

More in numbers
Sustainability Report | 2013

About the Report

Deutsche Wohnen AG hereby presents its second Sustainability Report. It relates to the 2013 financial year and is aimed at employees, investors, analysts, politicians, tenants and business partners, as well as all other stakeholders who are interested in our company and in our social and environmental performance. The purpose of this report is to create transparency and to show not only our numerous activities and services but also those areas in which we can still do more – at least in terms of providing verifiable evidence.

Alignment with GRI Guidelines

In taking inventory for and compiling the content of this Report, we followed the guidelines published by the Global Reporting Initiative (GRI). This initiative, established in the 1990s, has developed a global framework to promote comparability and credibility when companies and organisations report on their performance. The third generation of the GRI guidelines (G3) were applicable at the time when the Report was prepared. These require the disclosure of a company's strategies, organisation and values, and on key performance indicators in the areas of the economy, the environment and society. Additionally, in preparing this Report we have taken account of industry-specific requirements as formulated by the European Public Real Estate Association (EPRA).

Structure of our Sustainability Report

This Report meets the requirements for Application Level B. This has been assessed and confirmed by the GRI. Our aim is to comply as far as possible with the GRI specifications in the medium term and thus, to meet the growing demand for transparency required by both analysts and investors. Together with the Sustainability Report which is available online in PDF format, we have published a brochure that aims to provide a wide audience with a clear overview of our activities and includes the key economic, environmental and social performance figures.

Editorial notes

The data contained in this Report relates to the financial year 2013; material developments occurring in the first six months of 2014 are described in the text. The cut-off date for this Report was 30 September 2014.

Content

Strategy and Analysis	2
Organisational Profile	3
Report Parameters	8
Governance, Commitments and Engagement	9
Economic Performance Indicators	18
Ecological Performance Indicators	21
Social Performance Indicators	28
Labor practices and decent work	28
Human rights	34
Society	35
Product responsibility	37
GRI Index	38
GRI Statement	42
Contact and Imprint	43

Strategy and Analysis

1.1 Statement from the organisation's most senior decision-maker

Deutsche Wohnen's second sustainability report reinforces its commitment to achieving transparency and long-term dedication, outlining our responses to the challenges currently faced by the real estate industry: The ongoing influx of individuals into the cities means that living space is becoming increasingly scarce, and at the same time housing requirements are being changed by an ageing population in Germany. Climate protection and the associated regulatory requirements are making the implementation of energy-efficient building solutions necessary.

We are meeting these challenges head-on through our commitment to quality – in our dealings with tenants, employees, shareholders and society as a whole. We are a long-established company with a deep understanding of what "quality" entails: From the outset, this has encompassed the provision of good housing as well as transparent corporate management, fair conduct and environmental awareness. In the past year, Deutsche Wohnen has emerged as one of Europe's leading publicly listed real estate companies. This has meant that the amount of attention paid to what we do has grown dramatically. Regular reporting on our performance from an environmental and social standpoint is a prerequisite for meeting the diverse demands placed on us, while also serving as a means of monitoring our progress and identifying further potential for improvement. Thus, in the year under review we succeeded in expanding the database containing details of our holdings, for example.

Our top priority from the standpoint of our corporate responsibility is our goal of creating good quality accommodation at affordable rents, whereby having on-site personnel to support our tenants plays a major role. Moreover, as the owner of numerous residential estates built at various times in the past, we attach great importance to refurbishing these properties to ensure they meet energy efficiency standards: In 2013, we established a joint venture company with a specialist in this field so that we could systematically increase the energy saving potential of our portfolio and at the same time press ahead with our use of environmentally friendly sources of energy. Social and environmental responsibility is also of top priority for our KATHARINENHOF® GmbH subsidiary, with its 21 nursing homes.

In order to maintain the level of quality we aspire to over the long term, we continually strive to strike a balance between our environmental, economic and social commitments. The generation of growth through property acquisitions creates an additional challenge in this regard: It is our duty to integrate the portfolios we have acquired into our operating activities, whilst continuing to run our business in a responsible and successful continuing manner. Part of our remit is to make new employees aware of our values whilst increasing our attractiveness as an employer. To this end, we will strive to create even more opportunities for individual advancement and to foster employees' work-life balance. As a listed company, we also have obligations towards our shareholders and are required to ensure the economic success of the company. We can only achieve this by maintaining the intrinsic value of our holdings and ensuring that our corporate management is transparent.

We will only remain successful by running our business in line with these diverse requirements. This second Report is an important step in this direction.

Michael Zahn

Chief Executive Officer of Deutsche Wohnen AG

1.2 Key sustainability risks, opportunities and impacts

In 2012, Deutsche Wohnen identified five key areas for action with regard to the formulation of its sustainability strategy and activities, which it then supplemented with a further area for action relating directly to KATHARINENHOF® GmbH in 2013:

- Responsible management
- Responsibility for real estate portfolio and services
- Responsible nursing and assisted living
- Responsibility towards employees
- Environment and climate protection
- Responsibility for society

In the autumn of 2012, we carried out a stakeholder survey to identify the opportunities and risks we face in these areas. With a total of 900 internal and external respondents – covering employees, tenants, buyers, investors, business partners, and representatives from politics and the media – we were able to identify the following key challenges:

- The concept of sustainable development has become an expectation in our society that places demands on all parties – in particular, economic players.
- Investors are increasingly taking an interest in the principles upheld by the companies in which they invest, wanting to know whether these companies are addressing social and environmental challenges and are well placed to respond to new regulatory requirements.
- Demographic developments mean that there is considerable need for action. Germany's population is getting older and age-appropriate accommodation and responsible nursing care services are becoming key requirements.
- At the same time, more and more people are moving into towns and cities, where affordable housing is becoming increasingly scarce.
- Demographic change is also accompanied by a growing shortage of qualified young people.
- In order to find and retain good employees, companies need to prove themselves to be attractive employers.
- Economic players are increasingly required to contribute to climate protection and to support the political objectives behind the transformation of the energy sector.

We strive to incorporate these challenges into our business strategy and to create value for our stakeholders. This approach takes many forms: the provision of good quality accommodation, transparent corporate management, responsibility towards employees and measures to protect the environment. In the year under review, our activities focussed on the development of these areas. The measures implemented by us with a view to addressing these sustainability-related opportunities and risks are described in detail in our sustainability programme (see p. 17).

Organisational Profile

2.1 Name of the organisation

Deutsche Wohnen AG

2.2 Important brands, products and services

The focal point of the business operations of Deutsche Wohnen is the management and development of its residential holdings. At the end of the year under review, its holdings comprised more than 152,000 residential and commercial units (including approximately 70,000 units acquired in 2013) and 21 nursing facilities with approximately 2,200 nursing places and apartments, making it one of the leading listed residential real estate companies in Europe. Of the properties in its portfolio, 98% are located in booming core regions such as Greater Berlin, the Rhine-Main region and the Rhineland, and in the medium-sized German cities of Hanover, Brunswick and Magdeburg. Our existing portfolio in the core region of Greater Berlin, which alone constitutes 72% of our total holdings, has been further augmented by approximately 88,000 residential units since 2010.

The roots of Deutsche Wohnen AG go back as far as the 1920s: GEHAG (a non-profit-making building society and housing construction company) – which was founded in 1924 – grew to become one of the longest-standing housing associations in Germany. GEHAG subsequently merged with Deutsche Wohnen, which has been listed on the Deutsche Börse since 1999. Deutsche Wohnen then joined the MDAX share index in 2010 as one of the largest publicly listed residential real estate companies in Germany. Following its takeover of Berlin-based GSW Immobilien AG, Berlin in 2013, Deutsche Wohnen became one of the largest publicly listed real estate companies in Europe in terms of market capitalisation.

Organisational Profile

With its pioneering apartment houses and residential estate projects, GEHAG wrote an important chapter in the social and architectural history of the 20th century. Of the approximately 108,000 residential units in Greater Berlin currently owned by Deutsche Wohnen (as at December 2013), the majority are listed buildings. Deutsche Wohnen owns other properties which are steeped in tradition in Lutherstadt Wittenberg and Magdeburg. We have optimised our residential and commercial property portfolio over the past four years through value-enhancing acquisitions.

With around 2,200 residential nursing places for the elderly (as at December 2013), KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH, a subsidiary of Deutsche Wohnen AG, is one of the leading providers of high-quality residential and nursing care for the elderly in Berlin-Brandenburg, Saxony, Lower Saxony and Rhineland Palatinate. It was founded in 1990 and currently operates 21 facilities (as at December 2013) and two out-patient nursing care services in Brandenburg (Falkenhöh) and Berlin (Uferpalais).

2.3 Operational structure and main divisions

In line with its business strategy, the company’s activities are focused on residential and nursing properties in high-growth conurbations and metropolitan areas within Germany. There is a clear organisational division between management companies and asset companies, with Deutsche Wohnen AG performing a classic holding company function.

The management and administration of residential property, the management of tenancy agreements and the provision of support services to tenants is largely carried out by subsidiaries of Deutsche Wohnen AG. Deutsche Wohnen Management GmbH (DWM), Deutsche Wohnen Immobilien Management GmbH (DWI) and Deutsche Wohnen Construction and Facilities GmbH (DWCF) assumed these functions as at 1 January 2014, while the disposal of residential units and portfolios is managed by Deutsche Wohnen Corporate Real Estate GmbH. These companies underpin the housing division segment. The nursing care segment is handled completely by KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH.

In 2013, Deutsche Wohnen employed 477 employees (excluding apprentices and GSW and Facilita employees) in its Residential Property Management and Disposals segments and 1,400 employees in its Nursing segment (KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH).

In the year under review, we entered into a strategic cooperation with the utility company GETEC AG, Magdeburg: G+D Gesellschaft für Energiemanagement mbH, Magdeburg (G+D) intends to restructure the energy-related management of our portfolio and thus further improve the energy efficiency of our properties.

Deutsche Wohnen AG Management and Central Segments		
Housing		Nursing Care
Asset/Property Management	Disposals	KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH
Asset Companies		

Organisational Profile

The corporate Group is divided into three levels:

1. The top level consists of Deutsche Wohnen AG which, in its capacity as holding company for the segments real estate and nursing, assumes central financial and management responsibilities, e.g. in the areas of Portfolio Management, Corporate Finance, Finance, Human Resources, Investor Relations, Corporate Communication and Legal/Compliance.
2. The value-creation level comprises the operating companies of the business segments:

Residential property management: Deutsche Wohnen Management GmbH (DWM), Deutsche Wohnen Immobilien Management GmbH (DWI) and Deutsche Wohnen Construction and Facilities GmbH (DWCF)

Portfolio/transaction management: Deutsche Wohnen Corporate Real Estate GmbH (DWC)

Nursing: KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH

3. The real estate properties of the Group are consolidated within its so-called asset companies.

2.4 Location of organisation’s headquarters

Deutsche Wohnen’s registered office is in Frankfurt/Main and its head office is located in Berlin. Support of tenants and potential tenants is provided by our on-site Service Points.

2.5 Number/name of countries where the company operates

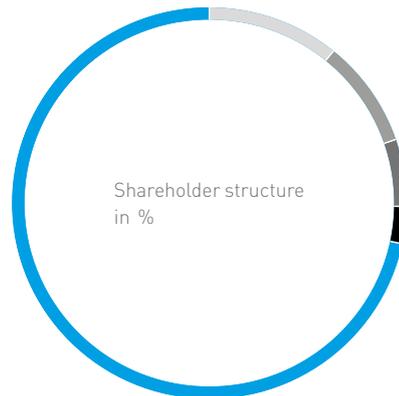
Deutsche Wohnen AG operates solely within Germany.

2.6 Nature of ownership and legal form

The Deutsche Wohnen Group is a publicly listed company under German law. It is listed on the MDAX share index of the Deutsche Börse and also on the major EPRA/NAREIT and GPR 100 indices. Four domestic and foreign institutional investors hold approximately 28 % of the shares in Deutsche Wohnen. Approximately 72 % of the shares are held both by domestic and foreign institutional investors and by private shareholders whose shareholdings do not exceed the statutory reporting threshold of 3% (as at 7 March 2014). According to the Deutsche Börse, 94.52 % of our shares are currently in free float.

