identification of Taxonomy-aligned economic activities".

As LEG's business model has not changed fundamentally, the Taxonomy-eligible economic activities determined in the 2022 reporting year are essentially the same as in the presentation, with the exception of the economic activities of sections 7.2 and 7.3, which we report on in relation to our primary business activities under section 7.7. We are also able to use the European Commission's FAQs already referred to above for the first time this year. The following note is also important: All revenue, Capex and Opex from economic activities for which there are technical screening criteria are Taxonomy-eligible. To avoid raising false expectations, the technical screening criteria were already taken into account in our reporting of Taxonomy eligibility in the 2021 financial year, though without a full review of alignment. For this reason, the shares of Taxonomy-eligible KPIs are only between 11.3 % and 18.7 %. In the 2021 financial year – as in the reporting for the 2022 financial year as well – the inclusion of the technical screening criteria primarily affected economy activity 7.7 "Acquisition and ownership of buildings", which generates almost all of the consolidated revenue by LEG, though it also had implications for the disclosures for other economic activities. Although we merely reported Taxonomy eligibility for the 2021 financial year, we deliberately chose the above procedure in order to limit the transition differences from Taxonomy eligibility on first-time reporting to Taxonomy alignment in the reporting on the 2022 financial year.

The results of this year's analysis and central changes are as follows.

Results of the qualitative analysis of Taxonomy eligibility

LEG has identified three Taxonomy-eligible economic activities with which the company generates revenue. These include (i) 4.1 "Electricity generation using solar photovoltaic technology", (ii) 4.20 "Cogeneration of heat/cool and power from bioenergy" in the "Energy" sector and (iii) 7.7 "Acquisition and ownership of buildings" in the "Construction and real estate activities" sector.

[1] In accordance with the CSR Directive Implementation Act in Germany.
[2] LEG's reporting period is from 1 January to 31 December.
[3] The > FAQ documents are published by the European Commission.

In addition to the revenue from these three economic activities, relevant Capex was identified in the following economic activities: (i) 4.1 "Electricity generation using solar photovoltaic technology", (ii) 4.16 "Installation and operation of electric heat pumps" and (iii) 7.7 "Acquisition and ownership of buildings". This also included investments that could lead to future revenue.

On Opex: For the purposes of the EU Taxonomy, the denominator for calculating the share of Opex includes direct costs relating to research and development, short-term lease, maintenance and minor repairs as well as all other direct expenditures relating to day-to-day servicing. The numerator equals to the part of the operating expenditure included in the denominator that relates to Taxonomy-eligible economic activities. Taxonomy-eligible Opex was assigned to the following economic activities: (i) 4.1 "Electricity generation using solar photovoltaic technology", (ii) 4.20 "Cogeneration of heat/cool and power from bioenergy" in the "Energy" sector, (iii) 7.7 "Acquisition and ownership of buildings" and (iv) 9.1 "Close to market research, development and innovation".

The identification of Taxonomy-eligible economic activities is followed by the analysis of Taxonomy alignment, as a result of which Taxonomy-eligible revenue, Capex and Opex could be found to be non-Taxonomy-aligned.

Taxonomy alignment

From the 2022 reporting year onwards, LEG is required to report the Taxonomy alignment of relevant economic activities in addition to their Taxonomy eligibility. Revenue, Capex and Opex are deemed Taxonomy-aligned if they satisfy the technical screening criteria defined by the EU. Based on these criteria, it must be indicated whether an economic activity is Taxonomy-aligned for achieving the environmental objectives I "climate change mitigation" and II "climate change adaptation" for the 2022 reporting year. Given its business operations, only environmental objective I (climate change mitigation) is relevant to LEG. It also has to be ensured that these economic activities do no significant harm (DNSH) to any of the other environmental objectives and that they satisfy certain minimum social safeguards.

Identification of Taxonomy-aligned economic activities

To determine Taxonomy alignment, LEG has analysed the above economic activities according to the technical screening criteria. As stated above, these include criteria from the "Construction and real estate activities" sector in section 7 and economic activities from the "Energy" sector in section 4.

A structured approach was used to analyse the Taxonomy alignment of revenue, Capex and Opex as follows: Capex and Opex that contribute to Taxonomy-aligned buildings follow the revenue-generating activity 7.7 "Acquisition and ownership of buildings" and are generally considered Taxonomy-aligned. They do not require a review of the technical screening criteria (Delegated Regulation 2021/2178; cat. a)).

The majority of the Taxonomy-eligible revenue, Capex and Opex relates to activity 7.7. According to the European Commission's FAQ document of December 2022, the date for assessing Taxonomy alignment is the date of the construction permit. Revenue, Capex and Opex from or in buildings for which a construction permit was issued before 31 December 2020 must satisfy the technical screening criteria for economic activity 7.7 – all those buildings for which a construction permit was issued after 31 December 2020 must satisfy the criteria for economic activity 7.1 "Construction of new buildings" in order to qualify as Taxonomy-aligned.

All KPIs are calculated and published using the principles applied in preparing the consolidated financial statements. As LEG Immobilien SE prepares its financial statements in accordance with IFRS, "environmentally sustainable" revenue, Capex and Opex are therefore also calculated in accordance with IFRS, whereby Opex only comprises maintenance and repairs in conjunction with the Taxonomy Regulation. This also applies to our subsidiaries whose single-entity financial statements are incorporated into LEG's consolidated financial statements.

Substantial contribution

In order to determine Taxonomy alignment, on the basis of the above technical screening criteria, LEG analyses the extent to which the economic activity makes a contribution to the environmental objective "climate change mitigation". The technical screening criteria have to be applied to all material economic activities, though at LEG this primarily relates to economic activity 7.7 "Acquisition and ownership of buildings" as rental and lease revenue accounts for almost all of LEG's consolidated revenue. A majority of LEG's business model thus falls within the scope of the Taxonomy.

The technical screening criterion relevant to economic activity 7.7 "Acquisition and ownership of buildings" states that only the revenue generated with buildings in Energy Performance Certificate (EPC) class A (+) or buildings within the top 15 % of the regional or national building stock expressed can be reported.

The room for interpretation stems from the reporting requirement in relation to the "national or regional building stock" without further reference to a database that could be used for this purpose. Also, the Delegated Acts do not provide any further definition of "regional" or differentiate between residential property types (e. g. between detached houses and apartment buildings). The definition thresholds for the individual EPC classes also differ considerably throughout Europe and thus cannot be compared, which minimises the information value of the Taxonomy disclosures in a pan-European context. As the basis for calculating the top 15 % of the regional building stock for the current reporting of Taxonomy alignment, we therefore used the study by the German Ministry for Economic Affairs and Energy[1] (BMWi) for 2021 in the previous year.

[1] Since 2022: German Federal Ministry for Economic Affairs and Climate Action

The BMWi analysis indicates that buildings up to EPC class B satisfy the material screening criteria as they are among most efficient 14 % of the housing stock in Germany. The corresponding share of especially energy-efficient EPC C buildings with a final energy demand of around 77 kWh per square metre per year was used as a reference for one percent of the top 15 %. Based on the current values for our portfolio as a whole, there is an average primary energy factor of 1.18 and thus a threshold for primary energy demand of 90.8 kWh per square metre per year.

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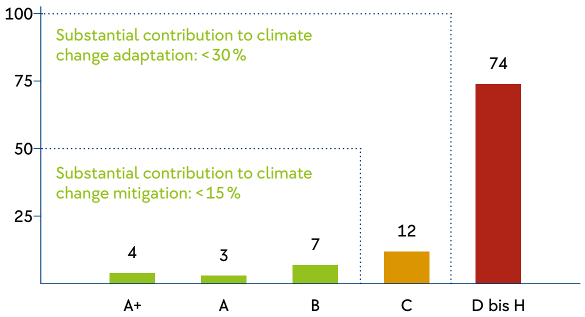
Frequency distribution of EPC classes of German residential buildings (in %)



Source: Sven Bienert/Irebs, German Ministry for Economic Affairs and Energy (BMWi), 2021

In our interpretation and specification of the wording concerning Taxonomy eligibility, we had already assessed the content of the technical screening criteria for environmental objectives I and II in 2021. Taking the European Commission's second FAQ document from February 2022 into account, the share of Taxonomy-eligible revenue for the 2022 reporting year is significantly higher than the amount disclosed for the previous year. This FAQ states that an economic activity is Taxonomy-eligible regardless of whether it satisfies one or all of the technical criteria stipulated in the Delegated Act, while in the previous year the technical screening criteria for the reporting of Taxonomy eligibility was already taken into account in part for economic activity 7.7 (see above).

Do no significant harm

Compliance with the DNSH criteria for environmental objective I and the other five environmental objectives in the 2022 reporting year was assessed on the basis of the specific Taxonomy requirements for the respective economic activities. LEG has applied its best judgment to any possible scope for interpretation.

In order to counteract the significant harm in relation to **environmental objective II ("climate change adaptation")**, all identified economic activities must undergo a climate risk and vulnerability assessment according to the Taxonomy. This was performed at the level of LEG as a whole and the result was taken into account in the reporting of Taxonomy alignment > page 119 ff.

No further DNSH criteria apply to economic activity 7.7 "Acquisition and ownership of buildings".

As the percentage share of the KPIs for other Taxonomy-eligible and -aligned economic activities is in the per thousand range for the 2022 reporting year, a more detailed description of the DNSH criteria associated with these activities and any compliance by LEG has been dispensed with and this is also indicated in the table below and the associated footnotes. For economic activity 4.20 "Cogeneration of heat/cool and power from bioenergy", it must be pointed out that the associated revenue and Opex account for more than 1 % of the reportable KPIs.

To prevent activity 4.20 from causing significant harm to **environmental objective III ("Sustainable use and protection of water and marine resources")**, risks to water quality and in connection with water shortages are calculated and surveyed. This necessitates disclosures on the water consumption of the **equipment installed. A risk analysis is also required for environmental objective VI ("Protection and restoration of biodiversity and ecosystems")**. The priority here is the conservation and protection of environmental resources. In Germany, the conservation and protection of environmental resources is ensured by regulatory standards without which a facility will not be granted an operating permit. As for the fuel used, the environmental objective is taken into account by the fact that only certified scrap wood is burned in our biomass cogeneration plant.

For compliance with the DNSH criterion for **environmental objective V ("Pollution prevention and control")**, various statutory parameters and targets concerning emissions, air quality and digestate must be adhered to for activity 4.20. An environmental impact assessment is required to determine noise, dust and pollutant emissions, though in Germany this is a requirement for an operating permit under the German Pollution Protection Act and thus can be taken as given.

Compliance with Minimum Safeguards

Another criterion for the Taxonomy alignment of individual economic activities is ensuring that companies comply with the minimum social safeguards. These include due diligence within the company and in outsourced value chains by implementing suitable processes. Besides the issues of bribery and corruption, taxation and fair competition, human rights are essentially also addressed.

LEG uses a Group-wide approach to ensure that the MS criteria are fulfilled, which is also reflected in the corresponding reporting and further external documentation, such as the Code of Conduct and the Anti-Corruption Policy.

Results of the qualitative analysis of Taxonomy alignment

The following section presents and explains the material findings of the alignment analysis. Taxonomy-eligible und -aligned economic activities must be analysed with regards to the development of revenue and of Capex and Opex for the 2022 reporting year.

LEG reports an aggregate percentage value pro rata for the Taxonomy-eligible and -aligned share of economic activities in revenue, Capex and Opex. Only Taxonomy-eligible and -aligned revenue, Capex and Opex relevant to the environmental objective I "climate change mitigation" are shown. The Taxonomy-eligible and -aligned revenue, Capex and Opex for environmental objective II "climate change adaptation" are a subset of the values under environmental objective I "climate change mitigation". This prevents revenue, Capex and Opex from being counted more than once in the numerator for multiple economic activities in calculating the KPIs.

In total, the share of consolidated revenue generated by letting buildings with a primary energy use of less than 90.8 kWh/m²/a was around 10.5%.

If possible, the KPIs were allocated directly to the respective economic activities. If this was not possible, an allocation mechanism was used instead.

An allocation mechanism was used for Opex as typically it is not possible to calculate the costs of building maintenance and repair (see above) at the level of individual buildings. At the same time, these expenses are distributed relatively evenly across the entire LEG property portfolio. To determine the Taxonomy-aligned Opex in conjunction with letting buildings (activity 7.7), we therefore multiplied the total operating expenses by the percentage share of Taxonomy-aligned revenue from letting.

For the minor part of the LEG portfolio for which EPC certificates were not necessary/available (821 out of 25,471 residential units), it is assumed that the consumption and usage data break down in line with the rest of the portfolio.

