



» EPRA SUSTAINABILITY BEST PRACTICE RECOMMENDATIONS

30 June 2018

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INTRODUCTION

We report on our energy, GHG emissions, water and waste impacts as well as on social and governance indicators in accordance with the 3rd edition of the EPRA Sustainability Best Practice Recommendations (EPRA sBPR). Our reporting response has been split into 2 sections:

1. Overarching recommendations
2. Sustainability Best Practice Performance Measures

OVERARCHING RECOMMENDATIONS

1.1 Organisational boundaries

We use an operational control approach for our data boundary. Unless indicated otherwise, the key figures relate to the financial year in question and the entire Group (i.e. all the fully consolidated companies and equity-accounted companies based on the shareholdings as per the consolidated annual financial statements). The recognition of the energy production of G+D Gesellschaft für Energiemanagement GmbH, Magdeburg, a joint venture in which Deutsche Wohnen holds a 49% stake, constitutes an exception. The energy that G+D supplies to the Deutsche Wohnen portfolio, which is provided with heating centrally, is recorded in the energy footprint consumption figures and is taken into account in all the key figures derived. The energy which is sold and fed into the grid (combined heat and power [CHP] plants and the energy produced by Stadtwerke Thale GmbH, which was acquired by G+D in the year under review) is not included in Deutsche Wohnen's energy and environmental footprint.

1.2 Coverage

Please see our EPRA performance tables for individual coverage of each performance measure.

1.3 Estimation of landlord-obtained utility consumption

None of our data is estimated.

1.4 Third Party Assurance

We do not have third party assurance.

1.5 Boundaries – reporting on landlord and tenant consumption

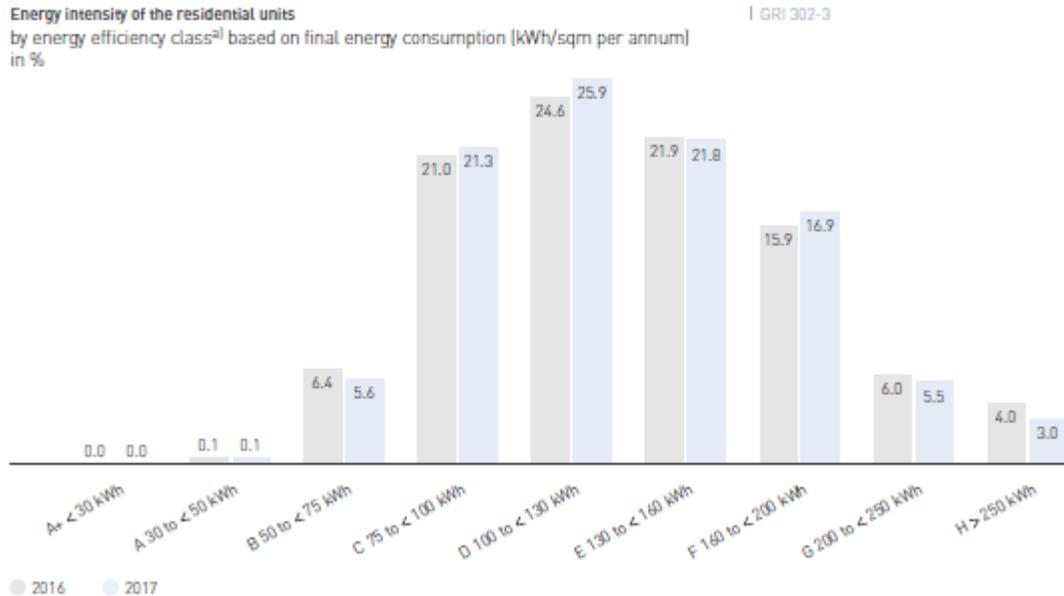
We only report on landlord-obtained utilities consumption (although the bills we receive include consumption in tenant areas). Nearly 100% of the total consumption within the common and tenant areas for natural gas (fuel), district heating and cooling and water is recharged to the tenant because the vast majority is consumed by the tenants in common and tenant areas. We recharge the tenants based on the floor area and the individual tenant consumption within the residential units. Tenant-obtained data (i.e. from bills which the tenant receives directly) is excluded.