Shareholders¹⁾

> 10%		
■	Sun Life Financial Inc. ^{2)/MFS}	11.05 %
> 5%		
■	BlackRock, Inc. ²⁾	8.83 %
■	Norges Bank (Central Bank of Norway) ³⁾	5.48 %
> 3%		
■	Stichting Pensioenfonds ABP ^{3)/} APG Algemene Pensioen Groep N.V.	3.13 %
4 institutional investors in total		28.49 %
■	Other	71.51 %
Free float according to Deutsche Börse		94.52 %



¹⁾ Based on the latest WpHG [German Securities Exchange Act] notification received from above-stated shareholders; as at 7/3/2014
²⁾ Attributed voting rights according to sec. 22, para. 1, sent. 1, no. 6 WpHG in conjunction with sec. 22, para. 1, sent. 2 WpHG
³⁾ Attributed voting rights according to sec. 22, para. 1, sent. 1, no. 1 WpHG

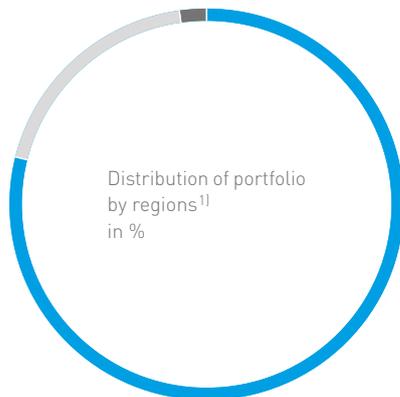
Organisational Profile

2.7 Markets served

Of the 150,219 residential units in our portfolio, 98 % are located in stable or dynamic regions within Germany in which the residential property market is expected to experience rising demand:

Distribution of portfolio by regions

■ Core*	79 %
thereof:	
Greater Berlin	72 %
Rhine-Main	6 %
Rhineland	1 %
■ Core	19 %
thereof:	
Hanover/Brunswick/Magdeburg	8 %
Rhine Valley South (Rheinthal-Süd)	3 %
Central Germany	4 %
Rhine Valley North (Rheinthal-Nord)	2 %
Other	2 %
■ Non-Core	2 %
thereof:	
Other	2 %



¹⁾ In residential units

KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH, a subsidiary of Deutsche Wohnen AG with almost 2,200 residential nursing places for the elderly, is one of the leading providers of high-quality residential and nursing care for the elderly in Berlin-Brandenburg, Saxony, Lower Saxony and Rhineland Palatinate. It was established in 1990 and currently operates 21 facilities and provides out-patient nursing care services in Brandenburg (Falkenhöh) and Berlin (Uferpalais).

	Number of properties	Number of places
Berlin	7	839
Brandenburg	5	595
Saxony	7	475
Lower Saxony	1	131
Rhineland-Palatinate	1	126
	21	2,166

2.8 Scale of the reporting organisation

	2013	2012
Employees		
Residential Property Management	477	382
Nursing and Assisted Living	1,400	1,035
Total employees (excluding apprentices and GSW and Facilita employees)	1,877	1,417
Residential and commercial units of which approx. 150,200 are residential units with an area of approx. 9 million sqm	152,365	82,738
Number of places in the Nursing and Assisted Living segment of which 1,775 are for full-time in-patient care	2,166	1,928¹⁾
Revenue in EUR million	602.5	449.8
Market capitalisation in EUR million	3,954.0	2,046.0
Total assets in EUR million	10,173.1	4,907.8
Equity in EUR million	3,944.3	1,609.7
Net financial liabilities in EUR million	5,208.4	2,678.0

¹⁾ KATHARINENHOF®, as at January 2013

2.9 Significant changes during the reporting period

The financial year 2013 was strongly characterised by the acquisition and integration of portfolios. Overall, we invested more than EUR 4.0 billion in new property portfolios in the past twelve months, thereby laying the foundation for further organic growth.

Organisational Profile

The takeover of GSW Immobilien AG, with approximately 60,000 residential units, was our largest acquisition in 2013. GSW Immobilien AG has a share of approximately 3% of the Berlin residential property market, with the majority (23.4%) of its portfolio being located in the district of Spandau and 1.2% outside of Berlin. As a result of our takeover of GSW, we are ideally placed to benefit from considerable synergy effects which, when the entity has been fully integrated within the company, represent a saving on costs due to economies of scale amounting to approximately EUR 25 million per year.

We have also acquired further holdings, largely located in our core regions: approximately 8,200 residential units in Greater Berlin, 1,900 residential units in Dresden and 1,000 residential units in other regions. Our investment in the high-growth Dresden property market has significantly bolstered our holdings in our Central Germany core region. These holdings, which are mainly five-storey prefabricated buildings, are located in the Prohlis Süd district. Our new acquisitions include not only GSW, but also more than 500 units – the majority of which have been completely refurbished – in the attractive Potsdam market in Greater Berlin. In addition, we acquired approximately 215 residential units in the Rhineland region and approximately 180 residential units in Hanover.

In July 2013, KATHARINENHOF® GmbH acquired the “Uferpalais Am Spandauer See” retirement home in Berlin from the “Die Bayerische” insurance company. This facility offers approximately 250 nursing and assisted living places. This means that the number of nursing care places offered by our Nursing and Assisted Living segment has increased by 12.3% to 2,166.

The management of our holdings is largely undertaken by the subsidiaries of Deutsche Wohnen AG. This was the responsibility of Deutsche Wohnen Management GmbH until 31 December 2013. As of 1 January 2014, this function was assumed by Deutsche Wohnen Management GmbH (DWM), Deutsche Wohnen Immobilien Management GmbH (DWI) and Deutsche Wohnen Construction and Facilities GmbH (DWCF).

In 2013, four new Service Points or rental offices were opened in Merseburg, Hanover, Brunswick and Berlin-Hellersdorf for the purpose of providing support services with regard to our holdings. In 2014 a further Service Point was opened in Hellersdorfer Promenade, Berlin.

In the year under review, we entered into a strategic cooperation with the utility company GETEC AG, Magdeburg: G+D Gesellschaft für Energiemanagement mbH, Magdeburg (G+D), with a view to jointly restructuring the energy-related management of our portfolio in energy terms and thus further improving the energy efficiency of our properties.

In our core Rhine-Main and Rhineland regions, we successfully completed ambitious refurbishment projects. In 2013 alone we invested EUR 86.2 million in repairs and modernisation. We also commenced or concluded extensive refurbishment work for the preservation of our historic holdings during the year under review.

The refurbishment of the Hufeisensiedlung, a UNESCO World Heritage site since 2008, which was carried out according to the specifications for the preservation of historic monuments over a period of just under three years, was completed in 2013. Likewise, 2013 also saw the completion of the refurbishment of approximately 400 residential units in a former 1930s works housing estate of the Henkel Group in Düsseldorf-Reisholz and the refurbishment and modernisation work on the listed Dunlop estate with its 412 residential and four commercial units. Furthermore, the first phase of the total refurbishment of 127 residential and eight commercial units of the Railway Workers' Estate in Elstal in the Wustermark district, to the west of Berlin, was concluded, with the remainder of the project expected to be completed by the end of 2015.

2.10 Awards received in the reporting period

In 2013, Michael Zahn, the Chief Executive Officer of Deutsche Wohnen AG, was named “Head of the Year” at the immobilienmanager Awards 2013 in recognition of his work and role model function in the industry.

In February 2014, Deutsche Wohnen AG received the immobilienmanager Award 2014 from the Immobilien Manager Verlag in the “Investment” category; this accolade was awarded to the MDAX-listed real estate company in recognition of its successful takeover of GSW Immobilien AG.

Organisational Profile Report Parameters

At the Annual Report Competition (ARC) the Annual Report of Deutsche Wohnen AG was given a Gold Award and also a Grand Award in the category "Interior Design Europe". In 2014 there were around 2,000 entries in the competition from 31 countries.

The Annual Report, with its motto "Leading Performance", was also successful at the 2013 Vision Award of the League of American Communication Professionals (LACP). The report was given the Gold Award in its sector in the region Europe/Middle East/Africa (EMEA). In addition, our Sustainability Report won a Silver Award in the category "Sustainability Reports" in the EMEA region. At this annual report competition, which is the largest of its kind in the world, more than 6,000 publications from 25 countries were entered.

Report Parameters

3.1 Reporting period

The reporting period is the financial year 2013 (1 January 2013 to 31 December 2013). Wherever possible, comparison data from 2012 is used.

3.2 Date of most recent report

The GRI report 2012 was published in October 2013.

3.3 Reporting cycle

The Report is published on an annual basis.

3.4 Contacts for questions regarding the Report

Manuela Damianakis
Deutsche Wohnen AG
Director Corporate Communication
Berlin Office
Mecklenburgische Straße 57
14197 Berlin, Germany
Tel.: +49 30 897 86 5401
E-mail: manuela.damianakis@ag.deuwo.com

3.5 Process for defining report content

The Deutsche Wohnen Group followed the GRI Guidelines (G3) and the indicators of the European Public Real Estate Association (EPRA) in defining the content of the Report. Moreover, the stakeholder survey regarding Deutsche Wohnen's sustainability challenges and performance, which was conducted prior to preparing the report, is used as the basis for defining the key report content. The key results of the stakeholder survey are shown under item 4.16. Our sustainability programme under item 4.17 summarises the measures we are taking to meet these challenges with regard to responsible management, property portfolio and services, our employees, society as well as environmental and climate protection.

3.6 Boundaries of the report

The Report relates to the five operating companies¹¹ and the holding company specified under item 2.3. The economic data includes all property holdings acquired in 2013. The environmental and employee-related data does not include the approximately 60,000 residential units in the portfolio of GSW acquired in December 2013, nor does it include the acquisition of a further 11,100 residential units. The data basis in the environment section of this Report comprises approximately 78,000 of our 82,500 rented residential units (residential units which were under our ownership throughout the entire year, excluding those acquired from GSW). Ecological data for 13 of the 40 permanent sites was collected from the owner-occupied administrative facilities owned by Deutsche Wohnen (excluding KATHARINENHOF® GmbH) and relates to an average of 85% of the used space. 27 sites that have a used space of under 200 square metres, a staff of fewer than five employees or that are staffed for less than half a year were not included. As in the previous year, the environmental data for one site was collated for KATHARINENHOF® GmbH.

3.7 Restrictions/limitations of the Report

None, apart from those specified under item 3.6.

¹¹Deutsche Wohnen Management GmbH (DWM), Deutsche Wohnen Immobilien Management GmbH (DWI), Deutsche Wohnen GmbH Construction and Facilities GmbH (DWCF), Deutsche Wohnen Corporate Real Estate GmbH as well as KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH

Report Parameters

Governance, Commitments and Engagement

3.8 Basis for reporting on joint ventures, subsidiaries etc

See items 3.6 and 3.9.

3.9 Data collection methods and data collection principles

With respect to the collection of data, the Deutsche Wohnen Group includes all relevant organisational units in which it had a shareholding of at least 51% in 2013. Data was collected with regard to the environment, employees and the society by way of a written survey conducted in the key departments of the Group. The Head of Human Resources, the Head of the Central Technical Department, the Head of Administration, the Unit for Rent Development and Management, the Managing Director of KATHARINENHOF® GmbH, the Head of Accounting and the Project Manager for Sustainability Management are responsible for the internal release of data.

3.10 Changes to earlier reports in terms of re-statements

None.

3.11 Changes from previous reporting periods in the subjects, scope or measurement methods

In contrast to the previous year the present report includes all properties acquired by Deutsche Wohnen in the year 2012. The data basis increased thereby from around 48,000 to around 78,000 residential units. Economic data covers furthermore all properties acquired in 2013 (around 70,000 residential units). In 2013 we also expanded the data basis of our pilot project, which measures and analyses the heating energy and water consumption from five to eight residential properties. That means an increase from around 37,500 to 52,500 square metres. The numbers of the administrative offices of Deutsche Wohnen (excluding KATHARINENHOF® GmbH) increased through acquisitions in comparison with 2012 from 13 to 40 sites, the included data basis increased from 8 to 13 sites.

3.12 GRI Index table

See page 38.

3.13 External audit of the statements made

None.

Governance, Commitments and Engagement

4.1 Governance structure and responsibility for sustainability

Deutsche Wohnen AG, which has its registered office in Frankfurt/Main, is subject to the provisions of German stock corporation and capital market legislation and the provisions of its Articles of Association. The company has a two-tier management and monitoring structure in place comprising the Management Board and the Supervisory Board, which answer to the Annual General Meeting, at which the shareholders of the company take an active role in the decision-making process with regard to fundamental matters affecting the company. These three bodies are together obligated to act in the interests of the shareholders and to ensure the welfare of the company. The Management Board and the Supervisory Board have submitted a declaration of conformity with the German Corporate Governance Code in accordance with the German Stock Corporation Act (AktG) and made this declaration permanently accessible to the shareholders online at:

www.deutsche-wohnen.com

The Supervisory Board appoints, monitors and advises the Management Board and is directly involved in decisions that are of crucial importance to the company. The work carried out by the Supervisory Board and its various committees is coordinated by the Chair of the Supervisory Board. The Management Board manages the company and conducts its business under its own responsibility. In performing this function, it is obligated to act in the company's interests with a view to creating value on a sustainable basis. It develops the company's strategic approach in consultation with the Supervisory Board, and ensures its implementation. It is also responsible for ensuring that there is an appropriate risk management and control system in place within the company and for regular, timely and comprehensive reporting to the Supervisory Board. In the financial year 2013, the Management Board was composed of two members;

Governance, Commitments and Engagement

this number increased to three upon the appointment of Mr. Andreas Segal as at 31 January 2014. The Management Board has a Chief Executive Officer. The work carried out by the Management Board is governed by rules of procedure which, among other things, make provision for the allocation of tasks on a function-related basis. Certain transactions and measures taken by the Management Board require the approval of the Supervisory Board.