A Capex plan has to be prepared for Capex and Opex that lead to an increase in Taxonomy-aligned economic activities or contribute to a transfer from Taxonomy-eligible to Taxonomy-aligned economic activities. There is no Capex plan as referred to by the EU Taxonomy and thus is not taken into account.

Reporting of the quantitative results of the EU Taxonomy analysis > page 119 ff.

Excursus: Establishment and financing of a joint venture as a solution provider for serial refurbishment

The faster and more effective energy-efficiency improvement of existing buildings will be a key factor in achieving the climate objectives. LEG has therefore made it its mission to promote "serial energy-efficiency improvement" throughout the DACH region. At the end of 2021/start of 2022, the company thus founded a joint venture, Renowate GmbH, with the Rhomberg Group, Austria. LEG's initial investment for strategic preparation, formation and establishment of the new company amounted to more than EUR 5 million and is the biggest single "green" investment in the history of the company to date. However, reporting in conjunction with the EU Taxonomy is not possible at this point as Renowate is not included in LEG's consolidated group. Instead, only the expenses for the implementation of energy-efficiency improvements in LEG properties by Renowate has been and will be included in the Taxonomy reporting in the coming years. The company is planning to carry out Taxonomy-aligned energy-efficiency improvements in around 14 LEG buildings by 2023. Also, in the 2022 reporting year, the company already received the first planning contract from an external housing company, for which it will perform energy-efficiency improvements in 2023. Further external contracts are expected to follow. The associated Taxonomy-aligned Capex will then be reported by the respective contractor. LEG Immobilien SE's efforts to promote climate change mitigation throughout the property sector are therefore not included in its EU Taxonomy reporting.

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Environmentally sustainable revenue related to taxonomy-aliged economic activities – disclosure for the 2022 financial year

			Criteria pertaining to a substantial contribution (in %)						"Do no significant harm" (DNSH) criteria									
Economic activities (1)	Absolute revenue (€ thousand)	Share of revenue (in %)	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiver-sity and ecosys-tems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiver-sity and ecosys-tems	Minimum social standards	Taxonomy-aligned share of revenue	Category "enabling activities"	Category "transition activities"
A. Taxonomy-eligible activities																		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																		
4.1 - Electricity generation using solar photovoltaic technology	70.88	0.0	100	0	0	0	0	0	n.a.	Yes	n.a.	Yes	n.a.	n.a.	Yes			
4.20 - Cogeneration of heat/cool and power from bioenergy	20,842.29	1.7	100	0	0	0	0	0	n.a.	Yes	Yes	n.a.	Yes	Yes	Yes			
7.7 - Acquisition and ownership of buildings	123,938.61	10.1	100	0	0	0	0	0	n.a.	Yes	n.a.	n.a.	n.a.	n.a.	Yes			
Revenue from environmentally sustainable activities (Taxonomy-aligned)	144,851.78	11.8	100	0	0	0	0	0										
A.2 Taxonomy-eligible, but not environmentally sustainable activities (non-Taxonomy-aligned activities)																		
4.1 - Electricity generation using solar photovoltaic technology	0.00	0.0																
4.20 - Cogeneration of heat/cool and power from bioenergy	0.00	0.0																
7.7 - Acquisition and ownership of buildings	1,070,458.77	87.6																
Revenue from Taxonomy-eligible, but not environmentally sustainable activities (non-Taxonomy-aligned activities)	1,070,458.77	87.6																
Total (A.1 + A.2)	1,215,310.55	99.4																
B. Non-Taxonomy-eligible activities																		
Revenue from non-Taxonomy-eligible activities (B)	7,170.60	0.6																
Total (A+B)	1,222,481.15	100.0																

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Environmentally sustainable Capex related to taxonomy-aliged economic activities – disclosure for the 2022 financial year

			Criteria pertaining to a substantial contribution (in %)						"Do no significant harm" (DNSH) criteria									
Economic activities (1)	Absolute Capex (€ thousand)	Share of Capex (in %)	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum social standards	Taxonomy-aligned share of Capex	Category "enabling activities"	Category "transition activities"
A. Taxonomy-eligible activities																		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																		
4.1 - Electricity generation using solar photovoltaic technology	544.12	0.1	100	0	0	0	0	0	n.a.	Yes	n.a.	Yes	n.a.	n.a.	Yes			
4.16 - Installation and operation of electric heat pumps	56.57	0.0	100	0	0	0	0	0	n.a.	Yes	Yes	Yes	Yes	n.a.	Yes			
7.7 - Acquisition and ownership of buildings	100,426.56	11.5	100	0	0	0	0	0	n.a.	Yes	n.a.	n.a.	n.a.	n.a.	Yes			
Capex from environmentally sustainable activities (Taxonomy-aligned)	101,027.25	11.6	100	0	0	0	0	0										
A.2 Taxonomy-eligible, but not environmentally sustainable activities (non-Taxonomy-aligned activities)																		
4.1 - Electricity generation using solar photovoltaic technology	0.00	0.0																
4.16 - Installation and operation of electric heat pumps	0.00	0.0																
7.7 - Acquisition and ownership of buildings	763,560.58	87.4																
Capex from Taxonomy-eligible, but not environmentally sustainable activities (non-Taxonomy-aligned activities)	763,560.58	87.4																
Total (A.1 + A.2)	864,587.83	99.0																
B. Non-Taxonomy-eligible activities																		
Capex from non-Taxonomy-eligible activities (B)	8,829.95	1.0																
Total (A+B)	873,417.78	100.0																

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Environmentally sustainable Opex related to taxonomy-aliged economic activities – disclosure for the 2022 financial year

			Criteria pertaining to a substantial contribution (in %)						"Do no significant harm" (DNSH) criteria									
Economic activities (1)	Absolute Opex (€ thousand)	Share of Opex (in %)	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum social standards	Taxonomy-aligned share of Opex	Category "enabling activities"	Category "transition activities"
A. Taxonomy-eligible activities																		
A.1 Environmentally sustainable activities (Taxonomy-aligned)																		
4.1 - Electricity generation using solar photovoltaic technology	13.95	0.0	100	0	0	0	0	0	n.a.	Yes	n.a.	Yes	n.a.	n.a.	Yes			
4.20 - Cogeneration of heat/cool and power from bioenergy	1,617.85	2.0	100	0	0	0	0	0	n.a.	Yes	Yes	Yes	Yes	n.a.	Yes			
7.7 - Acquisition and ownership of buildings	4,848.50	5.9	100	0	0	0	0	0	n.a.	Yes	n.a.	n.a.	n.a.	n.a.	Yes			
9.1 - Close to market research, development and innovation	1,771.56	2.2	100	0	0	0	0	0	n.a.	Yes	n.a.	n.a.	n.a.	n.a.	Yes			
Opex from environmentally sustainable activities (Taxonomy-aligned)	8,251.86	10.1	100	0	0	0	0	0										
A.2 Taxonomy-eligible, but not environmentally sustainable activities (non-Taxonomy-aligned activities)																		
4.1 - Electricity generation using solar photovoltaic technology	0.00	0.0																
4.20 - Cogeneration of heat/cool and power from bioenergy	0.00	0.0																
7.7 - Acquisition and ownership of buildings	52,198.35	63.7																
9.1 - Close to market research, development and innovation	0.00	0.0																
Opex from Taxonomy-eligible, but not environmentally sustainable activities (non-Taxonomy-aligned activities)	52,198.35	63.7																
Total (A.1 + A.2)	60,450.20	73.7																
B. Non-Taxonomy-eligible activities																		
Opex from non-Taxonomy-eligible activities (B)	21,545.74	26.3																
Total (A+B)	81,995.94	100.0																

Non-financial report

Notes on contents of report and framework

LEG Immobilien SE is publishing a separate non-financial consolidated report in accordance with section 315b HGB for the 2022 financial year (hereinafter referred to as the "non-financial report"). It comprises key non-financial aspects that have a significant impact on the HGB aspects environmental, social, employee, combating corruption and bribery and human rights issues and that are relevant to LEG Immobilien SE's net assets, financial position and results of operations for the 2022 financial year.

The non-financial report provides information on key non-financial performance indicators, individual targets and the concepts, initiatives and objectives underpinning these. Account should be taken of the impact of the ongoing pandemic and the flooding disaster in 2021, as well as the measures taken in 2022 to reduce energy consumption and costs, in assessing the non-financial performance indicators, especially in comparison to the previous year. The standard of the Global Reporting Initiative (GRI) served as the general framework for the structure of the materiality analysis and the description of concepts. More information can be found in > section "GRI key figures" on page 135. This is not the subject of the company audit.

With the exception of the disclosures marked as "not audited", the non-financial report was subject to a voluntary limited assurance audit by the audit firm Deloitte. The recommendations from the Task Force on Climate-related Financial Disclosures (TCFD) expand the reporting standards listed. References to disclosures not included in the Group management report or the consolidated financial statements constitute additional information and are not part of the non-financial report. EPRA key performance figures for sustainability and SASB reporting will be published online in May 2023.

Business model

With around 167,000 rental properties, approximately 500,000 tenants and 2,040 employees (as at 31 December 2022), Dusseldorf-based LEG is one of Germany's leading listed housing companies. The company is listed on the MDAX and generated rental and lease income of around EUR 1,149 million in the 2022 financial year.

As the biggest landlord in Germany's most federal state, North Rhine-Westphalia, as well as operating in other states in Germany, LEG helps meet rising demand for affordable housing. A consistently value-driven business model with a focus on resilience and customers combines the interests of shareholders and tenants. Customer satisfaction is especially important to LEG. It is therefore constantly striving to further improve the quality of its service and expand its value-added services through target group orientation, social and neighbourhood management and personal service through a variety of channels.

Further information on LEG's business model can be found in the Group management report starting on > page 38.

Below, we report on key issues for the LEG Group. The non-financial report is structured in line with the aspects determined as part of the materiality analysis.

Material aspects

The LEG Group conducted a materiality analysis in 2020 to identify material non-financial aspects in accordance with the Handelsgesetzbuch (HGB – German Commercial Code) and taking into account the requirements of the GRI standards. For the 2020 materiality analysis, non-financial aspects that may be relevant to the LEG Group were initially identified on the basis of a field analysis, which took account of capital market requirements and various industry and reporting standards.

These aspects were then assessed regarding the LEG Group's potential impact on the matters, their business relevance and with regard to the associated expectations of internal and external stakeholders. Tenants, employees and executives at the LEG Group were involved in the assessment, as well as external experts, providing perspectives from civil society, academia, the capital market and politics.

The results were consolidated and translated into a materiality matrix. The following report sets out our position on the six aspects that were identified as high or very high regarding their business relevant to the LEG Group and the company's potential impact:

1. Sustainable growth and resilience
2. Customer satisfaction and participation
3. Corporate culture and values
4. Reduction of energy use and emissions
5. Fair and affordable rent
6. Neighbourhood development

We have not identified any other material aspects within the meaning of HGB. We did not add or remove any additional topics in the 2022 reporting year. Our analysis determined that the aspects of the law "respect for human rights" and "combating corruption and bribery" are not material for the LEG Group in the strict sense of the law and so these are not discussed in detail here. They are nonetheless key issues for the industry and so we address them briefly under "Sustainable growth and resilience". The LEG sustainability strategy also considers respect for human rights. We also signed the United Nations Global Compact in 2021 and support the ten principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. In May 2022 we published our first progress report, which can also be viewed on the UN Global Compact website.

This non-financial report is structured in line with the five key areas set out in our sustainability strategy, to which we have assigned the material aspects detailed above. These five key areas are "business", "tenants", "employees", "environment" and "society". They form the structural basis of our sustainability strategy and the targets identified by way of this.

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Materiality analysis

1 Human rights standards in the supply chain
2 Social commitment
3 Land use and nature conservation
4 Health protection and occupational safety
5 Diversity and equality of opportunity
6 Training and professional development
7 Local social dialogue
8 Transparent financing and liquidity strategy
9 Good governance and compliance
10 Sustainable construction materials and environmental management
11 Work-life-balance and family friendly policies
12 Fair and affordable rent
13 Customer satisfaction and participation
14 Reduction of energy use and emissions
15 Neighbourhood development
16 Corporate culture and values
17 Sustainable growth and resilience

[1] Materiality threshold (very) high business relevance and (very) high impact

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List of key areas

HGB aspects	Key areas	Issue
Environmental issues	Key area: environment	Reduction of energy use and emissions
Employee matters	Key area: employees	Corporate culture and values
Social issues	Key area: tenants, key area: society	Customer satisfaction and participation, fair and affordable rent, neighbourhood development
Respect for human rights	Not material for LEG according to 2020 materiality analysis, but nonetheless included in the LEG sustainability strategy	Not material for LEG according to 2020 materiality analysis, but nonetheless included in the LEG sustainability strategy
Tackling corruption and bribery	Key area: business	Sustainable growth and resilience

Risk assessment

Under HGB, non-financial risks associated with the company's business operations and that would very likely have a severe negative impact on the aspects stated if they occurred are to be reported along with concepts and efforts.