1.6 Analysis - Normalisation

Intensity indicators are calculated using floor area (m²) for whole buildings. We are aware of the mismatch between nominator and denominator, as our consumption for electricity relates to common areas only, whereas we receive district heating and cooling, natural gas (fuel) and water bills for the entire building and cannot separate common area from tenant area consumption. For our own offices we report intensity performance measures using floor area (m²) as a denominator, too.

1.7 Analysis – Segmental analysis (by property type, geography)

Our property portfolio is composed of 98.5% (160,668) residential assets and 1.5% (2,466) commercial assets, located in Germany. Therefore a segmental analysis by geography is not applicable for Deutsche Wohnen`s portfolio. The largest share of the commercial assets is represented by so-called “commercial units with residential attributes”, which do not differ greatly from regular residential units in terms of floor space or consumption data. In addition to segmental analysis by property type, we report on energy intensity by energy certificate grade by level attained (see the graph below):



The Energy Performance Certificate: Specifications for Residential Buildings (Der Energieausweis: Steckbrief für Wohngebäude), <https://www.verbraucherzentrale.de/Der-Energieausweis-Steckbrief-fuer-Wohngebäude-4>, accessed on: 20 April 2018. Average figures take account of energy requirements for heating and generation of hot water. No energy performance certificate is required for approximately 30,000 units which are listed.

1.8 Disclosure on own offices

Our own occupied offices are reported separately to our portfolio. Coverage is reported in relation to the total floor area of our offices. The absolute portfolio includes 88 office locations, whereas the LfL portfolio includes 47 office locations. Please see 2.2 EPRA own office table p. 9.

1.9 Narrative on performance

Please refer to p. 8 for our portfolio, pp. 10 for our own occupied offices and p. 13 for social and governance indicators for more detail on consumption and/or performance trends.

1.10 Location of EPRA Best Practice Performance Measures in companies' reports

EPRA Best Practice Performance Measures for our portfolio, own offices, social and governance indicators can be found in section 2.1 EPRA portfolio table (p. 6 et seq.), section 2.2 EPRA own office table (p. 9 et seq.) and 2.3 EPRA social and governance table (p. 12 et seq.) of this report.

SUSTAINABILITY BEST PRACTICE PERFORMANCE MEASURES (EPRA TABLES)

2.1 EPRA environmental performance measures (portfolio)

Indicator	EPRA	Unit of measure	Absolute		Like-for-like (LfL)		
			2016	2017	2016	2017	% change
Electricity consumption for landlord controlled areas	Elec-Abs, Elec-LfL	kWh	33,313,000	32,948,000	32,341,389	31,874,241	-1.4
Proportion of electricity consumption from renewable sources		%	90	90	87	87	0
Coverage of total units		%	91	89	85	84	-1 pp
Energy consumption from landlord obtained district heating and cooling	DH&C-Abs, DH&C-LfL	kWh	589,419,000	618,952,000	355,285,906	358,522,622	0.9
Proportion of district heating & cooling from renewable sources		%	No district heating & cooling from renewable sources				
Coverage of total units		%	86	85	62	62	0
Energy consumption from landlord obtained fuels	Fuels-Abs, Fuels-LfL	kWh	566,986,000	581,525,000	365,812,904	368,006,152	0.6
Proportion of fuels from renewable sources		%	Share of energy from renewable sources (pellets) around 1.4 %.				
Coverage of total units		%	86	85	62	62	0
Building energy intensity	Energy-Int	kWh/m ²	139	144	123	123	0
Direct Scope 1 GHG emissions (total)	GHG-Dir-Abs	t CO ₂	137,426	140,990	88,237	88,903	0.75
Coverage of total units		%	86	85	62	62	0
Total Scope 2 indirect GHG emissions (location based)	GHG-Indir-Abs	t CO ₂	191,435	199,954	124,991	125,391	0.3
Total Scope 2 indirect GHG emissions (market based)		t CO ₂	175,634	184,327	107,025	107,948	0.9
Coverage of total units		%	86 = DH&C-Abs 91 = Elec-Abs	85 = DH&C-Abs 89 = Elec-Abs	62 = DH&C-LfL 85 = Elec-LfL	62 = DH&C-LfL 84 = Elec-LfL	0 = DH&C-LfL 1 pp= Elec-LfL
Building GHG emissions intensity	GHG-Int	t CO ₂ /m ²	0.036	0.038	0.023	0.024	0.8
Total water consumption	Water-Abs, Water-LfL	m ³	8,453,625	7,929,615	8,235,899	7,589,974	-7.8
Coverage of total units		%	67	65	63	62	-1 pp
Building water consumption intensity	Water-Int	m ³ /m ²	1.33	1.24	1.35	1.25	-7.8