At the Deutsche Wohnen Group, the Management Board is committed to discharging its corporate responsibilities and to achieving the objectives of sustainable business management. These issues also fall within the remit of the Senior Management Circle established at the beginning of 2013, which comprises the managing directors for Corporate Development, Human Resources, Mergers & Acquisitions, Asset Management, Corporate Finance and Finance & Tax and the managing directors of Deutsche Wohnen Management GmbH, Deutsche Wohnen Immobilien Management GmbH, Deutsche Wohnen Construction and Facilities GmbH and KATHARINENHOF® GmbH. Its role, together with the Investor Relations and Corporate Communication departments, is to generate new impetus for the advancement of the company's approach to sustainability. The sustainability project team coordinates and drives forward the relevant issues within the company from the Group's headquarters, and is responsible for preparing the Sustainability Report. It is led by the head of Corporate Communication.

4.2 Independence of the Chairman of the Supervisory Board

The Supervisory Board is composed of six members, none of whom is also a member of the Management Board. The Chair of the Supervisory Board is Uwe E. Flach, Senior Advisor at Oaktree GmbH, Frankfurt/Main. All members are elected as representatives of the shareholders at the Annual General Meeting. Their term of office is essentially of five years' duration in accordance with the relevant statutory provisions and the company's Articles of Association. Members of the Supervisory Board are selected on the basis of the knowledge, skills and technical expertise they require in order to perform their duties.

The Supervisory Board has rules of procedure in place; its work is carried out both in plenary sessions and in the context of committees. The aim of the work carried out

by the four committees is to improve the efficiency of the Supervisory Board's activities. The committee chairs report regularly to the Supervisory Board on the work carried out by their committees:

- The Executive Committee is responsible for consulting and advising the Management Board on an ongoing basis. It also undertakes the preparatory work for the meetings of the Supervisory Board, insofar as this is appropriate with regard to the scope and significance of the items under discussion. In accordance with the corresponding resolutions adopted in plenary session, the Executive Committee is responsible for the conclusion and the content of the Management Board contracts. Its duties also include the provision of advice and – insofar as this is permitted – the adoption of resolutions with regard to urgent matters.
- The Nomination Committee puts forward suitable candidates to the Supervisory Board for nomination by the latter at the Annual General Meeting.
- The Audit Committee is responsible for conducting the preliminary examination of the documents relating to the annual financial statement and the consolidated financial statement, as well as for carrying out the preparatory work for the adoption or approval of the aforementioned documents and of the Management Board's proposal for the utilisation of the profits. It discusses the principles of compliance, risk assessment, risk management and the adequacy and effectiveness of the internal control system together with the Management Board.
- The Acquisition Committee prepares the resolutions of the Supervisory Board on corporate and/or portfolio acquisitions.

During the financial year 2013, the Supervisory Board discussed current business performance, important individual events and Management Board measures requiring its approval over the course of 18 Supervisory Board meetings. Nine meetings of the Supervisory Board were held by way of telephone conference. One member of the Supervisory Board was unable to participate in each of three of the meetings; in all other cases, the meetings were attended by all of the members of the Supervisory Board.

4.3 Highest management body for companies without a Supervisory Board

Not applicable, given that the company is a publicly listed company.

4.4 Process for dialogue between shareholders and employees with the Supervisory Board/ Management Board

Intensive communication with our shareholders, with analysts and with potential investors was once again high on our agenda in the financial year 2013, our goal being to provide market participants with extensive and transparent insight into our strategy and our prospects for future development. We specifically aim to speak to national and international investors by participating in a number of conferences held throughout the world and at so-called roadshows.

In 2013, we participated in various national and international banking conferences: The HSBC Real Estate and Construction Conference in Frankfurt/Main, Kempen & Co. seminars in New York and Amsterdam, the German Residential Property Event hosted by Commerzbank AG in London, the EPRA Annual Conference in Paris, the Bank of America Merrill Lynch Global Real Estate Conference in New York, the Berenberg/Goldman Sachs German Corporate Conference 2013, the UniCredit/Kepler German Investment Conference 2013 and the Baader Investment Conference 2013 in Munich, as well as the UBS Global Real Estate Conference in London.

In addition, we held numerous roadshows in 2013 in New York, Boston, London, Paris, Amsterdam, Zurich, Geneva and Frankfurt/Main.

We hold a telephone conference on the occasion of the publication of our Annual Report and each of our quarterly reports, during which investors and analysts are given the opportunity to put their questions directly to the Management Board. These conferences are also transmitted live as a webcast which can subsequently be downloaded from the Investor Relations section of our website, where our current financial reports and company presentations may also be accessed at all times. Furthermore, we provide an overview on our website of all current activities based on our financial calendar. In addition, details of our current share price, ad hoc notifications, directors' dealings, shareholder structure, notifications relating to voting rights, press releases, corporate news and comprehensive information regarding our Annual General Meeting can be viewed on our website.

For Deutsche Wohnen, "investor relations" means prompt and transparent reporting, active and regular communication with our shareholders and with potential investors, and the expansion of our existing network of national and international contacts. Our Investor Relations department will also continue to push through and expand these measures in the future.

Our stakeholder survey conducted in the autumn of 2012 was the first time our employees had been surveyed regarding their satisfaction with the Deutsche Wohnen Group as an employer. The response rate was high: 85% or almost all of the employees surveyed. A company-wide survey of Deutsche Wohnen employees was conducted for the first time in April 2014. The results of this will be systematically evaluated and will influence the work carried out by our HR department in the future.

The focus group set up at the end of 2007 serves as a mouthpiece for the employees of the Deutsche Wohnen Group. Approximately 20 employees from various professions and locations meet twice a year to discuss current issues. Furthermore, the focus group may, if necessary, invite the Chief Executive Officer to attend its meetings with a view to discussing and solving current problems.

Governance, Commitments and Engagement

Since September 2013, we have also been keeping our employees informed of our current developments at Deutsche Wohnen through our company-wide employee newsletter, "bruno", which is published quarterly.

4.5 Connection between compensation for members of the highest governance bodies and the organisation's performance

The system for the remuneration of the Management Board is the subject of regular consultations, review and redesign in the plenary sessions of the Supervisory Board.

The Management Board contracts of Deutsche Wohnen AG contain fixed and variable components. The variable remuneration for all members of the Management Board is adjusted to the requirements of section 87 para 1 sentence 3 of the German Stock Corporation Act (AktG). It is tied to the achievement of the company's economic goals and is based primarily on multi-year assessment bases. The variable remuneration may only be claimed if there has been an appropriately positive development in the business. The compensation structure is thus aligned to sustainable business development and the incentive and risk effects of the variable remuneration optimised.

The detailed remuneration report of Deutsche Wohnen AG for the financial year 2013 can be found in the Management Report on pages 61 to 63 and on the company's website at <http://www.ir.deutsche-wohnen.com/websites/deuwo/English/8460/report-on-compensation.html>.

4.6 Processes to ensure that conflicts of interest are avoided

Our Code of Conduct, which supplements the relevant statutory provisions and has applied to all employees and the Management Board since 2011, contains the following statements: "Employees must avoid anything that might prevent them from fulfilling their professional duties objectively and without any conflict of interest. If it is possible that a conflict of interest might arise in connection with the performance of their professional duties, they must immediately report this to their supervisor or to a member of management."

The members of the Management Board must immediately disclose any conflict of interest to the Supervisory Board and their colleagues on the Management Board. Material transactions between members of the Management Board or parties closely related to them and the company, such as the assumption of secondary employment outside of the company, also require the approval of the Supervisory Board.

Deutsche Wohnen AG has appointed a Compliance Officer in order to ensure compliance with the standards of conduct and norms prescribed by the German Corporate Governance Code and the relevant statutory provisions. The Compliance Officer manages, among other things, the company's list of insiders and informs management, employees and business partners about the relevant legal framework and the consequences of violations of insider trading regulations.

4.7 Qualifications and expertise of the highest governance body in terms of sustainability

The six members of the Supervisory Board are selected by the Annual General Meeting, and the members of the Management Board are selected by the Supervisory Board, on the basis of the knowledge, skills and technical expertise they require in order to perform their duties. In managing the company, the Management Board is obligated to act in the company's interests with a view to creating value on a sustainable basis. It consults with the Chief Compliance Officer, the managing directors of the business divisions and the managing directors of the various subsidiaries, and with the head of the project team which was set up by way of resolution of the Management Board on matters relating to sustainability.

4.8 Mission statement, corporate values and codes of conduct

All employees of the Deutsche Wohnen Group are bound by the Code of Conduct adopted in 2011 which, among other things, contains provisions for the avoidance of conflicts of interest. The "Leading with values" management principles in place at Deutsche Wohnen Management GmbH, which in the year under review employed the residential property management staff, encourage constructive interaction among employees, reliability, mutual respect and transparency. The mission statement and corporate values for the company as a whole have yet to be codified.

4.9 Board-level processes for overseeing Sustainability Performance

The Management Board of Deutsche Wohnen bears overall responsibility for achieving sustainability. It set up a sustainability project team in the summer of 2012 to develop a system for the company-wide coordination of sustainability measures, to conduct a survey with regard to this issue and to prepare a sustainability report. Sustainability-related issues also fall within the remit of the Senior Management Circle, which is presided over by the Management Board.

4.10 Processes for evaluating the Management Board's Sustainability Performance

See item 4.5.

4.11 Implementation of the precautionary approach

Deutsche Wohnen AG considers it to be very important to deal responsibly with opportunities and risks. This is ensured by an extensive opportunity and risk management system, which identifies and monitors the major opportunities and risks. This system is continuously being developed and adapted to changing conditions.

Deutsche Wohnen AG continually examines any opportunities for securing the continued development and growth of the Group which may arise. The exploitation of such opportunities may also entail exposure to certain risks, in which case it is of crucial importance to be aware of, to assess and to manage all of the important aspects of those risks. Only in this way it is possible to address risks in a professional manner. For this purpose, a central risk management system is in place within Deutsche Wohnen, which ensures the identification, measurement, management and monitoring of all material risks to which the Group is exposed. A central component of this system are detailed reporting procedures, which are continuously monitored and developed, and which establish reference points for identified risks on the basis of relevant key operating figures and financial data. Particular emphasis is placed on the key figures relating to changes in rentals and privatisations, cash flow, liquidity and balance sheet items.

As a result of intensive communication at the management level of the Group, all decision-makers are constantly aware of all relevant developments within the company. Divergent developments or emerging risks that could potentially threaten the continued operations of the Group are thereby identified at an early stage and appropriate remedial action is taken.

The information relating to risk management is documented on a quarterly basis. The Supervisory Board receives comprehensive information on all relevant issues and developments affecting the Group at each of its meetings. In addition, the internal risk management guidelines are updated as required.

Governance, Commitments and Engagement

4.12 Support for external standards, agreements and initiatives

Deutsche Wohnen AG has been a member of the Deutsche Entwicklungshilfe für soziales Wohnungs- und Siedlungswesen e.V. (DESWOS; German Institute for Development Aid with regard to Social Housing and Settlement Matters) <http://www.deswos.de> from the outset with a view to combating poverty and housing shortages in developing countries.

For reporting aligned with sector standards Deutsche Wohnen takes on suggestions of GdW (Bundesverband deutscher Wohnungs- und Immobilienunternehmen e.V.) Guideline 73: "Sustainability reporting in the residential property sector" <http://web.gdw.de/service/publikationen/1957-gdw-arbeitshilfe-73-nachhaltigkeitsberichterstattung-in-der-wohnungswirtschaft>.