As part of our comprehensive risk management, we also assess potential risks in our key areas. Since 2020, sustainability risks recorded in the risk inventory report have no longer included a monetary valuation, as the impact of LEG's actions on external third parties, the environment and its surroundings cannot be quantified. The aspects and risks subject to reporting requirements cover the areas of respect for human rights, employee and social issues, environmental issues and combating corruption and bribery, together with relevant sub-areas. Since the 2021 reporting year, the TCFD risks have also been integrated in the risk inventory report together with a monetary valuation, as the risks that climate change poses to LEG can be estimated and could affect LEG's financial result. Managing climate-related risks covers risks posed by climate change, i.e. physical risks, and risks resulting from the transition to a green economy, i.e. transitional risks. The existing Audit Committee of the Supervisory Board became the Risk and Audit Committee of the Supervisory Board in the 2021 reporting year to further highlight the ever increasing significance of risk management.

The LEG Group management has not identified any non-financial risks that meet materiality criteria under section 289c (3) no. 3 and 4 HGB after taking account of risk mitigation measures.

Further information on risk management is included in the Risks, opportunities and forecast report of the Group management report starting on > pages 66 ff.

Key area: business

Sustainable growth and resilience

LEG defines sustainable growth and resilience as taking environmental and social criteria, as well as aspects of good corporate governance, into consideration in the company's long-term business strategy, while remaining flexible in responding to changes in the general environment and challenges. The LEG Management Board and Supervisory Board are committed to corporate governance that is based on sustainability.

This is also reflected in corresponding organisational structures, processes and documentation. LEG has been steadily working on implementing its sustainability strategy, sustainability roadmap and ESG targets since 2018. The sustainability strategy has undergone constant development since this time. The company published its full ESG strategy in June 2021, including long-term and short-term ESG targets for the first time, which are incorporated into the compensation of the Management Board and second-level management. To enshrine sustainability in the remuneration system for the Management Board and the second management level, LEG has set specific short-term and long-term sustainability targets (STIs and LTIs) since the 2021 reporting year, which can all be measured and verified. These targets cover all three aspects of sustainability (E, S and G) and must be achieved individually. ESG targets for 2023 and beyond were communicated when the business figures were published for the third quarter of 2022. You can find further information in the remuneration report on > page 83.

Governance structures were expanded further compared to the previous year in the 2022 reporting year, starting with the Supervisory Board. In recent years it has become increasingly vital to have an overview of the strategy, identify risks and opportunities and make optimal use of capital in terms of sustainability aspects. To account for this development, the LEG Immobilien SE Supervisory Board established a ESG Committee in mid-2022. The three-person body is headed by Dr Katrin Suder.

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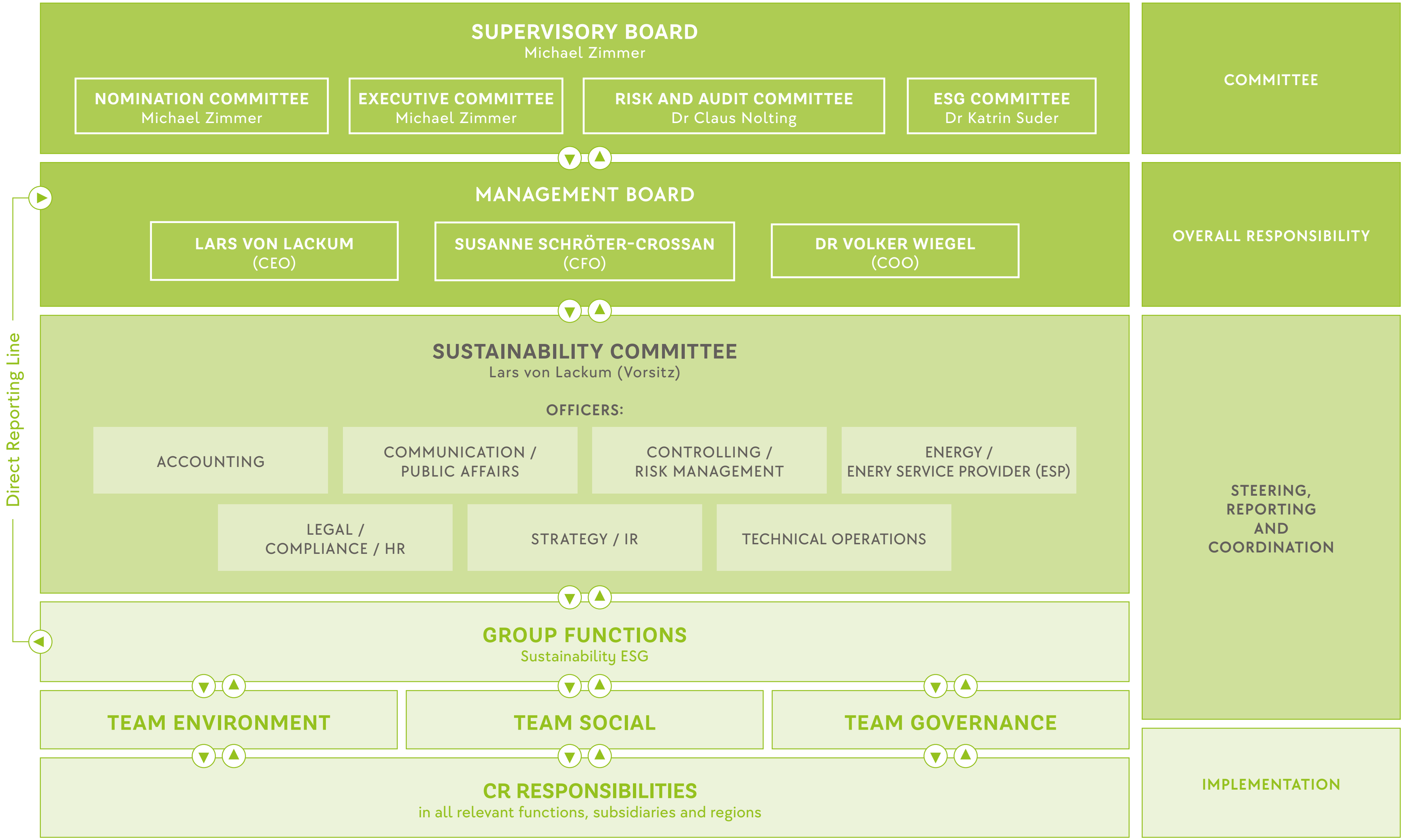
Our ESG governance structure



The Supervisory Board's existing Audit Committee had already become the Risk and Audit Committee in the 2021 reporting year in order to further highlight the ever-increasing significance of risk management and discuss in detail key changes in the assessment of relevant individual risks. The Management Board reports to this committee on the LEG Group's risk assessment each quarter and discusses the current risk situation. This explicitly includes sustainability risks and climate-related physical and transitional risks as part of the Task Force on Climate-related Financial Disclosures (TCFD). In turn, the Risk and Audit Committee reports on this to the Supervisory Board as a whole.

The three-member LEG Management Board still bears management responsibility for sustainability. The primary decision maker for sustainability issues on the Management Board is CEO Lars von Lackum. The Sustainable Finance Committee was also established in 2021 to manage sustainable financing. The Chairwoman is the CFO, Susanne Schröter-Crossan. The Sustainable Finance Committee prepared the Sustainable Finance Framework, which LEG issued for sustainable financing. This framework sets out investment in the areas of affordable housing/social housing, certified environmentally friendly buildings, high standards for energy efficiency upgrades of existing buildings, community engagement, the use of renewable energy and low-emission transport options, and helped LEG issue its first sustainable bond in 2021.

Since July 2022, the new Sustainability ESG department has been the central interface between the departments and is responsible for strategic decisions and brings together sustainability activities. This also includes regularly reviewing our sustainability model, determining sustainability targets and following up on the implementation of these. The head of department reports directly to the CEO. He convenes the Sustainability Committee and liaises across the departments with all other ESG stakeholders and operations managers.

The "Environment", "Social" and "Governance" teams in the Organisation of Sustainability Management are responsible for the relevant issues and work on refining these. These three teams represent a transparent network group at LEG that looks at the diversity of sustainability issues across departments. Furthermore, additional Corporate Responsibility responsibles (data owners) from the various areas of LEG are involved. They put specific issues into practice and provide data.

Relevant non-financial key figures are regularly collected in line with recognised reporting standards to review our sustainability strategy and targets. The Corporate Responsibility responsibles in the areas listed above are in charge of this. They also ensure that necessary operating measures are taken to meet the sustainability targets.

Data was reported from the new ESG database for the first time in the 2021 reporting year. The database has an automated data collection system, which makes it far easier to collect and archive all relevant non-financial key figures. The data owners enter their data into the ESG cube, which is then reviewed by the ESG department or Controlling to ensure consistency. This guarantees compliance with the dual control principle. The cube is the basis for enhanced ESG key figures reporting. It gives ESG key figures equal importance in the reporting as financial key figures.

The capital market has also recognised the progress we have made with implementing our sustainability strategy. We are frequently rated by international ratings agencies specialised in assessing efforts related to environmental, social and responsible corporate governance. For example, the ESG risk rating agency Sustainalytics reassessed our low ESG risk profile at the end of 2022 and, with an updated rating of 6.7, again placed us in the lowest risk category of "negligible". As a result, the short-term governance target of the Management Board and second management level for the 2022 financial year of remaining in the "negligible" risk category in the Sustainalytics rating was achieved. LEG was rated B ("management level") in this year's CDP rating, which essentially assesses environmental issues. In addition, LEG was also awarded Prime status in the ISS sustainability rating for the first time in the 2022 financial year. Progress made and milestones achieved in ESG in the 2021 financial year also play a role here. MSCI upgraded our ESG rating in December 2022 from AA to AAA, giving us the maximum rating in the "Leader" category.

In our materiality analysis, our stakeholders determined that the aspects "Respect for human rights" and "Combating corruption and bribery" are not material for the LEG Group. Nonetheless, we place great value on these important aspects:

The LEG Group maintains a Compliance Management System (CMS) that brings together extensive measures to comply with legal requirements and in-house rules and guidelines, especially in the areas of anti-corruption, competition, taxation, housing, data protection, diversity and the capital market. The Management Board, which sets the compliance targets, is responsible for the CMS. The compliance targets are reviewed on a regular basis and the Management Board receives reports on the extent to which they have been achieved. LEG's governance target for 2023 is for 85 % of employees at the subsidiaries Nord FM (facility management), TSP (minor repairs) and Biomasse Heizkraftwerk Siegerland and 99 % of all other employees at LEG Group companies to have completed online compliance training.

The LEG CMS was certificated by the Corporate Governance Institute of the German Real Estate Industry Association in 2019. The certification was confirmed after another audit in the 2021 reporting year and is valid until 2024.

LEG is committed to respecting human rights as defined by the United Nations (UN Guiding Principles on Business and Human Rights) and signed the United Nations Global Compact in 2021.

The principles of this compact and internationally recognised agreements such as the United Nations Universal Declaration of Human Rights and the eight fundamental Conventions of the International Labour Organization (ILO) form the core of our corporate culture and all our activities.

The values and standards established in these agreements are also reflected in internal Group documents, such as in the LEG declaration of fundamental values, the Code of Conduct and the Business Partner Code.

To ensure that business partners comply with the Business Partner Code and its regulations on social responsibility, LEG has carried out spot checks on its business partners using questionnaires and in-person talks since 2021. In response to the future requirements under the German Act on Corporate Due Diligence in Supply Chains, LEG also intends to introduce a software system for 2023 to further expand these business partner checks.

It is very much in LEG's interest to identify compliance breaches in order to avert losses for the company. To this end, in the 2021 financial year it established a secure whistleblowing portal to report compliance breaches that allows employees, customers and third parties to report potential white-collar crimes and conduct harmful to the company round the clock. If they wish, the whistle-blower can remain anonymous. Confirmed compliance breaches are penalised regardless of the position of the person's position at the company, for example with disciplinary measures or criminal charges.