Weight of waste by disposal route (total)	Waste-Abs, Waste-LfL	tonnes	not applicable				
		% recycled	not applicable				
		% sent to landfill	not applicable				
		%	not applicable				
Coverage							
Type and number of assets certified	Cert-Tot	% of portfolio certified OR number of certified assets	See therefore 1.7	100	See therefore 1.7	100	0

Notes:

- > Coverage for each indicator and year has been defined as the proportion of the total portfolio consisting of:
 - 2016: 160,160 residential and commercial units;
 - 2017: 163,134 residential and commercial units
- > Heating energy is provided by either district heating or fuel (natural gas, domestic fuel oil or pellets). In total, heating energy consumption coverage in absolute terms amounts to 85 % of our total portfolio and in LfL terms to 62% of our total portfolio in 2017. The share of units which use DHC and fuels breaks down as follows (2016/2017): DH&C-Abs (46/45%), DH&C-LfL (33/33%), Fuels-Abs (40/40%) and Fuels-LfL (29/29%).
- > The heating energy consumption figures (DH&C-Abs, DH&C-LfL, Fuels-Abs, Fuels-LfL) were adjusted to reflect weather conditions using the climate factors of Germany's National Meteorological Service (DWD).
- > The LfL share of renewable sources has been calculated as a proportion of the absolute and LfL consumption data.
- > Waste indicators (Waste-Abs, Waste-LfL) are not applicable as Deutsche Wohnen is not responsible for waste across its portfolio.
- > GHG emissions represent direct (Scope 1) and indirect (Scope 2) energy climate emissions based on the portfolio's energy consumption. The Scope 1 value and the location-based Scope 2 value were calculated using the emission factors of the Institute for Living and the Environment (Institut Wohnen und Umwelt – IWU) and the emission factor for the German electricity mix of the German Environment Agency (UBA) (527 g CO₂e/kWh). The market-based Scope 2 value is also presented in order to illustrate the positive effects on the climate from sourcing certified green electricity. The share of emissions based on green electricity factor (0 g CO₂e/kWh) is displayed in the table under Elec-Abs, Elec-LfL.
- > GHG-Int: As electricity consumption accounts for only approximately 1% of heating energy consumption, and around 90% of the total electricity consumed is sourced as green electricity (0 g CO₂e/kWh), the CO₂ intensity figure only includes the climate emissions related to heating energy consumption.
- > Water data (Water-Abs, Water-LfL) relates to our Berlin portfolio and is taken from our main water meters. These record both the individual tenants' consumption levels, which account for the majority of total consumption, and general water consumption in the communal areas as well as for sprinkler systems. There are no sub-meters for the individual spaces in part of our portfolio. It is therefore not currently possible to provide separate data for water consumption in the communal areas, which account for only a very small proportion – around 1% – of the total area.

- › Cert-Tot: The weighted average of the final energy consumption on the basis of the current energy performance certificate of properties. Discrepancies in the final energy requirements of approximately 20 kWh may arise due to the non-specification of the type of heating in question. The allocation according to current category of energy efficiency of properties is therefore based solely on the classification in accordance with the German Energy Saving Ordinance [EnEV]. Taking account of approximately 30,000 listed units for which no energy performance certificate is required, the data comprises approximately 100% of our total portfolio. See therefore 1.7 for the percentage of energy performance by level attained.