4.13 Memberships in associations and advocacy groups¹⁾

Akademie der Immobilienwirtschaft e.V. (BBA; Academy of Real Estate Management) <http://www.bba-campus.de>

Baukammer Berlin (BK; Berlin Building Chamber) <http://www.baukammer-berlin.de>

Bundesverband deutscher Wohnungs- und Immobilienunternehmen e.V. (GdW; Federal Association of German Housing and Real Estate Companies) <http://web.gdw.de>

Bundesverband privater Anbieter sozialer Dienste e.V. (Federal Association of Private Providers of Social Services) <http://www.bpa.de>

Creditreform e.V. (company dealing with debt collection, credit checks and accounts receivable management) <http://www.creditreform.de>

Deutsche Schutzvereinigung für Wertpapierbesitz e.V. (DSW) (German Society for the Protection of Securities Holders (DSW)) <http://www.dsw-info.de/Impressum.1872.0.html>

Deutscher Investor Relations Verband e.V. (DIRK; German Association of Investor Relations) <http://dirk.org>

Deutscher Verband für Wohnungswesen, Städtebau und Raumordnung e.V. (DV; German Association for Housing, Urban Development and Regional Planning) <http://www.deutscher-verband.org>

Deutschsprachige SAP Anwendergruppe e.V. (DSAG; German-speaking SAP user group) <http://www.dsag.de>

European Public Real Estate Association (EPRA) <http://www.epra.com>

Gerontopsychiatrisch-geriatischer Verbund Charlottenburg Wilmersdorf e.V. (gpv; Gerontopsychiatric and Geriatric Association of Charlottenburg Wilmersdorf) www.gpverbund.de

Schutzgemeinschaft der Kapitalanleger e.V. (SdK; German Association for the Protection of Investors) <http://www.sdk.org>

Verband Berlin-Brandenburgischer Wohnungsunternehmen e.V. (Association of Housing Companies in Berlin and Brandenburg) <http://www.bbu.de>

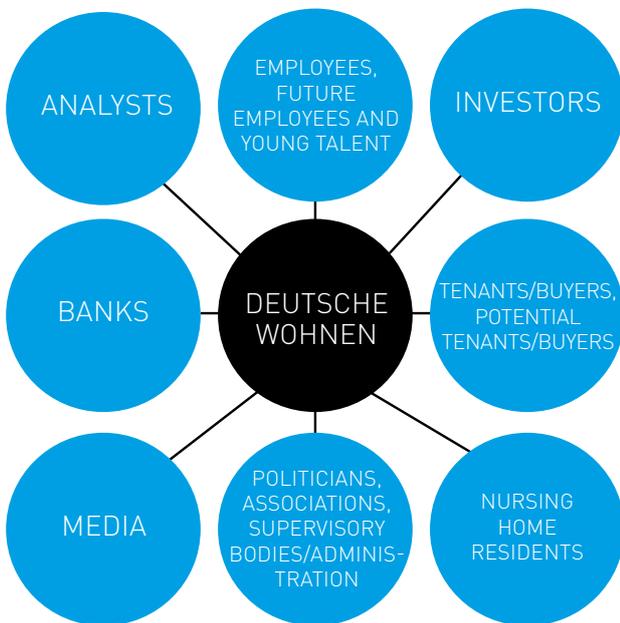
4.14 List of stakeholder groups engaged by the company

The Deutsche Wohnen Group considers employees, investors and analysts, tenants and buyers, business partners, nursing home residents, supervisory bodies, the press, associations and politicians to be key stakeholders, and it is their interests which largely dictate the general conditions within the real estate industry.

¹⁾ Excluding GSW

4.15 Basis for identifying stakeholders

In order to be able to act in a sustainable manner, a company must be aware of the interests of its stakeholders. Both the development of our sustainability strategy and the expansion of our sustainability reporting activities were dependent on the systematic identification of stakeholder groups and their requirements.



The Senior Management Circle prioritises the stakeholders of Deutsche Wohnen as follows:

- Employees, future employees and young talent
- Investors
- Tenants/buyers, potential tenants/buyers
- Business partners
- Nursing home residents
- Politicians, associations, supervisory bodies/administration, the press, banks
- Analysts

4.16 Approaches to stakeholder engagement

The Deutsche Wohnen Group maintains regular contact with its stakeholders by way of its membership of associations, with tenants over the phone via the service centres or at face-to-face meetings at the Service Points, with the media through regular press releases and detailed direct communications, with politicians and business partners by way of direct discussions, as well as with employees via the intranet, internal events and regular company newsletters.

Forms of stakeholder communication	
groups	media
Employees	Internet, intranet, brochures (also for training purposes), topic-specific internal communication campaigns, summer parties, exhibitions, inter-divisional, quarterly employee newsletter ("bruno")
Tenants and buyers	Service Points, service centres, welcome packs, newsletters, e.journal, website, brochures, open days, exhibitions, tenant committees, residents' associations
Investors and analysts	Annual Report, quarterly reports, website, presentations, webcasts, ad hoc notifications and press releases, Annual General Meeting, roadshows, (banking) conferences, trade fairs, conference call on the publication of annual and quarterly reports
Politicians, associations and the media	Annual Report, website, press releases, conferences, events, face-to-face meetings, conference call on the publication of annual and quarterly reports
Business partners	Annual Report, website, trade fairs

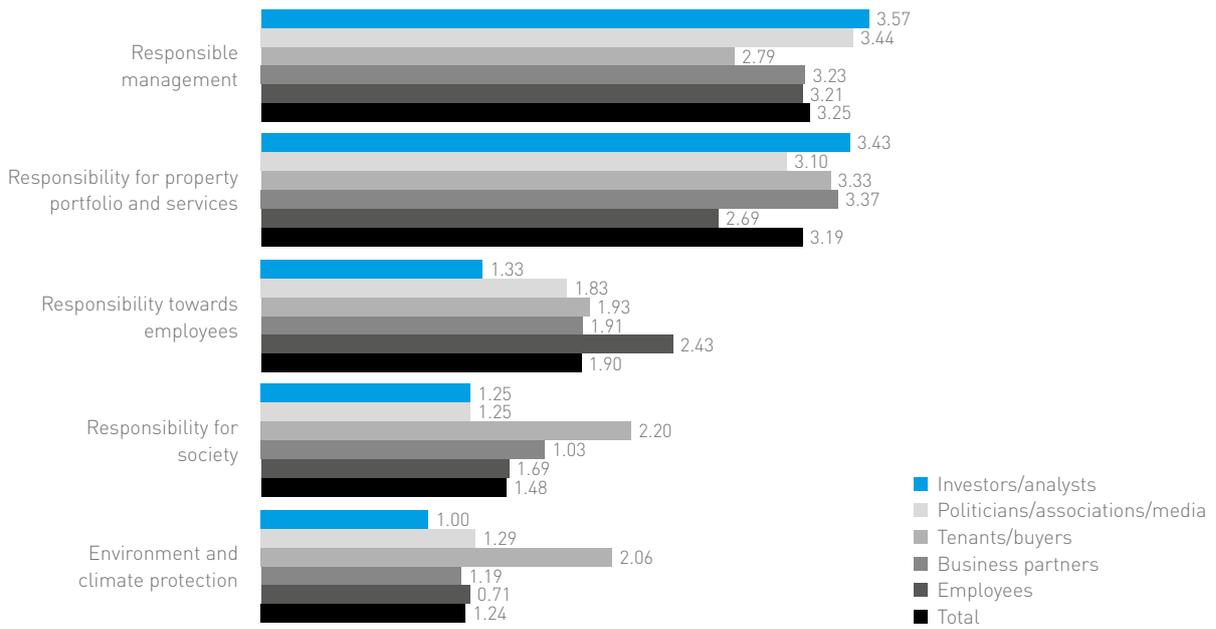
In the autumn of 2012, the Deutsche Wohnen Group conducted its first stakeholder survey involving approximately 900 stakeholder from all of the relevant groups, the aim being to gather assessments of Deutsche Wohnen's sustainability performance, along with the stakeholders' expectations and their view of future challenges. The response rate was high and the valuations were incorporated into our sustainability strategy, in the specification of relevant sustainability issues as well as in our reports.

Governance, Commitments and Engagement

Key results from the stakeholder survey:

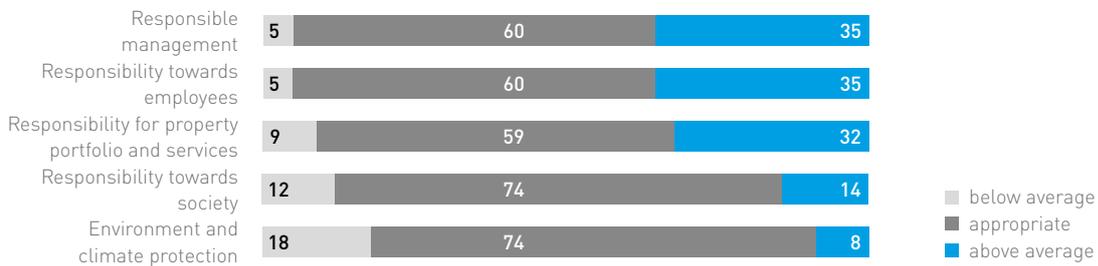
In your opinion, which areas is the Deutsche Wohnen Group already performing well in?

(ranking from 1 to 5 in accordance with the stakeholder groups)



How would you assess the sustainability performance of the Deutsche Wohnen Group compared to other companies within the industry?

in %



Governance, Commitments and Engagement

4.17 Statement on key stakeholder issues

As a result of its business model, which comprises the management and development of residential holdings, Deutsche Wohnen is facing a number of different social and political demands with regard to housing. We are

addressing the economic, social and environmental challenges identified in the stakeholder survey with a number of measures. This Report constitutes a response to these challenges, as does our sustainability programme¹⁾, which we intend to continually develop further.

Area for action	Goals 2013	Goal achievement in 2013	Goals 2014
Responsible management	Expand data collection	Expansion of data collection in existing holdings	Define further key sustainability figures for housing industry
	Qualified sustainability reporting	Publication of sustainability brochures and GRI report (Level B)	Appointment of a person with responsibility for sustainability/ addition to the sustainability team
	Appointment of a sustainability coordinator	Introductory phase of transfer of responsibilities to an adviser	Continue stakeholder dialogue using suitable event formats
Responsibility for property portfolio and service	Further investments of EUR millions	Investment of around EUR 86.2 million in maintenance and modernisation (around EUR 15 per sqm)	Definition of three key sustainability figures for housing management in existing holdings
	Expand network of Service Points	Four new Service Points and letting offices opened	Integration of GSW
Responsible nursing and assisted living (KATHARINENHOF®)	Quality assurance and improvement in the medical service of health insurers (MDK) grades	Placed in ratings by MDK under top 3 of the 50 largest operators of residential care facilities	Formulate further sustainability goals for KATHARINENHOF®
	Adapt management model in preparation for further expansion	New institutions for specialist and personal development established	Continuation of engagement against dementia
Responsibility towards employees	Expand internal communication	Sustainability brochure sent out to all employees, quarterly employee newsletter "bruno"	Expand measures for professional development of employees and for talent management
	Pay and performance incentives	Needs of employees systematically monitored and recorded	Conduct an employee survey
	Improve compatibility of family and career	Vouchers on the occasion of marriage and birth of a child	Extend offer of models for flexible working hours
Responsibility for society	Examine and, where necessary, improve focus of existing activities	Continue financial support for educational and social projects in and around the company's housing Flood donation Magdeburg	Continue to strengthen the housing environment by supporting educational and social projects
Environmental and climate protection	Extend the pilot project for monitoring consumption in housing	Complete monitoring of communal electricity consumption Pilot project for measuring water and heating energy consumption for 52,500 sqm of living space Calculation of CO ₂ emissions	Extend the pilot project for measuring consumption in the company's housing Further extend data collection regarding the company's administrative offices
	Extend data collection regarding the company's administrative offices	Energy and water consumption measured for up to 85% of office space and for one KATHARINENHOF® location Calculation of CO ₂ emissions	Analyse the energy efficiency potential in existing housing, using newly founded G+D Gesellschaft für Energiemanagement mbH Include ecological criteria for new building and maintenance and modernisation (e.g. environment-friendly materials)

¹⁾ Compared to the previous year, the sustainability programme has been extended to include the area of action Responsible Nursing and Assisted Living, and the 2013 goal for Environmental and Climate Protection.

Economic Performance Indicators

Economic Performance Indicators

Management approach

Deutsche Wohnen is one of the leading European publicly listed real estate companies in terms of market capitalisation. Our operational focus lies in the management and development of our residential holdings. Furthermore, through our subsidiary KATHARINENHOF® Seniorenwohn- und Pflegeanlage Betriebs-GmbH, we are active in an extremely dynamic market affected by demographic change. Through value-enhancing acquisitions, we have greatly optimised our residential and commercial property portfolio over the past three years. At the end of 2013, our portfolio comprised approximately 152,400 units (150,200 residential units and 2,200 commercial units, including GSW) and approximately 2,200 nursing care places and apartments. Our property holdings are characterised by their quality and excellent locations. Of the properties in our portfolio, 98% are located in core regions (79% in core+ regions and 19% in core regions) which are expected to develop particularly positively in the future. Based on our strong foundation, we are thus superbly positioned to continue to grow sustainably and profitably and to actively contribute towards the development of the German residential property market.

We invested EUR 86.2 million or EUR 15 per square metre in the maintenance and modernisation of residential units and buildings in the year under review, which enables us to make use of existing potential for rent increases and to keep the vacancy rate at a low level. In 2013, following the takeover of a series of smaller and medium-sized portfolios, we acquired GSW, a transaction which involved 60,000 residential units and which constituted the largest acquisition in the real estate sector in years.

One of our key concerns in the context of the acquisition of new holdings is our accessibility for tenants. Our holdings in Lower Saxony have been managed from our new office in Hanover since 1 February 2013. Moreover, we launched new Service Points or letting offices for the provision of tenant support services in Merseburg and Brunswick in the year under review. Likewise, as a response to the considerable increase in the number of our holdings in Berlin, we opened two Service Points in Hellersdorf between April 2013 and the beginning of 2014. We also intend to expand our Nursing and Assisted Living segment, which is operated through our independent KATHARINENHOF® Group brand.

Thanks to its stable and viable three-pillar business model comprising focussed acquisitions, portfolio-optimising disposals and targeted investments, Deutsche Wohnen has generated both organic and external growth, clearly linking its course of expansion to strategic specifications from the outset and placing its focus on German conurbations. We consider ourselves to be part of society and act in the interests of our employees, shareholders and customers.