Key area: tenants

Customer satisfaction and participation

Customer satisfaction and participation are key performance indicators for LEG's economic performance. Both require active, open communication with our tenants and taking customer requests into account in portfolio management and other services.

One of LEG's key targets is to ensure satisfied tenants in stable neighbourhoods where they can enjoy good, secure, and fair rent conditions. High customer satisfaction reduces costs by ensuring lower tenant turnover, guarantees income and improves the company's reputation. LEG's objective is thus to ensure sustained customer satisfaction. We aim to achieve this by offering fair value for money, continually improving LEG services and consistently focusing on our tenants' needs.

All LEG functions are responsible for ensuring high customer satisfaction, in particular those with direct customer contact such as employees at our central customer service and the eight branches. The Management Board and management also play a vital role in direct customer contact and are actively committed to increasing customer satisfaction. As an indicator of customer satisfaction, LEG regularly carries out customer satisfaction surveys using a recognised institution. The four aspects of service, product, image and price/performance ratio are assessed in order to calculate the Customer Satisfaction Index (CSI). Our goal is to increase the CSI to 70 % in the period from 2022 to 2025. The recent figure at the time the report was completed was around 60 %. We began with a baseline figure of about 54 % at the end of 2020 and so we have improved by around six percentage points since we began taking measurements in 2020. The current development indicates that we can achieve our long-term target for the CSI. Many of our measures to improve the customer experience are already showing signs of success. In particular, satisfaction with customer service in terms of service times and availability by phone increased.

It should also be noted that we increased the frequency of our customer satisfaction survey in 2022 and now conduct it quarterly, as opposed to annually as was the case until 2021. 5,000 tenants are now invited to provide their feedback once a quarter. The responses provide further key indicators for additional improvement potential that will allow us to increase customer satisfaction in the years ahead. The results of the customer satisfaction survey are discussed with those responsible in numerous relevant areas of the company and corresponding measures are drawn up and put into place. For example, our customers requested better safety concepts at some locations and so we installed new window and door locks. Tenants at some sites also wanted more space to meet with neighbours outside. Additional benches encourage people to sit down and spend some time in the area.

As well as these regular customer satisfaction surveys, LEG also measures the effectiveness of all measures to improve customer satisfaction using direct interviews with points of contact at the central customer service. At the end of 2021, this was expanded to the Rental Management, Receivables Management and Operating Costs departments. The analysis of customer needs is complemented by opportunities to give feedback on neighbourhood support measures, the assessment of safety inspections and analyses of callers who make multiple calls about an issue.

The CEO of LEG meets with new and existing tenants and residents face-to-face multiple times a year at customer talks, e. g. to introduce new projects and listen to customer concerns, or with representatives from towns, cities and municipalities, for example at roofing ceremonies. Ten of these customer talks were held in the reporting year, in line with Covid-19 regulations. The "Customer talk" format clearly shows that LEG, with the CEO, has a clear management responsibility for this type of community relations. In addition, the Management Board is closely involved in the decision-making process and development steps as well as consultation, from the early stages of the projects to completion.

One established institution for regular, face-to-face customer contact is our Customer Advisory Council, which was founded at the end of 2019 and meets once per quarter. It brings together dedicated tenant representatives from all branches and helps them play an active role in neighbourhood development decision processes and in developing and improving services. Key issues are discussed with the company COO and joint solutions are developed. The Customer Advisory Council met four times in the 2022 reporting year – three times virtually on account of the pandemic, for which LEG provided participants with their own tablets in 2021, and once as an in-person event. Information on various types of heating, energy saving, the energy crisis and environmental protection accounted for a large share of discussions in 2022.

High customer satisfaction requires that tenants can approach us with their specific needs and problems. LEG offers its customers a wide range of ways and channels to get in touch. For example, they can contact LEG by telephone, e-mail, letter, in person or online via the tenants portal or tenants app if they have any problems or queries. At selected locations, branches and departments such as Operating Costs and Construction Project Management offered consultation hours on a range of topics with no appointment needed. Issues and complaints are processed on a standardised basis using a ticket system and passed on to the person responsible. Smaller necessary repairs are usually carried out by the subsidiary TechnikServicePlus GmbH (TSP). The company can be contacted 24/7 in emergencies.

As well as providing a quick solution to their concerns, the health and safety of our customers in their homes is central to their satisfaction. LEG puts systematic and comprehensive safety precautions in place to guarantee this as best possible. These are provided by the company's own employees as part of inspections and checks on buildings and facilities, as well as by service providers. Tradespeople are promptly hired if any shortcomings or accident risks are identified. After completion, the repair work is checked and documented.

The Management Board delegates responsibility for risk prevention to the regional branch. Twice a year, the Property Management department carries out spot checks in line with the dual control principle to ensure work is of a high quality and complete.

Thanks to its systematic safety precautions process, in the 2022 financial year LEG ensured that 99.1 % (2021: 99.8 %) of its own buildings were thoroughly tested for potential hazards and defects in common areas were identified at an early stage so that they could be promptly remedied. Safety precautions checks for the remaining buildings will be completed at the start of 2023.

We also implemented additional measures to increase customer satisfaction in the current reporting year, for example in customer correspondence and communication. For example, we made changes to our tenant manual and published extensive information on energy saving. Letters to tenants and notices are continually updated and digital communication improved on an ongoing basis. Additional features are offered in the tenants portal. We also optimised our processes for the call-back service at the central customer service and further expanded contactless letting.

The start-up Youtilly GmbH, established in Dusseldorf in 2021 as a LEG subsidiary, is also intended to help further improve customer satisfaction and communication. Youtilly is the first digital platform that unites the interests of tenants, home-owners and service providers across Germany and for everyone. The new business model ensures transparency when awarding contracts in the areas of gardening and landscaping, building cleaning and winter maintenance for the property sector as a whole. Youtilly improves services and gives tenants a say in decision-making. It provides them with a new channel to give direct, actionable feedback. Through the platform, they can rate services directly, actively help design their living environment and gain a better understanding of their utilities costs thanks to the transparent digital format. With this, LEG is solving one of the greatest challenges facing the housing industry: the fact that the contracting authority (landlord) and beneficiary (tenant) tend to diverge when it comes to these services.

Tenant turnover and average length of occupancy are key performance indicators for tenant satisfaction. Tenant turnover improved to 9.5 %, below the comparable figure from 2021. The average length of occupancy (in years) remained largely constant against the previous year.

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Tenant turnover and average length of occupancy

	2022	2021
Tenant turnover (as %)	9.5	9.8
Average length of occupancy (in years)	11.5	11.5

Fair and affordable rent

By providing affordable and diverse housing including in urban areas, LEG plays a role in addressing pressing social challenges such as demographic change and migration.

Our focus on affordable housing and our units helps meet rising demand by the rapidly growing number of smaller households that are characteristic of our market. We want to offer all tenants long-term home prospects. At the end of 2022, our portfolio contained around 167,000 rental properties with an average size of 63 square metres and around 1,600 commercial units.

We provide homes to average earners and to those eligible for social housing at affordable prices and create a home worth living in for people who simply want to live well. At the end of the reporting year, about 20 % of our properties were social housing, with an average rent of EUR 5.05 (previous year: EUR 5.00) per square metre.

Upgrading existing properties is a key driver of rent costs. LEG takes a careful approach to modernisation work. Measures that reduce energy consumption and emissions create a better and more environmentally friendly living environment for tenants. However, the modernisation work must also be economically viable for the tenants, i. e. reducing their utilities costs and still ensuring affordable housing. Bringing environmental protection into line with economic viability for tenants opens up a whole array of opportunities. It increases the sustainability and value of the housing portfolio, makes the rental property more attractive and improves both customer satisfaction and tenancy duration.

Serial energy upgrades are increasingly important. In line with this objective, LEG and the Austrian construction Rhomberg founded the joint venture Renowate. Serial refurbishment makes environmental, social, labour and business sense. CO_2 emissions are lower, tenants reduce their heating costs, fewer highly in-demand skilled workers are required and work during the construction phase is less time-consuming and has less of an impact on residents and the neighbourhood compared to conventional modernisation work. This is a win-win situation for everyone involved, from tenants to landlords, residents and society. Serial refurbishment thus not only makes a vital contribution to protecting the climate, it also has social benefits as it makes rent and bills affordable in the long term. The first Renowate project on Zeppelinstrasse in Mönchengladbach was successfully completed in mid-December 2022. Overall, eight buildings with 47 apartments there were upgraded for maximum energy efficiency, meaning that they require 95 % less energy. The remaining energy needed is generated from highly efficient heat pumps powered by green electricity. In a total of 14 consecutive projects in LEG neighbourhoods, Renowate is developing and optimising a holistic, scalable and efficient process to decarbonise existing properties.

LEG also offers hardship schemes that come into effect if tenants demonstrate that they can no longer afford the higher rent after modernisation work. As a general rule, the company then offers a more affordable apartment. LEG aims to retain its loyal customers, prevent the gentrification of stable neighbourhoods that have developed over time and, in turn, offer customers not just a house but a reliable home.

As part of the LEG new construction programme launched in 2018, in 2022 we invested a total of around EUR 268 million in new construction and completed projects with a total of 243 residential units. About one third of these are publicly subsidised or rent-restricted, benefiting tenants on lower incomes. At the end of the reporting period, seven projects with a total of 552 apartments – about 21 % of which are publicly subsidised – were under construction. Construction is scheduled to begin within three months of the end of the reporting period for another three projects with a total of 396 apartments – about 27 % of which are publicly subsidised. We currently intend to invest a total of up to EUR 263 million in new construction that has already been planned between 2023 and 2025. Where possible, these will meet the Efficiency House 55 or 40 standard in accordance with the German Building Energy Saving Ordinance (Gebäudeenergiegesetz) (BEG), which requires primary energy requirements to be 45 % or 60 % lower than those of a reference building under the German Building Energy Saving Ordinance (Gebäudeenergiegesetz) (GEG). Unfortunately, it is not possible to build affordable housing under the current market and subsidy conditions and so it is to our deep regret that we have decided to end our new construction programme once the projects described above are complete.

Working together to overcome the energy crisis

To minimise the financial strain on our tenants as much as possible, we have instigated many measures to cope with the energy crisis. For example, the Management Board sent out a letter to all tenants discussing how to reduce energy consumption, how tenants can prepare for higher costs and what specific assistance LEG offers, from the option to pay in instalments to help with applying for housing benefit. Detailed information for our tenants and interested members of the general public can also be found online at https://leg-wohnen.de/leben-bei-der-leg/energie. Social managers at the "Your Home Helps" foundation also advise on financial strain caused by the energy crisis and give information on suitable assistance so that tenants can still afford their homes.

Key area: employees

Corporate culture and values

LEG's corporate culture is based on the values of integrity, fairness, commitment and professionalism, confidentiality, transparency and sustainability that characterise our collaboration and promotes an open, respectful and productive way of working with all company employees.

We aim to further consolidate our leadership, feedback and collaboration culture that puts team development at its heart. Through our occupational health management, we offer our employees a wide range of benefits that are constantly being optimised. We also offer a wide range of employment contracts and flexible working hours. An employee share program was also launched in 2022 and was well received by employees. We particularly value the trusting and constructive partnership between employee and employer representatives.

The Human Resources department provides a framework for responsible, values-driven human resources work, translating social megatrends such as demographic and technological change, digitalisation and the challenges of modern society into measures and concepts that serve our company's performance aspirations.

The objectives are to attract suitable talents to LEG, optimise training, professional development and succession processes, strengthen employee loyalty and reduce turnover. Our overarching goal is to continually improve our image and appeal as an employer. LEG is committed to diverse teams, promotes talented employees and encourages networks through the mentoring programme introduced at the end of 2020 with a focus on female and other employees. This programme was continued in the 2022 reporting year. 16 traineeships were again offered in the 2022 reporting period in view of the shortage of skilled labour. In addition, the number of study places (dual study programs) was raised from four (2019) to a total of ten in 2021/2022. Three additional dual study programme students are also to be taken on in 2023. In a study by the business magazine Capital, LEG was also named "Germany's best training company 2022".

LEG's Human Resources department manages and is responsible for all central and decentralised personnel-related processes and tasks. The unit comprises the areas of HR Management, Staff Recruitment, Staff Development, Staff Controlling and the person in charge of training. It is responsible for maintaining close dialogue with the workforce, who – as company partners – are actively informed of upcoming changes and involved in the decision-making process.

The Management Board is closely involved in discussions and approves the related concepts and programmes. Detailed HR key figures are also regularly reported to the Management Board.