Narrative on performance:

- › Elec-LfL: The slight reduction in 2016 is due to renovation of buildings and technical energy efficiency measures implemented across our portfolio.
- › Energy-Int: Consistent figure due to an increasing district heating and electricity consumption value.
- › Fuels-LfL: The minimal increase in fuel consumption in 2017 is mainly due to an increase in direct usage of natural gas by tenants other than heating.
- › GHG-Dir-LfL: The minimal increase in emissions is mainly due to an increase in direct usage of natural gas by tenants other than heating.
- › GHG-Indir-LfL: The minimal increase in emissions in 2016 is mainly attributable to higher consumption of district heating.
- › GHG-Int: Consistent figure due to an increasing district heating and electricity consumption value.
- › Water-Abs and Water-LfL: The decrease cannot be solely attributed to our own water saving measures since the value includes tenant area consumption as well and is therefore depending on tenant patterns within the assets as well as on individual consumption behaviour.
- › Cert-Tot: In terms of energy consumption, approximately 74.5% of our units already perform better than the average residential property in Germany (160 kWh/sqm per annum). Some 27% of our units use less than 100 kWh/sqm per annum (A+ to C). The average consumption of our holdings stands at 133.4 kWh/sqm per annum, having fallen again slightly as compared to the previous year (2016: 135.1 kWh/sqm per annum). See therefore 1.7 for the percentage of energy performance by level attained.

2.2 EPRA environmental performance measures (own office)

Indicator	EPRA	Unit of measure	Absolute		Like-for-like (Lfl)		
			2015	2016	2015	2016	% change
Electricity consumption	Elec-Abs, Elec-Lfl	kWh	1,117,632	1,027,510	820,591	902,446	10
Proportion of electricity consumption from renewable sources		%	95	95	87	93	6 pp
Coverage of floor area		%	100	100	85	78	-7 pp
Energy consumption from district heating and cooling	DH&C-Abs, DH&C-Lfl	kWh	2,761,588	2,362,098	1,604,841	1,807,314	12.6
Proportion of district heating & cooling from renewable sources		%	not applicable				
Coverage of floor area		%	99	95	84	78	-6 pp
Energy consumption from fuel	Fuels-Abs, Fuels-Lfl	kWh	905,166	936,326	770,142	730,661	-5.1
Proportion of fuels from renewable sources		%	Share of energy from renewable sources (pellets) around 0.5 %.				
Coverage of floor area		%	99	95	84	78	-6 pp
Building energy intensity	Energy-Int	kWh/m ²	184	152	145	156	7.7
Direct Scope 1 GHG emissions (total)	GHG-Dir-Abs	t CO ₂	219	227	185	175	-5.4
Coverage of floor area		%	99	95	84	78	-6 pp
Total Scope 2 indirect GHG emissions (location based)	GHG-Indir-Abs	t CO ₂	1,504	1,331	980	1,090	11.2
Total Scope 2 indirect GHG emissions (market based)		t CO ₂	844	724	530	566	6.9
Coverage of floor area		%	99 = DH&C-Abs 100 = Elec-Abs	95 = DH&C-Abs 100 = Elec-Abs	84 = DH&C-Lfl 85 = Elec-Lfl	78 = DH&C-Lfl 78 = Elec-Lfl	-6 pp= DH&C-Lfl -7 pp = Elec-Lfl
Building GHG emissions intensity	GHG-Int	t CO ₂ /m ²	0.041	0.033	0.032	0.034	3.8
Total water consumption	Water-Abs, Water-Lfl	m ³	not applicable				
Coverage		%	not applicable				
Building water consumption intensity	Water-Int	m ³ /m ²	not applicable				
Weight of waste by disposal route (total)	Waste-Abs, Waste-Lfl	tonnes	not applicable				
		% recycled	not applicable				
		% sent to landfill	not applicable				
Coverage		%	not applicable				