Economic performance

EC1 Economic value generated and distributed

The financial year 2013 was a successful one for Deutsche Wohnen, which realised a consolidated Group profit in the amount of EUR 212.7 million. This represents an increase of EUR 67.2 million compared to the previous year (EUR 145.5 million). Earnings before taxes, adjusted for extraordinary and valuation effects, increased by EUR 53.4 million, or approximately 68%, to EUR 131.9 million (previous year: EUR 78.5 million). This increase is attributable to improved earnings from residential property management in the amount of EUR 292.3 million (previous year: EUR 194.4 million), increased sales proceeds in the amount of EUR 23.0 million (2012: EUR 19.9 million) and a disproportionately small increase in corporate expenses (2013: EUR 52.9 million). The Nursing and Assisted Living segment generated EUR 13.2 million (2012: EUR 9.9 million) of overall Group profit/loss. Personnel-related expenditure (excluding KATHARINENHOF® GmbH; GSW and Facilita taken into consideration for December 2013) amounted to EUR 31.8 million in the year under review (2012: EUR 23.6 million).

In 2013 liquidity-related tax expenses totalled EUR 11.3 million (2012: EUR 4.9 million).

Sustainable funds from operations (FFO, without disposals) increased by 68% to EUR 114.5 million (previous year: EUR 68.2 million) as a result of our acquisitions and operational improvements. With the takeover of GSW Immobilien AG, we have invested more than EUR 4 billion in new property portfolios in the past twelve months, thereby laying the foundation for further organic growth. The loan to value ratio was 57.3% as at the reporting date (2012: 57.2%). The Management Board and the Supervisory Board proposed to the Annual General Meeting the payment of a dividend to the shareholders for the

Economic Performance Indicators

financial year 2013 in the amount of EUR 57.4 million (for further details regarding payments to capital providers, see the Financial Report accompanying the The Annual Report 2013, p. 42).

Our voluntary community-related expenditure (including donations) in 2013 amounted to approximately EUR 178,000 (2012: approximately EUR 180,000).

EC2 Financial implications, risks and opportunities due to climate change

The Deutsche Wohnen Group is indirectly affected by climate change in the form of regulations governing the reduction of energy consumption and CO₂ production in residential holdings. We take our responsibility in this area seriously and are working on creating transparency with regard to our consumption. In addition, our refurbishment activities attach great importance to high standards of energy efficiency, an approach which can, however, result in higher rents. Our use of a combined heat and power (CHP) plant, which meets the electricity requirements of approximately 2,000 households annually, is one innovative way in which we show our support for political targets relating to climate protection. This gas-fired CHP plant, which was commissioned in April 2012 and is operated by our partner GETEC, is one of the largest such plants in the German residential property sector.

In the year under review, we entered into a strategic cooperation with the utility company GETEC AG, Magdeburg: G+D Gesellschaft für Energiemanagement mbH, Magdeburg (G+D), with a view to jointly restructuring the energy-related management of our portfolio and thus further improving the energy efficiency of our properties and reducing costs over the long term. We intend to create individual energy-saving concepts for our holdings on the basis of the outcome of our analysis of the energy supply structures currently in place in these holdings – including the KATHARINENHOF® GmbH facilities. In doing so, we will place particular emphasis on the decentralised generation of electricity by means of combined heat and power and an efficient heat supply. We have already been able to realise economies of scale through G+D as a central platform for the procurement of gas and thus counteract rising energy costs, an arrangement which is of direct benefit to our tenants.

EC3 Coverage of benefit plan obligations

Deutsche Wohnen paid out EUR 3.5 million (2012: EUR 3.1 million) in pensions (pensions, invalidity, surviving spouse pensions and surviving dependant benefits) to eligible active and former employees and their surviving dependants in the year under review. On the basis of statutory provisions, Deutsche Wohnen pays contributions to state pension insurance funds from defined contribution plans. Furthermore, employees who commenced their employment with Deutsche Wohnen prior to 2000 also have the benefit of a pension plan drawn up in accordance with the regulations governing public sector supplementary pensions. It is based on membership of a Group company in the Bayerische Versorgungskammer (hereinafter BVK) – the supplementary pension fund for municipalities in Bavaria. The supplementary pension comprises a partial or full reduced earnings capacity pension plus an age-related pension as a full pension or surviving dependant's pension. The charge levied by the BVK is determined by the employees' compensation used to calculate the supplementary pension contribution. We subsidise the canteen at our Berlin headquarters, so that our employees can take advantage of attractive prices.

The Group's employee benefit liabilities amounted to EUR 55.3 million in 2013 (2012: EUR 54.5 million). Expenses for defined contribution plans amounted to EUR 4.8 million (previous year: EUR 3.7 million). Therefore, total expenses for defined benefit and defined contribution plans amounted to EUR 5.2 million (previous year: EUR 4.1 million).

(See the Financial Report accompanying the Annual Report 2013, p. 89).

EC4 Financial assistance received from government

In 2013, Deutsche Wohnen AG received investment subsidies in the amount of EUR 1.3 million (2012: EUR 0.4 million) from the "Investment Programme for National UNESCO World Heritage Sites" of the Federal Ministry of Transport, Building and Urban Development (federal and state funds). The investment funds already received are being used for modernisation and maintenance work in the "Weiße Stadt", Ringsiedlung Siemensstadt housing estates and the Hufeisensiedlung in Britz (all of which are located in Berlin) and are deducted from the acquisition costs.

Economic Performance Indicators

Market presence

EC6 Spending on locally based suppliers

The Deutsche Wohnen Group operates solely within Germany. In 2013, we invested a total of EUR 86.2 million in the modernisation and maintenance of residential units and buildings. In awarding contracts, we generally strive to select regional companies in the interests of strengthening the local infrastructure. Moreover, in concluding agreements, we expressly impose obligations on our contractors to comply with statutory provisions for the prevention of illicit work and with the provisions of the German Assignment of Workers Act (AEntG), the German Act on Temporary Employment and German social security legislation.

EC7 Hiring local personnel

We recruit employees primarily from within the vicinity of our German locations, while most of our management personnel come from within our own ranks. The training and continuing education of our employees is accordingly of great importance to us.

Indirect economic impacts

EC8 Infrastructure investments and services for public benefit

Through its Nursing and Assisted Living segment, Deutsche Wohnen operates in a sector which is facing enormous challenges as a result of demographic change. With our portfolio of nursing properties with more than 2,200 nursing care places as part of KATHARINENHOF® GmbH, we are active in a market which is of great social importance, and we are fully aware of our responsibility in this regard. We intend to extend the number of nursing care places we offer to between 4,000 and 5,000 over the next five years. The year under review saw the transfer of risks and rewards regarding the acquisition of a total of five facilities – all of them in Berlin – with approximately 680 places. As a result, we increased our capacity to a total of 2,166 residential and nursing care places.

Last year, in the Rhine-Main region we completed work on, for example, the listed Dunlop Estate in Hanau and our holdings in Eschborn, spending almost EUR 17 million on the extensive renovation of more than 450 residential units. We also completed work on 185 residential units in Mainz in November 2013, with Deutsche Wohnen's

expenditure for these measures amounting to more than EUR 3.8 million. Over the past two years, we have invested almost EUR 2 million in the Henkel Estate in Düsseldorf-Reisholz, which was acquired in 2012.

Deutsche Wohnen is proud of its listed Berlin Modernism housing estates (Siedlungen der Berliner Moderne), which have had the status of UNESCO World Heritage sites since 2008. These include the Hufeisensiedlung, Ringsiedlung Siemensstadt, "Weiße Stadt" and, since 2012, "Wohnstadt Carl Legien". Since 2009, we have invested approximately EUR 33 million in refurbishing the first three of these housing estates in line with the specifications for the preservation of historic monuments. In managing these estates, we assume responsibility for preserving their historically valuable architecture and building culture. In the case of the Hufeisensiedlung and Siemensstadt, we also provide financial support for on-site information stands and exhibitions. In July 2013, we launched a new project involving the listed Eisenbahnersiedlung in Elstal: Deutsche Wohnen intends to invest approximately EUR 15 million in the complete refurbishment of this historic housing estate on the outskirts of Berlin.

Deutsche Wohnen strives to foster fair and lively communities in the areas surrounding its properties – particularly in those areas where we have the opportunity to use our core capabilities to create real added value. Since 2012, we have been collaborating in Berlin with "hestia e.V.", a specialist accommodation agency funded by the Senate, to provide women who are victims of domestic violence with an apartment of their own as quickly as possible. hestia e.V. puts the women in question directly in contact with selected female letting agents at Deutsche Wohnen. We were able to organise suitable residential units from within our holdings in 2013 as well.

On the occasion of a tenants' party in the Cracau district of Magdeburg, Deutsche Wohnen donated a total of EUR 95,000 towards flood control measures for the city; some of this donation went to the Federal Agency for Technical Relief (Technisches Hilfswerk) and local voluntary fire brigades. Deutsche Wohnen once more provided winter road clearance and glass cleaning services for the "Sonnenhof" children's hospice in Berlin-Pankow as well as making a donation, thus providing financial assistance totalling EUR 6,140. In 2013, we continued to support the Manna family centre run by Malteser Hilfsdienst e.V. in the Gropiusstadt area in Berlin, providing funds in the

Economic Performance Indicators

Ecological Performance Indicators

amount of EUR 5,000. Since 2012, we have been providing financial assistance to the NaDu day care centre on a public housing estate dominated by high-rise buildings in Hanover, and in 2013 donated EUR 10,000 to help launch its "Zeig mir, wie es geht – Handwerken mit Kindern" ("Show me how to do that – crafting with children") project. In 2013, we covered the cost of hiring a female social worker (EUR 13,642) for the Grohner Düne housing estate in Bremen. Every year, we support the Luisa-Haeuser Women's Charity in Frankfurt/Main by waiving ground rent in the amount of EUR 13,744; in this way we are able to contribute towards the operation of an old people's home. For the first time, Deutsche Wohnen funded the prize money of EUR 3,000 for the "Urban Intervention Award Berlin" and for the "Urban Living Award". These awards are made every three years by the Federal State of Berlin in recognition of architectural projects which go some way towards improving the quality of life in urban areas.

Our total expenditure on donations and sponsorship amounted to EUR 177,567 in the year under review.

Ecological Performance Indicators

Management approach

Climate change and energy efficiency pose major challenges for the property industry. As one of the largest listed real estate companies in Germany, with approximately 150,200 residential units (as at 31 December 2013, including GSW), we are well aware of our ecological responsibility with regard to our rented holdings and our business activities.

In order to create transparency both for ourselves and for our stakeholders, we began collating ecological data in 2012, and have now ascertained the energy and water consumption of our administrative offices and calculated the quantity of the associated CO₂ emissions for the second year running. In so doing, we have compiled a database for up to 85% of the floor space used by Deutsche Wohnen for administrative purposes; this does not include 27 of our 40 administrative offices that do not meet the minimum criteria, i.e. having 200 square metres floor space in use and a staff of at least five employees and being manned for at least half the year. As in the previous year,

consumption data for one location was gathered and analysed for KATHARINENHOF® GmbH as a whole. Information relating to all of the locations of the Deutsche Wohnen Group, including KATHARINENHOF® GmbH, was included in the data relating to our vehicle fleet.

With regard to our portfolio, we recorded the communal electricity requirements of virtually all the residential rental properties under our ownership throughout the year. This covered approximately 78,000 rental flats, excluding acquisitions in 2013 (2012: 48,000). Communal electricity requirements include consumption for entrance and hallway lighting and other general electrical installations. However, it is not possible to collect all the consumption data for our tenants, for example data on energy, heating and water, as there are no centralised supply systems in place. In order to ensure greater transparency, we embarked on a pilot project in 2012, ascertaining and analysing the total heating energy and water consumption in five rental properties in Berlin comprising approximately 37,500 square metres of living space. We extended the scope of this pilot project to cover approximately 52,500 square metres of living space in the year under review. The corresponding CO₂ emissions are also reported in this section. The majority of the 975 (2012: 737) residential units for which data has been collated are one-bedroom holdings built in 1964 which, as is the case for 87% of our portfolio, are supplied with heating by a central heating system. Our aim is to align the collection of consumption data for our business operations and our rented properties with future industry standards over the long term.

Materials

EN1 Materials used

In the year under review, the administrative offices of the Deutsche Wohnen Group as a whole (excluding KATHARINENHOF® GmbH) consumed 43.6 tonnes of paper (2012: 14.9 tonnes), of which 36.7 tonnes were copy paper, 5.9 tonnes letter paper and 1.1 tonnes printed forms. Given that no construction of new buildings occurred in 2013, the collection of data with regard to other materials used is not of relevance for the company.

EN2 Percentage of materials used that are recycled

No information. Given that no construction of new buildings occurred in 2013, the use of recycled materials is not of significance.