The Human Resources department helps implement the LEG strategy through its new HR strategy launched at the end of 2022 by focusing on the core elements of worker participation, employer branding, recruiting and the company's social objectives. Worker participation is key to our company. The HR department thus actively encourages collaboration with all management bodies, for example by implementing a key issues paper agreed with the participation of employees and by engaging in open dialogue through regular trusting communication at fixed dates. To tackle the shortage of skilled and executive personnel, we are committed to recruiting suitable talented employees to LEG by expanding and/or adapting our recruiting activities to strengthen our employer brand. As part of this, we will revise our job advertisements, better target the needs of potential applicants and redesign our careers page. To expand our employer brand, we will also actively promote collaboration with universities through university marketing in order to raise awareness of LEG and recruit suitable talented employees.

The Covid-19 pandemic and the restrictions on team work and social contact that this entailed were addressed through the use of flexible and remote working solutions, hybrid (learning) methods, online training and other digital content. Health management measures in the 2022 reporting period included sending out invitations for flu vaccinations and eye tests or to take part in company runs, implementing various preventative measures and providing fruit boxes in the winter.

In order to maintain an open and transparent corporate culture, the Management Board conducted a digital phone call with all employees each quarter in 2022. In the webcasts, which are streamed at the same time in audio format only, the Management Board initially provided information on the situation of the company. Participants were invited to vote on certain issues online. One integral part of the webcasts includes an open Q&A round where employees can ask questions to the Management Board.

Thanks to these measures, our employee satisfaction was again very high even in years dominated by crises. In the 2022 "Great Place to Work" employee survey (GPtW), 84 % (preliminary survey from 2020: 78 %) of our staff agreed that our company is a "very good place to work". This was 14 percentage points higher than the average score by employees surveyed at all participating companies in Germany (70 %). The Trust Index – an average of all core aspects of employee satisfaction measured by "Great Place to Work" – was 73 % (2020: 66 %), 11 percentage points higher than the average for the GPtW model (62 %). The international research and consultancy institution thus named LEG an "attractive employer". Employee satisfaction is a vital factor in lasting company success, both in the short term and in the long term, and so it is an integral part of LEG's sustainability targets. Remuneration for the Management Board and the second management level are tied to this benchmark. Back in 2021, the company set the long-term target of maintaining employee satisfaction of at least 66 % until 2024, in line with the result of the 2020 survey.

This target also applied as a short-term target for the 2022 reporting year and, as shown by the results of the survey described above, was exceeded. LEG again made employee satisfaction a long-term sustainability target for the period from 2023 to 2026, increasing the goal to 70 % for the Trust Index.

Turnover in the 2022 reporting year was around 13.5 %, higher than the very low figure in 2021. By contrast, the hiring rate in 2022 increased to around 15.3 %.

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Employee turnover

in %	2022	2021	2020	2019
Employee turnover	13.5	6.2	7.5	11.6

We have reported the number of applications for each advertised vacancy increase since the start of 2021 as an indicator of our appeal as an employer to new employees. In 2021 there were 10 applicants per position, rising to around 15 per position in 2022. Despite the ever-increasing labour shortage in Germany, our goal is to stabilise this figure.

Respect for employee diversity is a factor in LEG's success. To further underscore these guiding principles of diversity management, an employee survey on diversity and equality of opportunity was carried out in mid-2022. Shortly after this, the HR department invited staff to discuss diversity issues at diversity dinners. Each dinner focuses on one topic. All employees had the opportunity to volunteer their opinions on issues they found interesting. The aim of the events is to identify any areas where LEG needs to take action and put specific measures into place. One measure, for example, involved setting up a LBGTQIA+ network.

To ease the burden on employees, LEG paid out the federal government's flat-rate energy payment (EPP) of EUR 300 already in September 2022. Together, employees also adapted to energy saving requirements, including switching taps to cold water in LEG offices and reducing energy usage.

In December 2022, employees who were particularly badly affected by the price increases due to lower incomes and/or their family circumstances also received an "inflation compensation premium" – measured by their individual tax parameters – that is exempt from tax and social security contributions. Part-time trainees, working students, dual study programme students and casual workers received a pro rata inflation compensation premium of EUR 250.

Key area: environment

Reduction of energy use and emissions

Reducing buildings' direct and indirect energy consumption and the greenhouse gases that they emit has become essential to success in the housing industry.

The German federal government's climate package embedded sector-specific environmental targets and CO_2 pricing in law for the first time. For the building sector, this means reducing greenhouse gas emissions in Germany to 67 million tonnes by 2030 (2020: 118 million tonnes). LEG supports the federal government's target of making building stock in Germany virtually carbon-neutral by 2045. To this end, for example, it is modernising its portfolio in terms of energy efficiency. Last year's review of the target for the building sector in Germany found that it fell short from the target achievement path by 2 million tonnes, evidence of how challenging this goal is. The result once again highlighted the importance of being innovative and open to technology when identifying the most efficient ways of reducing CO_2.

We began preparing a climate strategy in the 2020 reporting year and developed this further in the two following years. To accurately measure the effects of our measures, we prepared a CO_2 footprint for 2019 for the first time in the 2020 reporting year. 80 % of this was current data and 20 % extrapolated data and so it represented LEG's total portfolio. The figures for 2020 were extrapolated based on this data, adjusted to account for portfolio changes in the reporting year. We took the same approach in the 2021 and 2022 reporting years. This ensures that we are always working with reliable underlying data > see GRI table, page 145.

In 2020, we began setting up a team of experts so that we can better assess and manage the environmental risks and opportunities for LEG. This team is responsible for monitoring CO_2, working out ways to reduce our CO_2 emissions and conducting research related to CO_2 reduction. A separate ESG Supervisory Board committee and a new ESG department that reports directly to the CEO were established in the 2022 reporting year, further underscoring the high value the company places on sustainability.

To mitigate potential future climate-related physical and transitional risks, in 2021 LEG began integrating risks in the risk management system in line with the TCFD recommendations. The corresponding risks have been integrated into the risk management system. In addition, we continuously evaluate the completeness of the risks recorded. > See page 78, Risks, opportunities and forecast report.

The continuation of our modernisation programme also helped reduce specific CO_2 emissions produced by our portfolio in 2021/2022. LEG had set a target for the 2022 reporting year of reducing CO_2 emissions by 4,000 tonnes through own modernisation projects without taking external drivers into account. This target was achieved in full, at 4,028 tonnes.

In 2023 LEG aims to reduce CO_2 emissions by a total of 4,000 tonnes through own modernisation projects and changes to customer behaviour. It also has a long-term CO_2 emissions reduction target. These environmental targets are included in the remuneration system for the Management Board as well as second management level and are explained in detail in the remuneration report > see page 89, remuneration report.

The targets are ambitious, especially as the company will significantly cut back its investment volume per square metre on account of the challenging market environment. Nevertheless, LEG firmly believes that it remains on track when it comes to climate protection. Its focus on particularly climate-efficient projects is what makes this possible. Overall, these helped considerably lower CO_2 reduction costs per tonne of CO_2 equivalent.

Measures to alter user behaviour are extremely effective, low-cost and customer-oriented here. In 2021/2022, for example, LEG ran a project supported by the Hasso Plattner Institute, Potsdam, and the University of St. Gallen that aimed to encourage tenants to make changes to their heating and air conditioning so that they are more energy efficient. The result? Customer energy consumption was reduced by up to 9 % in the pilot project through the use of "green nudging", e. g. putting up posters with the words "Don't burn your money" and regularly writing to tenants to inform them of their own heating usage and how this compares to others. LEG will continue to roll out and expand this nudging approach. Under our ESG strategy, we still intend to reduce carbon emissions by up to 5 % by influencing customer behaviour.

The future will also see an increased focus on serial modernisation of portfolio properties, for example with the joint venture Renowate established at the end of 2021/start of 2022. Here, LEG and the Austrian construction company Rhomberg have combined forces to make modernisation quicker, more affordable, socially more acceptable and more resident-friendly > see page 127, Key area: tenants. Serial refurbishment plays a key role in protecting the climate, in addition to many other benefits. In 2022, for example, CO_2 emissions were reduced by about 94 % in a pilot project in Mönchengladbach-Lürrip, Zeppelinstrasse, thanks to energy efficiency upgrades in eight buildings with 47 apartments. CO_2 emissions were cut by up to 98 % in 2022 as part of the EnergieSprong project in Mönchengladbach-Hardt, where several companies carried out serial refurbishment in a neighbourhood with 111 apartments. Germany also recognises the importance of serial refurbishment: starting in 2023 subsidy programs will include a serial subsidy bonus of 15 % of the investment volume, massively increasing the appeal of this type of renovation.

In the case of energetic modernisations in neighbourhoods in Osnabrück, Dortmund, Essen, Dusseldorf, Langenfeld, Hamm, Oberhausen and Bielefeld – a total of around 549 residential units – we achieved on average calculated energy savings of around 34 to 66 % through comprehensive insulation, replacement of windows and roof renewals. We are also aiming to receive DGNB gold certification for our new LEG headquarters in Dusseldorf, which we moved into in spring 2022. This is issued by the German Sustainable Building Council.

However, it is the energy transition that offers the biggest lever for climate protection in the building sector. LEG's portfolio features numerous projects that support this, for expample with Green district heating. This reduces the need to invest in new heating systems and is efficient. In the 2022 reporting year, for example, the company had public utility companies connect 298 homes in Herne-Horsthausen to the green heating grid. Tenants now heat their homes using mine gas from the old "Friedrich der Große" mine, reducing annual CO_2 consumption by about 600 tonnes. The "Tenant power" pilot project managed by LEG and Monheimer Elektrizitäts- und Gasversorgung GmbH (MEGA) was launched in July 2022 in the Berliner Viertel area of Monheim. 12 photovoltaic systems with a total capacity of 207 kWp were installed. Residents in the 96 LEG homes can now be supplied with the tenant power generated by the systems. The cooperation partners' aim is to assess the experiences of the pilot project, expand the concept and in the future offer the affordable, environmentally friendly tenant power to all 2,700 residents in the neighbourhood.

LEG set up an "Energy" project group in connection with the invasion of Ukraine and the resulting energy crisis. The group meets regularly to discuss short-term energy saving measures. It keeps employees updated on the latest energy issues and government assistance for LEG customers. It also arranged for the water taps at LEG offices to be switched to cold water and helped further reduce electricity/light usage. For LEG tenants, we have created an energy page on our website with a video explaining how tenants can help save energy and what we, as the landlord, are doing to minimise increases in utilities costs as a result of higher energy prices. Tenants can also receive support, for example if they have questions about applying for housing benefit or agreeing instalment payments if they are worried about their energy costs www.leg-wohnen.de/energie. The project group is also building a network of relevant points of contact at regional energy supply companies and municipalities.

Together with the Fraunhofer institutes UMSICHT and FIT, we are initiating a research cluster through the Cluster Future iQ project. The project centres around implementing and testing innovative energy supply concepts in practice in two archetypal neighbourhoods in Gelsenkirchen and Cologne, whose building and ownership structure allows for rapid, broad implementation and offers considerable potential for expanding the concept to the housing industry as a whole. The first four-year project phase will lay the foundations for developing and testing innovative solutions to reduce CO_2 in existing neighbourhoods of apartment buildings quickly, broadly and fairly.

In addition, LEG is a founding member of "Initiative Wohnen.2050", a cooperative association set up by housing companies to support a carbon-neutral future. LEG also supports studies, advises and comments on various publications by a range of institutes on climate protection and maintains dialogue with politicians at federal and state level to actively contribute its expertise to the discussion and develop viable solutions.

We also paved the way for carbon-neutrality in new builds in the 2022 reporting year: All current projects must meet the Efficiency House 55 or 40 standard in accordance with the German Federal Funding for Efficient Buildings (Bundesförderung für effiziente Gebäude) (BEG), which requires primary energy requirements to be 45 % or 60 % lower than those of a reference building under the German Building Energy Saving Ordinance (Gebäudeenergiegesetz) (GEG). Our new builds are thus fitted with an environmentally friendly source of heating, good insulation, energy saving windows and the option to install green roofing. For some of our new construction projects, we are planning certification through the Quality Certificate for Sustainable Buildings (QNG) and the Sustainable Residential Construction Rating System (NahWoh). By doing this, we are bringing environmental, economic, social and cultural aspects into line in a transparent manner and ensuring long-term quality for our new-build projects.

In 2022 LEG thus helped to gradually increase the availability of affordable housing right where it is needed, without losing sight of economic viability for tenants. Given the massive rise in construction costs and interests combined with poorer subsidy conditions, however, new construction at affordable rents is no longer feasible. After weighing up climate aspects and the social and economic environment, in November 2022 the company therefore reluctantly made the decision to suspend its project development business after completing projects that are already underway.