Type and number of assets certified	Cert-Tot	% of portfolio certified OR number of certified assets	not applicable
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Notes:

- › The reporting period is different to the portfolio table due to the late availability of consumption data from various providers. Therefore the reporting reflects the previous periods 2015 and 2016 for which actual data is available.
- › Coverage for each indicator and year has been defined in relation to the total floor area of our own occupied offices:
 - 2015: 26,022 m²;
 - 2016: 28,408 m²
- › Heating energy is provided by either district heating or fuel (natural gas, domestic fuel oil or pellets). In total, heating energy consumption coverage in absolute terms amounts to 95 % of our total portfolio and in LfL terms to 78% of our total portfolio in 2016. The share of DHC and fuels used in our own offices breaks down as follows (2016/2017): DH&C-Abs (74/73%), DH&C-LfL (63/58%), Fuels-Abs (25/23%) and Fuels-LfL (21/20%).
- › The heating energy consumption figures (DH&C-Abs, DH&C-LfL, Fuels-Abs, Fuels-LfL) were adjusted to reflect weather conditions using the climate factors of Germany's National Meteorological Service (DWD). The vehicle fleet fuel consumption is not included (please see Sustainability Report 2017 p. 73)
- › GHG-Dir-Abs, GHG-Indir-Abs: The values represent the direct (Scope 1) and indirect (Scope 2) energy climate emissions based on the energy consumption values for the administrative locations adjusted to reflect weather conditions. The Scope 1 value and the location-based Scope 2 value were calculated using the emission factors of the Institute for Living and the Environment (Institut Wohnen und Umwelt – IWU) and the emission factor for the German electricity mix of the German Environment Agency (UBA) (527 g CO₂e/kWh). The market-based Scope 2 value is also presented in order to illustrate the positive effects on the climate from sourcing certified green electricity. The share of emissions based on green electricity factor (0 g CO₂e/kWh) is displayed in the table under Elec-Abs, Elec-LfL.
- › Water-Abs and Water-LFL: We do not have reliable information on water consumption from our own offices due to shared water meters with other non-office units.
- › Waste-Abs and Waste-LFL: We do not have reliable information on waste in our own offices besides for the waste category paper (please see Sustainability Report 2017 p. 74).
- › Cert-Tot: We do not have information for our own offices.

Narrative on performance:

- › Elec-Abs: The slight decrease in 2016 is due to a change in the portfolio of our own offices by e.g. centralisation, closing or opening of office locations resulting in a higher total floor area.
- › Elec-LfL: The slight increase in 2016 is due to a higher number of employees in our own offices.

- > DH&C-LfL: The increase in 2016 is mainly due to a higher occupancy rate of our offices due to the higher number of employees as well as to differing meter reading dates and the individual consumption behaviour.
- > Fuels-Abs: The slight increase in 2016 is due to a change in the portfolio of our own offices by e.g. centralisation, closing or opening of office locations resulting in a higher total floor area.
- > Fuels-LfL: The slight decrease in 2016 is due to renovation of buildings and the implementation of technical energy efficiency measures such as a connection to district heating.
- > Energy-Int: The main factor contributing to the increase is the higher number of employees. In fact, taken the energy consumption per capita a decrease of 6% was achieved due to energy efficiency measures (please see Sustainability Report 2017 p. 55).
- > GHG-Dir-LfL: The decrease in 2016 is due to renovation of buildings and the implementation of technical energy efficiency measures.
- > GHG-Indir-LfL: The increase in 2016 is due to higher consumption of district heating and cooling and electricity (see Elec-LfL and DH&C-LfL).