Ecological Performance Indicators

Energy

EN3 Direct energy consumption

In the year under review, the Deutsche Wohnen Group (excluding KATHARINENHOF® GmbH) directly consumed 1,036.2 MWh (2012 adjusted: 653.2 MWh) of energy in its business operations, including the operation of its vehicle fleet. This increase compared to 2012 is partly attributable to the expansion of our vehicle fleet. The significantly higher consumption of the KATHARINENHOF® location compared to Deutsche Wohnen in the amount of 1,149.0 MWh is due to the 24-hour operation of the nursing home, along with the provision of energy-intensive services, such as laundry and canteen services. Nevertheless, it decreased by 3% compared to the previous year. The direct energy consumption (natural gas) of the eight rented residential properties – comprising 975 residential units – included in the pilot project totalled 8,152.7 MWh. District heating is used in the majority of our rented portfolio, and is in turn often obtained from energy-efficient combined heat and power systems.

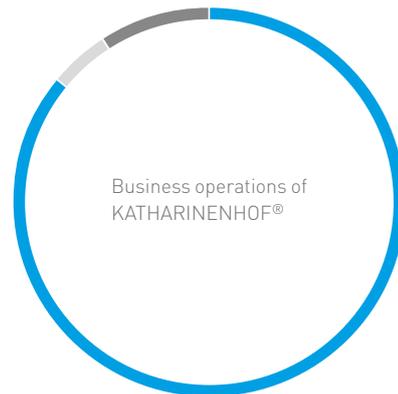
Total direct energy



in MWh	2013	2012
■ Natural gas ¹⁾	442.8	321.9
■ Petrol (transport)	521.6	294.6
■ Diesel (transport)	71.8	36.7
Total direct energy	1,036.2	653.2

¹⁾ Data not directly comparable: 2013 consumption data for natural gas with regard to 19% of the floor space in use, compared to 25% of the floor space in use in 2012. Value for 2012 adjusted in line with more detailed database. Transport from all locations

Total direct energy



in MWh	2013	2012
■ Natural gas ¹⁾	988.7	1,023.9
■ Petrol (transport)	55.9	55.9
■ Diesel (transport)	104.4	105.5
Total direct energy	1,149.0	1,185.3

¹⁾ Consumption data for the Am Preußenpark nursing home (Berlin) with 120 nursing places (1 of 21 locations)

Pilot project rented residential units ¹⁾	2013 MWh	2012 MWh
Natural gas	8,152.7	6,667.7

¹⁾ Data not directly comparable: 2013 consumption data (including tenant consumption) for eight rental properties in Berlin with a total of 975 residential units and approximately 52,500 sqm of living space, compared to 2012 consumption data for 5 rental properties with a total of 737 residential units and approximately 37,500 sqm of living space

Ecological Performance Indicators

EN4 Indirect energy consumption

In the year under review, the Deutsche Wohnen Group (excluding KATHARINENHOF® GmbH) indirectly consumed 2,053.6 MWh of energy (electricity, district heating) (2012: 1,877.8 MWh) in its business operations. Since 2012, the entire communal electricity requirements of our administrative offices have been met with energy generated through hydropower. The communal electricity requirements of our approximately 78,000 rented residential units (electricity for entrance and hallway lighting, technical installations; excluding GSW acquisitions) amounted to 15,021 MWh, which represents an increase of 2.1 % per residential unit compared to 2012, largely as a result of varying local conditions. In 2013, 87 % of the communal building electricity for our rented portfolio was generated through hydropower.

Business operations of Deutsche Wohnen (excluding KATHARINENHOF®) ¹⁾	2013 MWh	2012 MWh
Electricity (100 % from hydropower)	605.4	632.9
District heating	1,448.2	1,244.9
Total indirect energy	2,053.6	1,877.8

¹⁾ Data not directly comparable: 2013 for 85 % (district heating: 51 %) of the floor space in use compared to 77 % in 2012 (district heating: 71 %) of the floor space in use in 2012. Value for 2012 adjusted in line with more detailed database

Business operations of KATHARINENHOF® ¹⁾	2013 MWh	2012 MWh
Electricity (conventional)	380.6	402.6

¹⁾ Consumption data for the Am Preußenpark nursing home (Berlin) with 120 nursing places (1 of 21 locations)

Total rented residential units ¹⁾	2013 MWh	2012 MWh
Communal electricity (87 % of which from renewable sources of energy)	15,021	8,933

¹⁾ Data relating to communal electricity (electricity for entrance and hallway lighting, technical systems) not directly comparable: 2013 for 77,942 rented residential units compared to 2012 for 47,272 of our 48,435 rented residential units

CRE1 Building energy intensity

In the year under review, we succeeded in slightly reducing the energy use intensity per square metre of floor space in use in our administrative holdings, with regard to KATHARINENHOF® GmbH and per square metre of living space in our rented holdings compared to 2012.

	2013 MWh	2012 MWh
Business operations of Deutsche Wohnen (excluding KATHARINENHOF®) ¹⁾ Energy consumed per sqm of commercial area	0.21	0.23
Business operations of KATHARINENHOF® ²⁾ Energy consumed per sqm of commercial area	0.21	0.22
Pilot project rented residential units ³⁾ Energy consumed per sqm of living space	0.16	0.18

¹⁾ 2013 consumption data with regard to natural gas, electricity and district heating for up to 85 % of the floor space in use, compared to 77 % of the floor space in use in 2012. Transport from all locations. Value for 2012 adjusted in line with more detailed database

²⁾ Consumption data with regard to natural gas, transport and electricity for the Am Preußenpark nursing home (Berlin) with 120 nursing places (1 of 21 locations)

³⁾ 2013 consumption data with regard to natural gas (including tenant consumption) for 8 rental properties in Berlin with a total of 975 residential units and approximately 52,500 sqm of living space, compared to 2012 consumption data for 5 rental properties with a total of 737 residential units and approximately 37,500 sqm of living space

Ecological Performance Indicators

**EN5/EN6 Energy saving initiatives
(additional GRI indicator)**

The "Weiße Stadt" gas-fired combined heat and power (CHP) plant operated by our partner GETEC in Berlin-Reinickendorf since April 2012 is one of the largest in the German residential property sector. With an electrical capacity of 900 KW, it produces up to 7,200 MWh of electricity a year, thereby meeting the requirements of approximately 2,000 households. The resulting thermal energy is sufficient to supply 2,500 residential units with hot water generated in an environmentally-friendly manner. Efficient generation of combined heat and power reduces primary energy requirements by approximately 32%, with the result that the plant enables savings of more than 3,800 tonnes of CO₂ annually compared to the old oil heating system. Deutsche Wohnen is thus making an important contribution towards the achievement of Berlin's climate policy objectives, and this is also of benefit to its tenants, who enjoy a 5% reduction in heating costs despite increasing energy prices. In addition, we meet 100% of the electricity requirements of our administrative offices (2013: 605 MWh) and 87% of the communal electricity requirements (electricity for entrance and hallways lighting, technical installations; excluding GSW acquisitions) of our rented holdings (2013: 15,021 MWh) using hydropower.

We would also like to draw attention to the high proportion of our residential units which are supplied with district heating from combined heat and power plants, i.e. excess heat produced in the generation of electricity by central heating plants which is transported directly to our buildings and fed into central heating systems there. In addition, 87% of our total of 82,500 rented residential units had a central heating system in place in the year under review. We also already comply with high standards in terms of energy efficiency in the context of refurbishment work, such as that carried out on the historic Railway Housing Estate in Elstal, thereby contributing to energy savings and a reduction in CO₂ levels.

In the year under review, we entered into a strategic cooperation with the utility company GETEC AG, Magdeburg: G+D Gesellschaft für Energiemanagement mbH, Magdeburg (G+D), with a view to jointly restructuring the energy-related management of our portfolio and thus further improving the energy efficiency of our properties and reducing costs over the long term. This process relates to over 1,200 facilities, which are undergoing analysis with regard to such matters as building age, building fabric and efficiency potential. After completing the analysis of the current supply structures we will create individual concepts for each of our holdings – including the KATHARINENHOF® GmbH facilities –, placing particular emphasis on the decentralised generation of electricity by means of combined heat and power and an efficient heat supply.

Water**EN8 Total water withdrawal by sources**

The water consumption arising from our business activities (excluding KATHARINENHOF® GmbH) totalled 4,231.8 m³ in 2013; we were able to meet our water needs completely using fresh water from the public mains. The water consumption of our rented residential units for eight residential areas with 975 residential units, recorded as part of our pilot project, amounted to 62,975.0 m³ in 2013. We were able to reduce the water consumption of our Am Preußenpark nursing home by 5% compared to the previous year.

Fresh water	2013 m ³	2012 m ³
Business operations of Deutsche Wohnen (excluding KATHARINENHOF®) ¹⁾	4,231.8	3,811.2
Business operations of KATHARINENHOF® ²⁾	7,558.0	7,972.0
Pilot project rented residential units ³⁾	62,975.0	40,668.7

¹⁾ Data not directly comparable: 2013 for 75% of the floor space in use, compared to 73% of the floor space in use in 2012. Value for 2012 adjusted in line with more detailed database

²⁾ Consumption data for the Am Preußenpark nursing home (Berlin) with 120 nursing places (1 of 21 locations)

³⁾ Data not directly comparable: 2013 consumption data (including tenant consumption) for eight rental properties in Berlin with a total of 975 residential units and approximately 52,500 sqm of living space, compared to 2012 consumption data for five rental properties with a total of 737 residential units and approximately 37,500 sqm of living space

Ecological Performance Indicators

CRE2 Building water intensity

In the year under review, we slightly reduced the water use intensity per square metre of floor space in use in our Am Preußenpark nursing home compared to 2012, while the water consumption per square metre of living space of our rented holdings increased by 11 % as a result of changes in our database. Other reasons can also be normal fluctuations, for example due to changing tenants, or meter readings carried out at irregular intervals.

	2013 m ³	2012 m ³
Business operations of Deutsche Wohnen (excluding KATHARINENHOF®)¹⁾ Fresh water per sqm of usable space	0.29	0.34
Business operations of KATHARINENHOF®²⁾ Fresh water per sqm of usable space	1.02	1.08
Pilot project rented residential units³⁾ Fresh water per sqm of living space	1.20	1.08

¹⁾ 2013 consumption data for 75 % of the floor space in use, compared to 73 % of the floor space in use in 2012. Value for 2012 adjusted in line with more detailed database

²⁾ Consumption data for the Am Preußenpark nursing home (Berlin) with 120 nursing places (1 of 21 locations)

³⁾ 2013 consumption data (including tenant consumption) for eight rental properties in Berlin with a total of 975 residential units and approximately 52,500 sqm of living space, compared to 2012 consumption data for five rental properties with a total of 737 residential units and approximately 37,500 sqm of living space

Biodiversity**EN11 Activities in protected areas**

All administrative sites as well as all residential units owned by the Deutsche Wohnen Group are located in urban areas and therefore not in designated protected areas. One of the locations of KATHARINENHOF® GmbH's, Haus Quellenhof in Wolkenstein, is located in a water protection area. Here, we comply with the relevant statutory provisions relating to the extraction and discharge of water.

EN12 Effects on protected areas and biodiversity

All administrative sites and all residential units owned by the Deutsche Wohnen Group are located in urban areas and therefore not in designated protected areas. As a result, our business activities do not have any impact on biodiversity.

Emissions, effluents and waste**EN16 Direct and indirect greenhouse gas emissions**

The Deutsche Wohnen Group calculates its CO₂ emissions on the basis of the Global Emission Model for Integrated Systems (GEMIS 4.81), thus including the effect of all greenhouse gases along the value chain. Emissions are reported in accordance with the provisions of the international Greenhouse Gas Protocol standard. Company-wide greenhouse gas emissions arising as a result of the business activities of the Deutsche Wohnen Group (excluding KATHARINENHOF® GmbH) amounted to 530.9 tonnes of CO₂ equivalents in 2013, which represents an increase of 41 % compared to the previous year. This increase is due to the expansion of our portfolio and the associated increase in the number of our administrative and service offices from 13 to 40 and also to the expansion of our vehicle fleet. Of these emissions, around 21 % were attributable to the gas consumption of Deutsche Wohnen, and 44 % to the use of electricity and district heating. Given that we (excluding KATHARINENHOF® GmbH) meet our communal electricity requirements using energy generated from hydropower, we recorded savings of 305 tonnes of CO₂ equivalents at 13 of 40 locations in the year under review alone. Emissions from our Am Preußenpark nursing home amounted to 489.1 tonnes of CO₂ equivalents in 2013, which represents a decrease of 4 % compared to the previous year.