SBTi submission

In the summer of 2021, we informed the Science Based Target Initiative (SBTi) that we would submit Science Based Targets (SBTs) under the 2005 Climate Agreement for validation by the Initiative within 24 months. We did this in the 2022 reporting year. SBTs are a way of setting clear and reliable emission reduction targets on the basis of scientific findings. We expect the Initiative to validate the targets in summer 2023. By establishing science-based targets to reduce greenhouse gas emissions, the SBTi helps companies develop a clear roadmap to improving sustainability or, in our case, to further underscore this roadmap. This shows which measures need to be implemented and at what speed to limit global warming to below the target of 1.5°C.

Further KPIs for key area environment > page 142 ff. , see GRI key figures.

Key area: society

Neighbourhood development

In addition to the condition of one's own four walls, people's living environment is vital to their quality of life. As a responsible landlord, LEG is thus committed to systematic neighbourhood development to maintain and constantly improve an environment worth living in for our tenants. As well as creating stable neighbourhoods, one of LEG's objectives is to help solve social challenges in the long term. In addition to the supply of homes and provision of services with regard to changing living conditions, this also includes providing affordable housing wherever it is needed. Satisfied residents and full structural occupancy in almost all of our properties are proof of stable and attractive neighbourhoods. At the same time, in the long term LEG relies on strategic management combined with targeted, moderate investments in modern living standards and in safety, order, cleanliness and environmental responsibility. With its approach to neighbourhood management, LEG also aims to strengthen its reputation as a reliable property company and partner to local communities.

We attach great value to individual neighbourhood management and development approaches that address the specific challenges faced by the particular residential areas, develop properties' specific potential and boost management efficiency. This requires a broad range of measures that strengthen social cohesion, improve quality of life and housing and create infrastructure for the future, including sensitive occupancy management and providing housing to people who would otherwise struggle to find affordable housing on the free housing market. For example, people who have experienced being refugees, have lost their home, vulnerable social groups and single parents often face considerable challenges in finding suitable permanent housing. To help provide these people with a home, LEG has a policy commitment to consult with various municipalities, associations and initiatives.

As a former state holding, LEG has always maintained close ties with municipalities and this continued after LEG was privatised in 2008. Dialogue with local governments is part of the company's DNA. For this reason, LEG launched a systematic programme at the beginning of 2020 to engage in dialogue or develop joint projects with relevant representatives at the municipal level. In 2022, LEG maintained dialogue with municipalities where it is has more than 250 residential units or manages new locations. LEG's COO, Dr Volker Wiegel, is responsible for this programme. Numerous corresponding meetings were held again in 2022.

Given how relevant the "residential" product is to society, ongoing consultation with local municipalities is extremely important. Maintaining close dialogue is particularly important to us when it comes to involving cities and communities in the early stage of projects, modernisation work and climate measures or providing targeted support for urban development work. Neighbourhood initiatives and meeting places, listening to complaints and working with municipal service companies are also part of discussions with local authorities, as well as with representatives at other levels. In addition to this programme, LEG's branches also arrange continuous dialogue with the administrative bodies of towns, cities and communities. This allows LEG to ensure ongoing consultation mechanisms with local governments and administrative bodies in a variety of ways. As well as regularly meeting with the most important municipalities, on 1 March 2022, immediately after Russia's invasion of Ukraine, LEG set up a coordination centre to house people who had fled from the war and immediately informed the major municipalities of this. In addition, following the energy crisis in autumn 2022 the company also exchanged contact details with the relevant points of contact at municipalities and with regional energy providers to ensure that information could be provided rapidly in the event of local gas shortages. LEG's Management Board wrote to all our tenants before the start of winter to discuss changes on the energy market. Information is provided on a separate energy website with regularly updated tips and information about energy and reducing energy consumption.

By establishing the foundation "Your Home Helps" at the end of 2019, which now has endowment assets of EUR 21 million, LEG also created a basis to make an even stronger commitment to social responsibility and to significantly step up its efforts to create stabler neighbourhoods worth living in and a good environment for people who live in LEG apartments or in the neighbourhood.

The foundation supports the expansion of existing social projects, while also helping launch new projects needed in the neighbourhoods together with charitable and municipal network partners. For example, these may be community, education or advisory centres that act as a point of contact for all residents. One example of this is the "Treffpunkt Bergmannshütte" centre that LEG opened in Essen-Bergmannsfeld in the reporting year. The new centre is now also home to the district office, with debt counselling services and district social work. One new addition was a mother and child group from the new KidsMobil project, which offers flexible childcare. Renovation of the centre's premises and its financing for the next five years are ensured by cooperation between the foundation, Caritas-SkF-Essen gGmbH, LEG, another housing company and the youth welfare office of the city of Essen. Again, with the support of the foundation, LEG opened the new "Sempers Seniorentreff" in Hagen-Eilpe in May 2022, a cooperation with Sempers e.V. Senioren mit Perspektive. Here, a communication and meeting place for senior citizens was created in the neighbourhood, providing advice and support for various problems and a wide range of leisure and educational activities.

To consolidate its approach of helping where it is really needed, the foundation is building up its own team of social managers in addition to the points of contact. Four social managers worked in the 2022 reporting year to systematically localise problem areas, identify emergency situations facing tenants and help guide them to local support networks. This sustainable, structural support offers prospects to neighbourhood residents in need. Top priorities include help for children living in challenging circumstances, educational support, day-to-day living assistance for seniors, support services for families, and support with illnesses such as addiction. Tenants can also contact the foundation's social managers at any time to receive advice and support in connection with the energy crisis and related financial challenges.

Our foundation's social responsibility is also demonstrated by the ad-hoc assistance it provides in times of crisis. With a EUR 850,000 Ukraine relief fund, the foundation has supported Ukrainian refugees since the end of February 2022 as an accompaniment to the provision of housing by LEG. About 250 homes have given basic furnishings for those seeking help.

Neighbourhood and intercultural exchange are also promoted by holding joint events, and so tenant parties are an integral part of LEG's neighbourhood management. Tenant parties are organised professionally using a neighbourhood database – LEG has a formal system for identifying local communities of interest in the neighbourhoods. Each year, LEG tenant parties normally bring together thousands of people with different national backgrounds, with trained LEG event managers arranging a wide range of event formats. As in the previous year, the focus in the reporting year was on summer holiday activities for families in line with Covid-19 regulations, such as the circus and environmental campaign days. Once again, all LEG branches benefited from the events.

In the financial year, the LEG NRW Tenant Foundation established in 2009 set up 39 (previous year: 40) charitable and 100 non-profit projects (previous year: 86), providing around EUR 182,200 (previous year: EUR 166,000) in funding for social cohesion in our neighbourhoods and the welfare of our tenants.

Not audited by Deloitte

GRI key figures

In order to manage the topics identified as highly material, we gauge our sustainability performance on the basis of specific key performance indicators. These – and also the key performance indicators from the non-financial report – are shown in the following tables. Unless indicated otherwise, the key performance indicators relate to the financial year in question and the entire LEG Group (i.e. all consolidated companies as per the consolidated annual financial statements). The figures shown here are typically rounded to one decimal place, which can cause minor deviations in totals.

T68

Key area: business

Key performance indicator(s)	Unit	2020	2021	2022	GRI standards
Scale of the organisation					
Total number of employees [1]	Number	1,599	1,770	2,040	102–07
Total number of operations	Number	7	7	8	
Net sales [2]	€ million	429.8	522.1	413.5	
Total capitalisation broken down in terms of debt and equity [3]	%	37.6	42.8	43.9	
Quantity of products or services provided [4]	Number of residential units	144,530	166,189	167,040	
Direct economic value generated and distributed					
Direct economic value generated: revenues [5]	€ million	627.3	683.9	799.1	201–01
Economic value distributed [6]	€ million	284.0	252.5	510.8	
CRE sector supplement: payments to government [7]	€ million	5.8	4.0	10.5	
Economic value retained [8]	€ million	343.3	431.4	288.3	
Confirmed incidents of corruption and actions taken					
Total number and nature of confirmed incidents of corruption [9]	Number	0	1	0	205–03
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption [10]	Number	0	1	0	
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to viola-tions related to corruption [11]	Number	0	0	0	
Public legal cases regarding corruption brought against the organisation or its employees during the reporting period and the outcomes of such cases	Number	–	–	–	

1 Average number of employees.
2 Equates to the revenue from renting and leasing.
3 The figures equate to the loan to value ratio, i.e. net debt in relation to the real estate assets.
4 Equates to the number of residential units within the LEG portfolio.
5 Equates to the net rent (excl. utilities and services costs) from renting and leasing.
6 Equates to the expenses from renting and leasing.
7 Equates to net income tax payments in accordance with the statement of cash flows.
8 Equates to the difference between net rent (excl. utilities and service costs) and expenses.
9 Relates to all confirmed cases of corruption, bribery and the granting or receiving of advantages.
10 The number of confirmed cases of corruption, bribery and the granting or receiving of advantages on the basis of which employees were terminated or warned.
11 The number of confirmed cases of corruption, bribery and the granting or receiving of advantages on the basis of which contracts with business partners were terminated or not renewed is disclosed.

T68

Key area: business

Key performance indicator(s)	Unit	2020	2021	2022	GRI standards
Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices					
Total number of legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation in which the organisation has been identified as a participant[1]	Number	0	0	0	206–01
Important events of concluded legal actions, including all decisions and judgements[2]	Number	–	–	–	
Non-compliance with laws and regulations in the social and economic area					
Total monetary value of significant fines[3]	€	0	0	0	307–01; 419–01
Total number of non-monetary sanctions[4]	Number	0	0	0	
Cases brought through dispute resolution mechanisms[5]	Number	0	0	0	
Non-compliance with environmental laws and regulations					
Total monetary value of significant fines[3]	€	0	0	0	307–01
Total number of non-monetary sanctions[4]	Number	0	0	0	
Cases brought through dispute resolution mechanisms[5]	Number	0	0	0	

1 Number of pending and concluded legal actions and cases is disclosed.
2 There were no legal proceedings on the basis of violations of competition law.
3 Fines of EUR 100,000 or more are considered significant.
4 Repressive, i.e. punitive, measures for past misconduct not consisting of a monetary sanction are reported.
5 Dispute resolution mechanisms are reported, i.e. judicial proceedings and out-of-court dispute resolution based on mediation or conciliation.

T69

Key area: tenants

Key performance indicator(s)	Unit	2020	2021	2022	GRI standards
Assessment of the health and safety impacts of product and service categories					
Percentage of significant product and service categories for which health and safety impacts are assessed for improvement[1]	%	9.8	99.8	99.1	416–01
Substantiated complaints concerning breaches of customer privacy and losses of customer data					
Complaints received from outside parties[2] and substantiated by the organization	Number	0	10	0	418–01
Complaints from regulatory bodies	Number	2	3	1	
Total number of identified leaks, thefts, or losses of customer data[3]	Number	15	1	2	

1 Percentage of LEG portfolio buildings for which safety checks were performed in the year under review is reported.
2 "Outside parties" refers to any external party.
3 Reported is the number of reportable breaches of personal data in line with Article 33 EU General Data Protection Regulation.

T70

Key area: employees

Key performance indicator(s)	Unit	2020	2021	2022	GRI standards
Information on employees and other workers					
Total number of employees by employment contract (permanent and temporary) and gender [1]					102–08
Total number of employees	Number	1,599	1,770	2,040	
Of which women	Number	568	625	711	
Of which men	Number	1,031	1,145	1,329	
Of which temporary	Number	124	139	172	
Of which women	Number	48	68	79	
Of which men	Number	76	71	93	
Total number of employees by employment type (full-time and part-time) and gender [2]					
Full-time	Number	950	1,018	1,750	
Of which women	Number	374	403	497	
Of which men	Number	576	615	1,253	
Part-time	Number	183	252	290	
Of which women	Number	144	172	215	
Of which men	Number	39	80	75	
Collective agreements					
Percentage of employees covered by LEG collective agreements [3]	%	64.9	64.2	63.4	102–41

[1] The figures do not include employees in the passive stage of partial retirement, employees on parental leave at the reporting date, employees with no further claim to insurance benefits and trainees. The temporary employment figures do not include trainees.
[2] The figures do not include employees in the passive stage of partial retirement, employees on parental leave at the reporting date, employees with no further claim to insurance benefits and trainees.
[3] LEG employees covered by the LEG collective agreements. Managerial employees and employees not covered by collective agreements are not included in LEG collective agreements. Employees with no further claim to insurance benefits, trainees and students are not included in the calculation.