2.3 EPRA social and governance performance measures (portfolio and corporate)

Indicator	EPRA code	Unit of measure	Scope	2016	2017
Employee diversity	Diversity-Emp	% male/female (Board)	Corporate operations	100.0% male 0% female	100.0% male 0% female
		% male/female (Senior management)		55.8% male 44.2% female	56.6% male 43.4% female
		% male/female (Other employees)		43.3% male 56.6% female	45.8% male 54.2% female
	Diversity-Pay	male/female (Board)	Corporate operations	Sustainability Report 2017, p. 43	
		male/female (Senior management)			
		male/female (Other employees)			
Employee training and development	Emp-Training	Average hours per employee	Corporate operations	19.6	18.1
	Emp-Dev	% of total workforce with performance appraisals	Corporate operations	92.5	94.1
	Emp-Turnover	Total number of new hires	Corporate operations	174	232
		Rate		17.5	20.9
		Total number of leavers		88	107
		Rate		8.8	9.6

Health and safety	H&S-Emp	Injury frequency rate	Corporate operations	0.02	0.02
		Lost day rate (number)		105	131
		Absenteeism rate		5.9	5.6
		Fatalities (Total number)		0	0
	H&S-Asset	% of assets undergoing health & safety assessments	Portfolio	100	100
H&S-Comp	Total number of incidents of non-compliance from health & safety assessments	Portfolio	0	0	
Communities	Comty-Eng	% of assets with community engagement initiatives	Portfolio	Sustainability Report 2016, p. 40 et seq.	Sustainability Report 2017, p. 60 et seq.
Governance	Gov-Board	Total number of Executive members	Corporate operations	3 members	3 members
		Total number of Independent members (Supervisory Board)		6 members	6 members
		Average tenure		10 years	10 years
		Total number with competencies relating to environmental and social topics		Election process; full range of competencies to fulfil the role of supervision.	
	Gov-Select	Process for nominating and electing the highest governance body	Corporate operations	Sustainability Report 2017, p. 79	
Gov-Col	Process for managing conflicts of interest	Corporate operations	Sustainability Report 2017, p. 79		

Notes:

- > Diversity-Emp: % male/female (Other employees) includes trainees; % male/female (Senior management) includes Management Board.
- > H&S-Emp: Injury frequency rate: Workplace accidents in relation to total working hours of all employees.
- > H&S-Emp: Instead of the lost day rate per X hours worked, the lost day rate is reported as an absolute number based on the following definition: Period (days) in which work was not possible due to employees not being able to perform their usual duties as a result of a workplace accident.
- > H&S-Emp: Absenteeism rate: Lost days based on calculation of actual absenteeism (as a percentage) of the total number of work days designated for the employees over the same period.
- > Comty-Eng: Deutsche Wohnen specifically focuses on measures that allow the company to use its core areas of expertise effectively by numerous local activities in various locations. Currently we do not collect data on the percentage of assets covered by community engagement initiatives. For the following reporting period we want to be able to report this indicator.

Narrative on performance:

- › Diversity-Emp: We commit to diversity and oppose any form of discrimination in all aspects of employment. Further information on the reasons for the gender composition of the Supervisory Board and the respective target is given in the annual report 2017 (Corporate Governance Report p. 9)
- › Diversity-Pay: Our remuneration structure comprises four salary levels. These are based on a comparison of all the occupations at the individual Deutsche Wohnen companies and on wage agreements within the industry. We assign the employees to these four levels in accordance with their job description and qualifications. With this remuneration system based on transparent rules, we ensure that employees in comparable positions receive the same amount of remuneration.
- › Emp-Turnover: Our workforce increased again on a net calculation basis by 125 employees.
- › Emp-Training: The slight decrease of average hours per employee is due to the higher number of employees, however investments into training and the absolute number of training hours delivered increased. More information on our management approach and additional indicators are provided in our Sustainability Report (p. 42; 72).
- › H&S-Emp: The rates confirm the effect of our occupational health and safety management approach. The increase of lost days is due to the higher number of employees. More information is provided in our Sustainability Report (p. 44; 72).
- › H&S-Asset; H&S-Comp: In 2017 we kept our performance standard by carrying out a complete health & safety assessment of our portfolio with no reported incidents.
- › Gov-Board; Gov-Select; Gov-Col: No changes in the composition, selection process of the Supervisory Board or the rules to disclose conflicts of interest.

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