Business operations of Deutsche Wohnen (excluding KATHARINENHOF®)	2013 t CO ₂ eq	2012 t CO ₂ eq
Direct CO ₂ emissions from production/heating (Scope 1) ¹⁾	111.6	81.1
Indirect CO ₂ emissions from electricity/district heating (Scope 2) ¹⁾	231.3	194.5
Direct CO ₂ emissions from transport (Scope 1)	188.0	101.0
Total CO₂ emissions	530.9	376.6

¹⁾ Data not directly comparable: 2013 data calculated on the basis of consumption data with regard to natural gas, electricity and district heating for up to 85 % of the floor space in use, compared to 77 % of the floor space in use in 2012. Value for 2012 adjusted in line with more detailed database

Ecological Performance Indicators

Business operations of KATHARINENHOF® ¹⁾	2013 t CO ₂ eq	2012 t CO ₂ eq
Direct CO ₂ emissions from production/heating (Scope 1)	249.0	257.9
Indirect CO ₂ emissions from electricity (Scope 2)	190.3	201.3
Direct CO ₂ emissions from transport (Scope 1)	49.8	50.1
Total CO₂ emissions	489.1	509.3

¹⁾ Calculated on the basis of consumption data with regard to natural gas, transport and electricity for the Am Preußenpark nursing home (Berlin) with 120 nursing places (1 of 21 locations)

EN17 Other indirect greenhouse gas emissions

The emissions from rented residential units for eight residential areas with 975 residential units, calculated as part of our pilot project, amounted to 2,279.7 tonnes of CO₂ equivalents. Given that 87% of the communal electricity (entrance and hallway lighting, operation of central electrical installations) for our approximately 78,000 rented residential units (data collected for only those portfolios under our ownership throughout the year; excluding GSW) is obtained completely from hydro-power, we recorded savings of 7,580 tonnes with regard to CO₂ equivalents in the year under review – which represents an increase of 2,399 tonnes compared to the previous year.

Pilot project rented residential units ¹⁾	2013 t CO ₂ eq	2012 t CO ₂ eq
Direct CO ₂ emissions from production/heating (Scope 1)	2,053.7	1,679.6
Indirect CO ₂ emissions from electricity/district heating (Scope 2) ²⁾	226.1	0.0
Total CO₂ emissions	2,279.8	1,679.6

¹⁾ Data not directly comparable: 2013 consumption data (including tenant consumption) for eight rental properties in Berlin with a total of 975 residential units and approximately 52,500 sqm of living space, compared to 2012 consumption data for five rental properties with a total of 737 residential units and approximately 37,500 sqm of living space.

²⁾ In 2012, the proportion of overall communal electricity represented by conventionally generated electricity was 0%; in 2013, it amounted to 13% as a result of acquisitions

CRE3 Greenhouse gas emissions intensity from buildings

In the year under review, we reduced the intensity of greenhouse emissions per square metre of floor space in use in our Am Preußenpark nursing home and per square metre of living space in our rented holdings by 5% compared to 2012.

	2013 t CO ₂ eq	2012 t CO ₂ eq
Geschäftsbetrieb Deutsche Wohnen (excluding KATHARINENHOF®)¹⁾ Specific CO ₂ emissions per sqm of usable floor space	0.024	0.024
Business operations of KATHARINENHOF®²⁾ Specific CO ₂ emissions per sqm of usable floor space	0.066	0.069
Pilot project rented residential units³⁾ Specific CO ₂ emissions per sqm of living space	0.043	0.045

¹⁾ 2013 consumption data with regard to natural gas, electricity and district heating for up to 85% of the floor space in use, compared to up to 77% of the floor space in use in 2012. Transport from all locations. Value for 2012 adjusted in line with more detailed database

²⁾ Calculated on the basis of consumption data with regard to natural gas, transport and electricity for the Am Preußenpark nursing home (Berlin) with 120 nursing places (1 of 21 locations)

³⁾ 2013 consumption data with regard to natural gas (including tenant consumption) for eight rental properties in Berlin with a total of 975 residential units and approximately 52,500 sqm of living space, compared to 2012 consumption data for five rental properties with a total of 737 residential units and approximately 37,500 sqm of living space

CRE4 Greenhouse gas emissions intensity from construction activity

The Deutsche Wohnen Group's operating activities focus on the management and development of its residential property portfolio. Given that we were not active in the new construction of buildings in 2013, the intensity of greenhouse gas emissions from new construction activity is not of relevance in our case.

EN18 Initiatives to reduce greenhouse gas emissions

We meet 100% of the electricity requirements of our administrative offices (605 MWh) and 87% of the communal building electricity requirements of our rented holdings (15,021 MWh) using hydropower, thereby recording total savings of approximately 7,885 tonnes with regard to CO₂ equivalents in 2013 – an increase of 2,384 tonnes or 43% compared to the previous year.

Ecological Performance Indicators

EN19 Emissions of ozone-depleting substances

The coolant we use for air conditioning systems in our conference rooms, the canteen and rooms used to house technical equipment at the Berlin head office complies with the latest standards and does not have any ozone-depleting potential. The collection of data with regard to emissions of ozone-depleting substances is not of relevance for Deutsche Wohnen as a non-producing company.

EN20 Other air emissions

The calculated amount of sulphur and nitrogen emissions as well as particulate matter generated by the use of gas and district heating and by the vehicle fleet of the Deutsche Wohnen Group (excluding KATHARINENHOF® GmbH) increased to 1,079 tonnes in 2013, primarily as a result of the expansion of the vehicle fleet.

Business operations of Deutsche Wohnen (excluding KATHARINENHOF®) ¹⁾	2013 t	2012 t
Emissions into the air: SO ₂	0.278	0.216
Emissions into the air: NO _x	0.757	0.614
Emissions into the air: particulate matter	0.044	0.034
Total emissions into the air	1.079	0.864²⁾

¹⁾ 2013 data calculated on the basis of consumption data with regard to natural gas and district heating for up to 51% of the floor space in use, compared to 71% of the floor space in use in 2012. Transport from all locations. Value for 2012 adjusted in line with more detailed database

²⁾ Deviations in the total sum caused by rounding differences

Business operations of KATHARINENHOF® ¹⁾	2013 t	2012 t
Emissions into the air: SO ₂	0.037	0.038
Emissions into the air: NO _x	0.295	0.304
Emissions into the air: particulate matter	0.014	0.014
Total emissions into the air	0.346	0.356

¹⁾ Calculated on the basis of consumption data with regard to natural gas and transport for the Am Preußenpark nursing home (Berlin) with 120 nursing places (1 of 21 locations)

EN21 Water discharge

In line with the relevant statutory provisions, waste water is discharged into the public sewer system and waste water treatment plants.

EN22 Total weight of waste

In the year under review, we recycled 36.0 tonnes (2012: 42.8 tonnes) of paper. The business activities of KATHARINENHOF® GmbH generated 665.9 m³ (2012: 622.3 m³) of waste; as in the previous year, we were able to recycle 97.3% of this amount. Further data for all types of waste – whether arising as a result of our business activities or produced in our rented residential units – cannot be considered reliable as it refers to communal tonnage or estimated volume data, and is therefore not reported.

EN23 Significant spills

The disposal of hazardous substances is not of relevance for Deutsche Wohnen as a non-producing company.

CRE5 Land remediation

Given that Deutsche Wohnen has not to date been involved in the construction of new buildings, its activities do not involve any risk of soil contamination.

Products and services**EN26 Initiatives to mitigate environmental impacts of products and services**

Given that 87% of the communal electricity (entrance and hallway lighting, operation of central electrical installations) for our approximately 78,000 rented residential units (data collected for only those holdings under our ownership throughout the year; excluding GSW acquisitions) is obtained completely from hydropower, we recorded savings of 7,580 tonnes CO₂ equivalents in the year under review. We are increasingly commissioning the preparation of expert reports on energy consumption for our rented holdings with a view to systematically realising further savings potential in this regard. A total of seven expert reports relating to ecological measures was prepared in the year under review.

Ecological Performance Indicators

Social Performance Indicators

Deutsche Wohnen relies to some extent on photovoltaic technology as an environmentally friendly source of energy, operating a total of 76 systems on the roofs of its holdings – in particular in Saxony and Saxony-Anhalt – with a total capability of 1,169 kWp, which enables the generation of approximately 950 MWh of electrical energy per year. A further building block is the environmentally-friendly and efficient generation of electricity and heating through a combined heat and power (CHP) plant, which was put into operation by Deutsche Wohnen in collaboration with GETEC on the UNESCO “Weiße Stadt” Estate in Berlin-Reinickendorf at the beginning of 2012 and produced approximately 4,400 MWh of heat and approximately 4,600 MWh electrical energy in 2013. Together with its photovoltaic systems, Deutsche Wohnen thus generated, in mathematical terms, approximately 37% of the electrical energy required for general communal electricity supply (excluding GSW) in 2013.

In order to reduce consumption within our own processes, we have made our employees aware of the issue of environmental protection, for example, by encouraging them to use paper sparingly. We also intend to make a number of gradual improvements to our vehicle fleet, which for the Deutsche Wohnen Group as a whole comprised 83 vehicles at the end of the year under review (2012:55) and which, according to our calculations, produced average emissions of 225 grams of CO₂ [2012: 230 grams] per kilometre.

EN27 Reclaimed products and packaging

The collection of data with regard to reclaimed products and packaging is not of relevance for Deutsche Wohnen as a real estate company.

Compliance

EN28 Fines and sanctions for non-compliance with environmental regulations

No fines were imposed on the Deutsche Wohnen Group for violations of environmental regulations in the year under review.

Social Performance Indicators

Labor practices and decent work

Management approach

The success of the Deutsche Wohnen Group is to a great extent attributable to the high level of professional expertise and the dedication of our employees. Accordingly, we attach great importance to transparent communication, and strive to provide our staff with individual opportunities for professional development and with support in achieving a positive work/life balance. After all, the job market has undergone a transformation, with demographic change resulting in a shortage of skilled personnel in Germany over the medium term.

Our distinctive characteristic as an employer is that we offer our employees flat hierarchies, a dynamic working environment with good opportunities for advancement, performance-based remuneration and secure jobs. We view personnel development and talent management as strategic measures for encouraging employee loyalty. We commenced the practical implementation of such concept-driven measures in the financial year 2013. We foster new management talent in the context of targeted development programmes. In acquiring new employees, the Deutsche Wohnen Group particularly draws on the potential in place within its own ranks. Each year it offers young people the opportunity to gain a foothold in the real estate and nursing care industries – in the form of training for careers such as real estate agents, health care professionals or qualified nurses. Many of our former apprentices now hold management positions.

Our Code of Conduct and management principles, which were adopted in 2011 and apply to all of our employees, provide a basis for constructive interaction, reliability, respect and transparency. We promote diversity and prohibit all discrimination on grounds of gender, age, ethnic origin, disability or sexual orientation in the context of the hiring, ongoing employment or prospects for advancement of employees, basing all decisions in this regard solely on the performance, personality, abilities and suitability of the individuals in question. We employ temporary workers only in exceptional cases (KATHARINENHOF® GmbH) and do not take on any unpaid apprentices.

Social Performance Indicators

Employment

LA1 Total workforce

As at the reporting date of 31 December 2013, the Deutsche Wohnen Group had 1,877 employees (excluding apprentices and GSW and Facilita employees) of which 477 work for the holding company and in the residential segment and 1,400 in the Nursing and Assisted Living segment (KATHARINENHOF® GmbH). The number of our apprentices increased by almost 18% to 112 in 2013 (Deutsche Wohnen including KATHARINENHOF® GmbH).

Deutsche Wohnen Management GmbH has employees throughout Germany. In 2013, 40 new employees were hired to enable the integration of the residential property portfolio that has been acquired since 2012. These employees primarily work at the head office in Berlin and at the new offices in Hanover, Brunswick and Merseburg. The attractive working conditions prevailing within the Group enabled us to additionally attract specialists and top industry experts to join Deutsche Wohnen's management team in the year under review.

In 2013, 13 employees were on parental leave and 33 were part-time workers (Deutsche Wohnen Group excluding KATHARINENHOF® GmbH, GSW and Facilita). In 2013, the average age of the flexible employment in the Deutsche Wohnen Group (excluding apprentices, GSW, Facilita and KATHARINENHOF® GmbH) was 40.5 years (2012: 40.6 years). The proportion of the overall number of employees aged over 55 years is 12% (excluding KATHARINENHOF® GmbH).

Overview of employees of the Deutsche Wohnen Gruppe ¹⁾	Deutsche Wohnen including KATHARINENHOF®		Deutsche Wohnen excluding KATHARINENHOF®		KATHARINENHOF®	
	2013	2012	2013	2012	2013	2012
Number of employees ²⁾	1,877	1,417	477	382	1,400	1,035
Women in %	75.8	76.8	62.7	62.6	80.2	82.0
Number of apprentices ³⁾	112	95	40	34	72	61
Average age in years ⁴⁾	42.5	42.8	40.5	40.6	43.1	43.6

¹⁾ Current as at 31 December 2013, excluding apprentices, GSW, Facilita and GEHAG Immobilien Management GmbH

²⁾ Including Management Board

³⁾ Including adult education

⁴⁾ Excluding apprentices

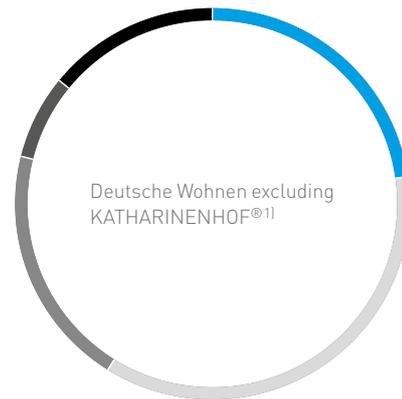
Employees in flexible employment	Deutsche Wohnen excluding KATHARINENHOF®	
	2013	2012
Part-time workers in %	6.9	7.3
Temporary workers in %	7.8	6.3
Workers on parental leave in %	2.7	3.7

Social Performance Indicators

LA2 Employee turnover

The turnover rate of the Deutsche Wohnen Group (excluding KATHARINENHOF® GmbH, GSW and Facilita) was 8.6% in 2013 (2012: 9.2%). The average length of service (excluding apprentices, temporary staff and caretakers) decreased from 9.4 years to 8.3 years compared to the previous year, primarily as a result of a rise in the number of employees.