T70

Key area: employees

Key performance indicator(s)	Unit	2020	2021	2022	GRI standards
New employee hires and employee turnover					
Total number and rate of new employee hires during the reporting period by age group gender and region					401–01
Total [1]	Number	176	175	311	
Rate [1]	%	15.5	14.0	15.3	
Of which women [2]	%	–	42.9	31.6	
Of which men [2]	%	–	57.1	68.4	
Under 30 years old [2]	%	–	35.7	34.7	
30–50 years old [2]	%	–	50.0	47.1	
Over 50 years old [2]	%	–	14.3	18.2	
Total number and rate of employee turnover during the reporting period by age group gender and region					
Total [3]	Number	85	79	263	
Rate [3]	%	7.5	6.2	13.5	
Of which women [2]	%	–	40.3	32.9	
Of which men [2]	%	–	59.7	67.1	
Under 30 years old [2]	%	–	16.1	19.6	
30–50 years old [2]	%	–	48.4	40.8	
Over 50 years old [2]	%	–	32.3	39.6	
Work-related illnesses					
Absence rate [4]	%	4.9	4.5	6.8	403–10

[1] Not including trainees, casual workers or students.
[2] Not including trainees, casual workers, students or employees of LWS Plus GmbH.
[3] Not including the departure of trainees, casual workers or students.
[4] An absence rate for LEG is determined. This excludes TechnikServicePlus GmbH and LWS Plus GmbH as they are not settled using the SAP system. Casual workers, trainees and students are not included in the calculation. Days absent is divided by total possible days.

T70

Key area: employees

Key performance indicator(s)	Unit	2020	2021	2022	GRI standards
Work-related injuries					
Number of employees					403–09
Deaths resulting from work-related injuries					
Number	Number	0	0	0	
Rate	%	0	0	0	
Work-related injuries with severe consequences (excluding deaths)					
Number	Number	0	0	0	
Rate	%	0	0	0	
Documented work-related injuries					
Number [1]	Number	28	27	28	
Rate [2]	%	4.02	3.55	2.99	
Most important types of work-related injuries [3]					
Hours worked [4]	Number	1,391,850	1,522,337	1,870,927	
Staff who are not employees but whose work and/or working place is controlled by the organisation		–	–	–	
Average hours of training per year per employee [5]					
Number of employees who participated in a seminar or other training measure during the reporting period	Number	750	888	1,449	404–01
Cumulative number of seminar days in the reporting period	Number	2,750	2,133	2,715	
Percentage of employees receiving regular performance and career development reviews					
Percentage of total employees who received a regular performance and career development review in the reporting period	%	82.8	83.1	86.8	404–03
Women [6]	%	–	35.0	44.5	
Men [6]	%	–	65.0	55.5	

[1] According to first aid log entries (not including TSP, Biomasse Heizkraftwerk Siegerland or Renowate).
[2] Based on 200,000 hours (excluding TSP, Biomasse Heizkraftwerk Siegerland and Renowate).
[3] 2022: 8x cuts, 6x accidents due to tripping/falls, 3x impact injuries, 3x cases of psychological stress, 2x uncontrolled moving parts (excluding TSP, biomass CHP plant Siegerland and Renowate)
[4] As at 6 January 2023 (not including TSP, Biomasse Heizkraftwerk Siegerland or Renowate).
[5] The employees of TechnikServicePlus GmbH and Biomasse Heizkraftwerk Siegerland GmbH & Co. KG are not included. A breakdown by gender and type of employee is not possible at this time.
[6] The employees of TechnikServicePlus GmbH, EnergieServicePlus, Biomasse Heizkraftwerk Siegerland GmbH & Co. KG and LWS Plus GmbH as well as apprentices, casual workers, students, employees with no further claim to insurance benefits, trainees, employees on parental leave and in the passive stage of partial retirement are not included. Owing to the organisational situation, reviews were postponed in the 2017 reporting year, which is why only 452 employee reviews took place. A breakdown by type of employee is not possible at this time.

T70

Key area: employees

Key performance indicator(s)	Unit	2020	2021	2022	GRI standards
Diversity of governance bodies and employees					
Percentage breakdown of people in governance bodies by:					405–01
Gender[1]					
Women	%	16.7	14.3	33.3	
Men	%	83.3	85.7	66.7	
Age[1]					
Under 30 years old	%	0.0	0.0	0.0	
30–50 years old	%	16.7	14.3	16.7	
Over 50 years old	%	83.3	85.7	83.3	
Percentage of employees per employee category by:					
LEG (total)[2]					
Gender					
Women	%	45.7	45.0	34.9	
Men	%	54.3	55.0	65.2	
Age					
Under 30 years old	%	12.3	14.0	18.4	
30–50 years old	%	49.5	48.0	48.6	
Over 50 years old	%	38.3	38.0	33.0	
LEG Wohnen[2]					
Gender					
Women	%	43.8	44.0	43.4	
Men	%	56.2	56.0	56.7	
Age					
Under 30 years old	%	13.6	15.0	15.9	
30–50 years old	%	48.5	47.0	48.2	
Over 50 years old	%	37.9	38.0	35.8	

[1] The figures relate to the seven members of the Supervisory Board.
[2] The figures do not include employees in the passive stage of partial retirement, employees on parental leave at the reporting date (31 December), employees with no further claim to insurance benefits and trainees.

T70

Key area: employees

Key performance indicator(s)	Unit	2020	2021	2022	GRI standards
Diversity of governance bodies and employees					
Percentage of employees per employee category by:					405–01
LEG management [1]					
Gender					
Women	%	60.2	58.0	57.6	
Men	%	39.8	42.0	42.4	
Age					
Under 30 years old	%	8.2	8.0	32.1	
30–50 years old	%	51.5	51.0	38.6	
Over 50 years old	%	40.4	41.0	29.4	
Special companies [1]					
Gender					
Women	%	28.6	30.0	16.7	
Men	%	71.4	70.0	83.3	
Age					
Under 30 years old	%	7.3	12.0	17.0	
30–50 years old	%	53.7	53.0	52.3	
Over 50 years old	%	39.0	35.0	30.8	

[1] The figures do not include employees in the passive stage of partial retirement, employees on parental leave at the reporting date (31 December), employees with no further claim to insurance benefits and trainees.

T71

Key area: environment

Key performance indicator(s)	Unit	2020	2021	2022	2020 lfl	2021 lfl	GRI standards
Energy consumption within the organisation (administrative offices)							
Fuel consumption from non-renewable sources[1]							302–01
Diesel	MWh	670	614	1,935			
Heating oil	MWh	7,414	1,044	1,044			
Regular petrol	MWh	5.6	0	0			
Premium petrol	MWh	506	711	887			
Fuel consumption from renewable sources[2]	MWh	433,688	478,275	448,489			
Electricity consumption[3]	MWh	1,279	382	1,153			
Heating energy consumption[3]	MWh	1,852	2,265	4,341			
Heating sold[4]	MWh	2,495	1,982	2,198			
Electricity sold[5]	MWh	100,908	100,650	86,853			
Energy consumption outside the organisation (housing portfolio)							
Total electricity consumption (communal areas)	MWh	23,453	25,282	–	23,444	22,860	302–02
Bergkamen	MWh	2,813	2,793	–	2,813	2,793	
Dortmund	MWh	3,341	2,766	–	3,341	2,765	
Duisburg	MWh	2,186	1,931	–	2,040	1,910	
Dusseldorf	MWh	5,024	6,955	–	6,597	6,899	
Gelsenkirchen	MWh	1,827	1,811	–	1,826	1,806	
Cologne	MWh	4,290	2,648	–	2,716	2,465	
North	MWh	–	2,089	–	497	588	
Westphalia	MWh	3,973	4,289	–	3,614	3,634	

[1] The figures relate to LEG's vehicle fleet and company cars with the exception of TechnikServicePlus GmbH and the heating oil consumption of Biomasse Heizkraftwerk Siegerland. Energy consumption was calculated on the basis of the respective fuel consumption levels. Not included: Business trips taken by LEG employees in their own vehicles. Vehicle charging outside the internal charging infrastructure. Regular petrol is no longer used.
[2] As the proportion of total diesel/premium-grade fuel attributable to biodiesel/bioethanol cannot be determined, this is not reported separately here. Therefore, only the waste wood consumption of Biomasse Heizkraftwerk Siegerland is disclosed here.
[3] All administrative buildings are reported from the 2020 calendar year onwards. Information was provided from 13 locations, both internally and externally rented properties for 2022. Only consumption at headquarters in Dusseldorf was reported in previous years.
[4] This figure relates exclusively to the district heating supplied by Biomasse Heizkraftwerk Siegerland.
[5] This figure relates exclusively to the electricity fed into the public grid by Biomasse Heizkraftwerk Siegerland. In 2019, the co-generation plant was not in operation for almost three months due to a major overhaul of the turbines. As a result, electricity fed into the public grid in 2019 was considerably lower.

T71

Key area: environment

Key performance indicator(s)	Unit	2020	2021	2022	GRI standards
Energy consumption outside the organisation (housing portfolio)					
Total heating energy consumption (rental units)[1]		1,318,866	1,554,682	1,562,244	302–02
Of which natural gas	MWh	843,620	1,038,037	1,041,654	
Bergkamen	MWh	123,268	140,103	139,468	
Dortmund	MWh	100,077	102,593	103,559	
Duisburg	MWh	94,230	98,705	99,987	
Dusseldorf	MWh	99,849	203,214	204,468	
External management	MWh	1,627	2,658	2,793	
Gelsenkirchen	MWh	64,954	73,611	73,592	
Cologne	MWh	175,474	115,817	116,302	
North	MWh	–	46,477	47,867	
Westphalia	MWh	184,141	254,860	253,617	
Of which heating oil	MWh	49,468	55,235	55,638	
Bergkamen	MWh	10,077	10,275	10,333	
Dortmund	MWh	1,164	1,387	1,366	
Duisburg	MWh	1,887	2,069	2,147	
Dusseldorf	MWh	14,437	17,531	17,607	
External management	MWh	0	102	110	
Gelsenkirchen	MWh	339	243	243	
Cologne	MWh	7,215	2,906	2,932	
North	MWh	0	9,554	9,628	
Westphalia	MWh	14,349	11,169	11,273	
Of which district heating	MWh	379,015	409,816	413,210	
Bergkamen	MWh	51,167	48,652	48,969	
Dortmund	MWh	72,340	72,945	73,336	
Duisburg	MWh	32,658	27,338	27,920	
Dusseldorf	MWh	68,166	72,800	73,364	
External management	MWh	635	660	713	
Gelsenkirchen	MWh	59,613	60,664	60,667	
Cologne	MWh	25,255	27,761	27,952	
North	MWh	–	37,742	38,291	
Westphalia	MWh	69,182	61,252	61,997	
Of which other energy sources	MWh	46,763	51,594	51,742	

[1] The extrapolated figure for the 2022 reporting year is based on the reported consumption data for 2021. All the portfolio properties of the consolidated portfolio companies as at 31 December 2022 were included.

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Key area: environment

Key performance indicator(s)	Unit	2020	2021	2022	2020 lfl	2021 lfl	GRI standards
Energy consumption outside the organisation (housing portfolio)							
Building energy intensity[1]	kWh/m² a	147	147	156			302–03
Type and number of sustainability certification							
Percentage of residential buildings by energy efficiency certificates[2]							302–05
Energy efficiency level A+	%	0.1	0.4	0.3			
Energy efficiency level A	%	0.2	0.3	0.3			
Energy efficiency level B	%	2.7	2.6	2.5			
Energy efficiency level C	%	10.4	10.6	10.2			
Energy efficiency level D	%	25.1	25.8	25.1			
Energy efficiency level E	%	20.5	20.3	19.9			
Energy efficiency level F	%	16.9	17.7	17.5			
Energy efficiency level G	%	11.6	11.3	13.8			
Energy efficiency level H	%	12.5	11.2	10.5			
Water withdrawal by source (housing portfolio)							
Total volume of water withdrawn[3]	m³	5,192,183.2	5,511,320.5	–	5,161,016.2	5,011,745.0	303-03
Building water intensity	m³/m²	1.2	1.1	–	1.2	1.1	

1 Includes the heating energy consumption from the projection for all portfolio properties of the consolidated portfolio companies as at 31 December 2022 based on the lettable space.

2 Included are buildings with sustainability certificates and residential building energy clustering in line with the classification specifications of the legislator. Regarding sustainability certificates, reference is made to the energy efficiency certificates required pursuant to Germany's Energy Conservation Ordinance (EnEV) and the classification information applicable in this respect. All energy efficiency certificates for LEG's let property portfolio are included. Properties for which no energy efficiency certificate is required pursuant to EnEV (e. g. properties under heritage protection) and which are therefore not available, are not included. As in the previous year, non-residential buildings and properties sold are not included. The changes compared with the previous year relate to acquisitions and energy efficiency upgrades to portfolio properties.

3 Only water withdrawal (fresh water consumption) by municipal water supply companies and other public or private waterworks is presented here, as other sources are not relevant. The water consumption volumes are based on consolidated rental properties (commercial, residential) as at 31 December 2021 and 31 December 2020 for which the item cold or hot water was recorded or allocated to the tenants separately from waste water on the basis of their consumption, as part of integrated billing. This related to 75,623 residential and commercial properties in 2021 and thus around 45 % of the portfolio (2020: 67,788 residential and commercial properties or 46 % of the portfolio). Volumes consumed in billing periods during the year are not taken into account. The figures additionally do not include the volumes of water consumed by economic units consisting of mixed-use tenant privatisation rental properties. The like-for-like analysis encompasses 67,174 rental properties. The volumes consumed in 2022 can be calculated only in the course of 2023 subsequent to the editorial deadline for this sustainability report.

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Key area: environment

Key performance indicator(s)	Unit	2020	2021	2022	GRI standards
Total direct greenhouse gas (GHG) emissions (Scope 1)					
Administrative offices					305–01
Gross direct (Scope 1) GHG emissions in metric tons of CO2 equivalent [1]	t CO_2e	2,424	820	1,698	
Biogenic CO2 emissions in metric tons of CO2 equivalent [2]	t CO_2e	12,295	12,913	12,109	
Housing portfolio					
Biogenic CO2 emissions in metric tons of CO2 equivalent [3]	t CO_2e	–	–	–	
Gross direct (Scope 1) GHG emissions in metric tons of CO2 equivalent [4]	t CO_2e	189,621	236,859	237,724	
Energy indirect (Scope 2) GHG emissions					
Administrative offices					305–02
Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent	t CO_2e	487	509	704	
Housing portfolio					
Gross location-based energy indirect (Scope 2) GHG emissions for communal areas (electricity only) in metric tons of CO2 equivalent [5]	t CO_2e	1,733	1,877	–	
Gross location-based energy indirect (Scope 2) GHG emissions for rental units (heating energy only) in metric tons of CO2 equivalent [6]	t CO_2e	91,901	115,414	116,393	
Gross location-based energy indirect GHG emissions for rental units (heating energy only) in metric tons of CO2 equiv-alent [7]	t CO_2e	–	62,505	62,881	
Energy indirect (Scope 3) GHG emissions					
Gross energy indirect (Scope 3) GHG emissions for rental units in metric tons of CO_2 equivalent	t CO_2e	–	–	228,546	305–03

[1] Figures relate exclusively to the aforementioned energy consumption volumes. Only CO2 emissions were considered in the calculation of GHG emissions. In general, publicly accessible sources were used for the conversion factors; as a rule, the publications of or information from the Germany Federal Environment Agency were used (in particular: BMU: in particular –"CO2-Emission Factors for Fossil Fuels" (15 April 2016); BMU: "Determining Specific Greenhouse Emission Factors for District Heat"; BMU: "Development of the Specific Carbon Dioxide Emissions of the German Electricity Mix between 1990 and 2017"). The CO2 emission figures for fleet vehicles and company cars were supplied directly by the billing company. Business trips taken for LEG by LEG employees in their own vehicles are not included. The increase compared to previous years is essentially on account of the substantially higher heating oil consumption at Biomasse Heizkraftwerk Siegerland. The prior-year figures were corrected for an arithmetical error.

[2] Includes the CO2 emissions equivalent for electricity generation and district heating less the indirect CO2 emissions caused by the combustion of heating oil for at Biomasse Heizkraftwerk Siegerland.

[3] Due to the selective use of renewable energies, there are no significant CO2 equivalents for biogenic CO2 emissions.

[4] Figures relate exclusively to the aforementioned energy consumption volumes. In general, publicly accessible sources were used for the conversion factors; as a rule, the publications of the German Federal Office of Economics and Export Control were used, especially the information leaflet on CO2 factors (11/2021).

[5] Figures relate exclusively to the aforementioned energy consumption volumes. In general, publicly accessible sources were used for the conversion factors; as a rule, the publications of or information from the Germany Federal Environment Agency were used (in particular: BMU: in par-ticular – "CO2-Emission Factors for Fossil Fuels" (excerpt, 15 April 2016); BMU: "Determining Specific Greenhouse Emission Factors for District Heat"; BMU: "Development of the Specific Carbon Dioxide Emissions of the German Electricity Mix between 1990 and 2017"). The conversion factors between electricity emissions and electricity consumption were calculated on the basis of samples of electricity bills from utility companies and the emissions for specific rates/utility companies indicated here in the individual financial years. The reduction in CO2 emissions for electricity is essentially due to the lower CO2 emissions caused by electricity generation by the main utility company.

[6] Figures relate exclusively to the aforementioned energy consumption volumes. In general, publicly accessible sources were used for the conversion factors; as a rule, the publications of the German Federal Office of Economics and Export Control were used, especially the information leaflet on CO2 factors (11/2021).

[7] Figures relate exclusively to the aforementioned energy consumption volumes. In general, publicly accessible sources were used for the conversion factors; as a rule, the publications of the German Federal Office of Economics and Export Control were used, especially the information leaflet on CO2 factors (11/2021). Utility-specific, certified figures were used for the district heating emission factors where available. District heating is currently valued according to the electricity credit method.

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Key area: environment

Key performance indicator(s)	Unit	2020	2021	2022	GRI standards
Waste by type and disposal method					
Administrative offices					306-03
Total weight of hazardous waste[1]	t	–	–	–	
Total weight of non-hazardous waste[2]	t	1,349.2	1,628.8	1,982.2	
Housing portfolio					
Total weight of hazardous waste[3]	t	–	–	–	
Total weight of non-hazardous waste	t	29,540.7	29,809.3	30,900.6	
Residual waste	t	17,959.4	18,106.2	18,398.3	
Recyclable materials (lightweight packaging, Green Dot materials)	t	1,885.9	1,911.6	1,964.7	
Paper, card, cardboard packaging	t	8,585.9	8,656.9	9,214.5	
Biodegradable waste	t	1,109.5	1,134.6	1,323.1	
Total weight of hazardous and non-hazardous waste[4]	t	–	–	–	

[1] No hazardous waste is generated in the administrative offices.
[2] All administrative buildings are reported from the 2020 calendar year onwards. Information was provided from 13 locations, both internally and externally rented properties for 2022. Only consumption at headquarters in Dusseldorf was reported in previous years.
[3] Hazardous waste is generated in the course of renovating and modernising buildings and apartments. However, the exact volume is not recorded, as LEG has such little economic, legal, organisational or any other influence over the waste-generating activities of its contractor that LEG does not qualify as the waste generator within the meaning of waste legislation.
[4] N. a. as there are no data for hazardous waste.

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Key area: society

Key performance indicator(s)	Unit	2020	2021	2022	GRI standards
Operations with local community engagement, impact assessments, and development programs					
Branches that implemented neighbourhood measures in the reporting period	%	100	100	100	413–01
Neighbourhood measures implemented	Number	approx. 52	approx. 50	approx. 91	
Percentage of cooperation measures[1]	%	n. a.	n. a.	41	
Percentage of cooperations with local communities	%	n. a.	n. a.	11	

[1] All measures include the city as a partner.

Recommendations from the Task Force on Climate-related Financial Disclosures (TCFD)

The TCFD was founded by the Financial Stability Board to develop a common framework for reporting on environmental risks and opportunities, thereby promoting international financial stability. Its focus is disclosing financial risks to which the company sees itself exposed as a result of climate change. We regard the TCFD recommendation as a meaningful addition to our previous reporting, especially with its forward-looking elements.

As a supplement to reporting in line with GRI, we are establishing a reference to the TCFD recommendations.

This year's reporting also includes some information within the core areas of governance, strategy and risk management recommended by TCFD as well as key figures and targets. The table below refers to the relevant contents in the annual report 2022 – also in the separate non-financial report and on our website.

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TCFD requirements	Annual report 2022	Non-financial report 2022	Website
Governance: The company's organisational structure with regard to climate-related risks and opportunities	Chapter "Risks, opportunities and forecast report" (section "Governance, risk & compliance"), p. 66 ff. Chapter "Remuneration report", p. 83 ff.	Chapter "Key area: business", section "Sustainable growth and resilience", organisation of sustainability management at LEG, p. 124 ff. et seq.	LEG website "Sustainability" https://www.leg-wohnen.de/en/corporation/sustainability LEG website "Corporate governance" https://www.leg-wohnen.de/en/corporation/corporate-governance/risk-management-system LEG declaration of fundamental values https://www.leg-wohnen.de/en/corporation/corporate-governance/compliance-at-leg/declaration-of-fundamental-values-of-leg Compliance at LEG https://www.leg-wohnen.de/en/corporation/corporate-governance/compliance-at-leg Rules of Procedure for the Supervisory Board Rules of Procedure for the Management Board www.leg-wohnen.de/en/corporation/leg-group/members-of-the-management-and-supervisory-board Rules of Procedure for the Risk and Audit Committee www.leg-wohnen.de/en/corporation/leg-group/members-of-the-management-and-supervisory-board
Strategy: The present and potential impact of climate-related risks and opportunities on business, strategy and financial planning	Chapter "Risks, opportunities and forecast report", p. 66 ff.	Chapter "Notes on contents of report and framework", section "Material aspects, p. 122 ff.	LEG website "Sustainability" www.leg-wohnen.de/en/corporation/sustainability LEG website "ESG-Agenda" https://ir.leg-se.com/fileadmin/user_upload/Investor_Relations/Audiocasts/2021/ESG_Agenda2024.pdf

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TCFD requirements	Annual report 2022	Non-financial report 2022	Website
Risk management: The processes for identifying, assessing and managing climate-related risks	Chapter "Risks, opportunities and forecast report", section "Risk categorisation", p. 71 ff.[1]: "Barring a few exceptions, the risk situation is the same as in the previous year. There is no relevant individual risk within the accounting and sustainability risk main risk categories." Chapter "Non-financial report", section "Risk assessment", p. 124: "The LEG Group management does not believe that there are any non-financial risks that meet materiality criteria under section 289c (3) no. 3 and 4 HGB after taking account of risk mitigation measures." Chapter "Risks, opportunities and forecast report", p. 78 ff. et seq. "To mitigate future climate-related physical and transitional risks, in 2021 LEG began integrating risks in the risk management system in line with the TCFD recommendations. The Group's TCFD risk assessment covers all risks posed by climate change (physical risks) and risks resulting from the shift to a green economy (transitional risks). Risk potential is reported in monetary terms and shown in the R2C risk management tool. These are also reported to the LEG Management Board and Supervisory Board as part of quarterly risk reporting. Integration of these risk measures is being continuously expanded." Chapter "Risks, opportunities and forecast report", p. 79 et seq. "Sustainability risks are a main risk category, which does not contain any relevant individual risks or risks subject to reporting requirements according to the LEG risk assessment matrix."	Chapter "Notes on contents of report and framework", section "Risk assessment", p. 124	LEG website "Sustainability" http://www.leg-wohnen.de/fileadmin/dateien/02_Unternehmen/Nachhaltigkeit/Nachhaltigkeitsberichte/LEG_nonfinancial_Informationen_2022.pdf LEG website "Corporate Governance" www.leg-wohnen.de/en/corporation/corporategovernance/risk-management-system
Key figures and targets: The key figures and targets used to assess and manage relevant climate-related risks and opportunities		Chapter "Non-financial report", section "Risk assessment", p. 124: "The LEG Group management does not believe that there are any non-financial risks that meet materiality criteria under section 289c (3) no. 3 and 4 HGB after taking account of risk mitigation measures." Chapter "Key area: Environment", p. 131 f.	LEG website "Sustainability" www.leg-wohnen.de/en/corporation/sustainability http://www.leg-wohnen.de/fileadmin/dateien/02_Unternehmen/Nachhaltigkeit/Nachhaltigkeitsberichte/LEG_nonfinancial_Informationen_2022.pdf

[1] Presentation of general opportunities and risks from modernisation and regulations relating to environmental policy – a risk and opportunity report on the basis of various climate scenarios is currently being planned.