Length of service in years



in %	2013	2012
■ Up to 1 year	23	16
■ 1 – 5 years	36	31
■ 6 – 15 years	20	25
■ 16 – 20 years	7	11
■ Over 20 years	14	17

¹⁾ Excluding GSW and Facilita; excluding apprentices, temporary staff and caretakers.

Employee turnover ¹⁾	Deutsche Wohnen excluding KATHARINENHOF®		KATHARINENHOF®	
	2013	2012	2013	2012
Rate of turnover in total ²⁾ in %	8.6	9.2	26	25.1 ³⁾
Rate of turnover brought about by employee resignations in %	3.8	4.6	n/a ⁴⁾	< 1

¹⁾ Current as at 31 December 2013, excluding apprentices, GSW, Facilita and GEHAG Immobilien Management GmbH

²⁾ Including employee- and employer-instigated terminations, employees reaching retirement age and annulment agreements

³⁾ Frequent appointments and departures as a result of restructuring measures in the context of acquisitions

⁴⁾ Due to a lack of data, no information available

LA3 Employee benefits

From 1 January 2014, we have paid our employees voluntary special benefits to provide support in special circumstances, such as the birth of a child or the death of a relative; we also reward training staff for their excellent work. All of the employees of the Deutsche Wohnen Group (excluding KATHARINENHOF® GmbH) including apprentices, part-time staff and temporary workers, receive these special benefits.

Labor/Management Relations

LA4 Percentage of employees covered by collective bargaining agreements

The remuneration of our employees is in line with the residential property sector as a whole.

The Focus Group, which was established at the end of 2007, represents the interests of employees. This body of employee representatives serves as a voice of the workforce within the Deutsche Wohnen Group. Around 20 employees from various professions and locations meet twice a year to discuss current issues. The issues discussed and the outcomes of the meetings are made available in the form of minutes on the intranet and in the employee newsletter. Furthermore, the focus group may, if necessary, invite the Chief Executive Officer to attend its meetings with a view to discussing and resolving current problems. Employees can make suggestions or complaints via contact persons or anonymous mailboxes throughout the year.

Deutsche Wohnen does not employ any agency workers; nor does it take on any unpaid interns. KATHARINENHOF® GmbH employs agency workers in exceptional cases. The interests of its employees are safeguarded by local works councils at three locations.

LA5 Minimum notice periods regarding operational changes

The three works councils inform the employees of KATHARINENHOF® GmbH of any operational changes within the general deadlines that apply. The employees of the Deutsche Wohnen Group are, as a matter of principle, also informed promptly of key changes via internal lines of communication and by their supervisors.

Occupational health and safety

LA7 Rates of injuries, absenteeism and work-related fatalities

The incidence rate for illness (paid and unpaid sick leave) for 2013 was 4.98%, having fallen slightly compared to the previous year (5.14%) (Deutsche Wohnen Group excluding GSW, Facilita and DWS Merseburg and Brunswick). All work-related accidents (including those occurring on the way to work) are centrally recorded by the Administration department and reported to the workers' compensation board. Any illness-related absences from work which may arise or have arisen directly as the result of work-related accidents are not recorded separately, but are included in the overall incidence rates for illness. As in previous years, there were no work-related fatalities in 2013.

CRE6 Health and safety management systems

Given that Deutsche Wohnen was not actively involved in the construction of new buildings in the year under review 2013, disclosure with regard to health and safety management on construction sites is not of relevance. A health and safety officer at KATHARINENHOF® GmbH is responsible for ensuring compliance with the provisions relating to health and safety at work in the Nursing and Assisted Living segment.

Social Performance Indicators

LA8 Prevention and risk-control programs

Deutsche Wohnen attaches great significance to actively promoting a healthy working environment. We therefore regularly organise health awareness days, when exercise and a healthy lifestyle take centre stage and employees are treated to a free massage at each of our locations; massages are also offered at reduced prices on a weekly basis. Employees wanting to improve their physical fitness through weight training can also access the services of a training provider at preferential rates. We organise company runs in Berlin and Frankfurt every year. Both of our Deutsche Wohnen football teams once again took part in the "After Work Cup" in 2013.

Deutsche Wohnen's 2013 "Have fun and get moving" bonus initiative encourages our workforce to collect vouchers which may be redeemed at various partner organisations in return for their participation in sporting events relating to skateboarding, cycling, running and walking. For example, Deutsche Wohnen teams that once again successfully completed the relay races organised by the Berliner Wasserbetriebe and the J.P. Morgan Corporate Challenge were able to collect bonus points.

At our offices in Berlin, Potsdam, Frankfurt, Mainz and Hanover and in cooperation with the Siemens company health insurance scheme (SBK), we gave employees the opportunity to have the "heart health" and "susceptibility to stress" of their cardiovascular system assessed by medical specialists by means of a heart rate variability measurement in 2013.

Training and education

LA10 Training hours per year and employee

In acquiring new talent, Deutsche Wohnen Group particularly draws on its own aspiring young employees. This is the reason why we run an extensive apprenticeship programme. In 2013, we had a total of 112 apprentices [2012: 95].

We view personnel development and talent management as strategic measures for encouraging employee loyalty. We invested approximately EUR 203,000 in employee development in 2013 (excluding KATHARINENHOF® GmbH), EUR 32,500 of which was allocated to development programmes introduced in 2010 with the goal of fostering future candidates for management positions and EUR 98,000 dedicated to continuing education and training measures for all of our employees. We commenced the introduction and practical implementation of such concept-driven measures for the Group as a whole in the year under review, resulting in expenditure in the amount of EUR 72,500. Employees of KATHARINENHOF® GmbH are allocated 25 hours for education and training every year.

Diversity and equality opportunity

LA13 Composition of governance bodies and breakdown of employees

Deutsche Wohnen AG promotes equality of opportunity and work-life balance: More than three quarters of the total workforce of the Deutsche Wohnen Group are women; this represents a slight increase over the previous year. The proportion of women at the management level in the Deutsche Wohnen Group is 59.5%, having risen once again compared to 2012.

Social Performance Indicators

Proportion of women	Deutsche Wohnen including KATHARINENHOF®		Deutsche Wohnen excluding KATHARINENHOF®		KATHARINENHOF®	
	2013 ¹⁾	2012	2013 ¹⁾	2012	2013 ¹⁾	2012
Women in %	75.8	76.8	62.7	62.6	80.2	82.0
Women in management positions in %	59.5	51.6	46.3	41.7	73.7	65.4

¹⁾ Current as at 31 December 2013, excluding apprentices, GSW, Facilita and GEHAG Immobilien Management GmbH

Age structure of employees of the Deutsche Wohnen Group¹⁾



in %	2013	2012
Up to 35 years	42	40
36 - 45 years	24	23
46 - 55 years	23	24
Over 55 years	12	13

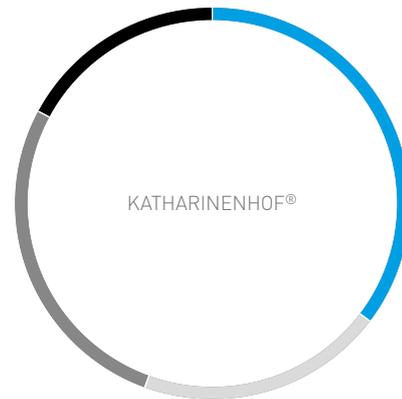
¹⁾ Excluding apprentices

The average age of all employees of the Deutsche Wohnen Group (excluding apprentices and excluding KATHARINENHOF® GmbH, GSW and Facilita) is 40.5 years (2012: 40.6 years). In 2013, 12% of our employees were older than 55 years (excluding KATHARINENHOF® GmbH, GSW and Facilita), which represents a slight decrease compared to the previous year (13%).

LA14 Ratio of basic salary of men to women

Our employees receive remuneration on the basis of their individual responsibilities and performance. Female and male employees naturally receive equal treatment in this regard.

Age structure of employees of KATHARINENHOF®¹⁾



in %	2013 ²⁾	2012
Up to 35 years	35	37
36 - 45 years	20	19
46 - 55 years	27	25
Over 55 years	17	19

¹⁾ Excluding apprentices

²⁾ Change in the total number of employees to 1,407 due to a change in the date of recognition

Furthermore, Deutsche Wohnen offers support to working mothers and fathers faced with the challenge of finding a balance between work and family life: The parent and child rooms set up in 2010 at the offices in Berlin and Frankfurt enable parents to bring their children to work with them for short periods of time during the holidays or on project days. Moreover, Deutsche Wohnen is developing intelligent part-time working schemes with a view to alleviating the burden on working parents, including those in management positions. As a general rule, employees returning from parental leave are given the option to come back to work on a part-time basis and also, where necessary, to work part-time during their parental leave.

Social Performance Indicators

Human rights

Management approach

Deutsche Wohnen is very much aware of the importance of respecting human rights and strives to uphold them within its sphere of influence. This includes precluding and penalising discriminatory conduct within the company and ensuring appropriate conduct by its external service providers and suppliers. All business activities are essentially subject to German law, including the provisions of the German Constitution which clearly relate to, for example, freedom of association or forced labour.

Since the issue of human rights is regulated by law for a real estate company operating solely within Germany, there are no well-established procedures or guidelines yet in place. However, this situation could well change in due course, particularly with regard to service providers in the construction sector.

Investment and procurement practices

HR1 Investment agreements incorporating human rights clauses

The Deutsche Wohnen Group operates solely within Germany. We comply with statutory provisions which prohibit violations of human rights in conducting our business activities. This principle is also enshrined in our Code of Conduct: "The Deutsche Wohnen Group undertakes to comply with all applicable statutes and regulations." Deutsche Wohnen has also appointed a Compliance Officer to ensure that these commitments are upheld.

HR2 Significant suppliers and contractors that have undergone human rights screening

The Deutsche Wohnen Group operates solely within Germany. In 2013, we invested a total of EUR 86.2 million in the modernisation and maintenance of residential units and buildings. In concluding agreements, we expressly impose obligations on our contractors to comply with statutory provisions for the prevention of illicit work and with the provisions of the German Assignment of Workers Act (Arbeitnehmerentsendegesetz), the German Act on Temporary Employment (Arbeitnehmerüberlassungsgesetz) and German social security legislation. We take care to ensure that the providers of cleaning services for our administrative buildings

are paid for the number of hours actually worked. If we discover any discrepancies, we seek to enter into a dialogue with the relevant service provider. Any subsequent failure on the part of the contractor to rectify the situation is then deemed to constitute grounds for terminating the contractual relationship.

Non-discrimination

HR4 Total number of incidents of discrimination and actions taken

As a matter of principle, all discriminatory conduct is prohibited within the Deutsche Wohnen Group. All members of the management of Deutsche Wohnen are familiar with the provisions of the German General Act on Equal Treatment (Allgemeines Gleichbehandlungsgesetz). We did not become aware of any incidents of discrimination during the year under review. The proportion of disabled employees at Deutsche Wohnen AG (the holding company only) in 2013 was higher than the statutorily stipulated 5%.

Freedom of association and collective bargaining

HR5 Business operations at serious risk for the freedom of association

The Deutsche Wohnen Group operates solely within Germany and complies with the applicable statutory provisions in conducting its business activities. The right to freedom of association is enshrined in the German Constitution. Moreover, in concluding agreements, we expressly impose obligations on our contractors to comply with statutory provisions for the prevention of illicit work and with the provisions of the German Assignment of Workers Act (AEntG), the German Act on Temporary Employment and German social security legislation.

Child labour

HR6 Business operations at serious risk of child labour

The Deutsche Wohnen Group operates solely within Germany and complies with the applicable statutory provisions in conducting its business activities. In Germany, the prohibition against child labour is enshrined in the German Child Protection Act (Kinderschutzgesetz).

Social Performance Indicators

Forced and compulsory labour

HR7 – Operations at significant risk of forced or compulsory labour

The Deutsche Wohnen Group operates solely within Germany and complies with the applicable statutory provisions in conducting its business activities. The prohibition against forced labour is enshrined in the German Constitution.

Society

Management approach

More and more people are moving into towns and cities, where affordable housing is becoming increasingly scarce. Deutsche Wohnen is of the view that it bears a special responsibility in this regard. We charge affordable rents and refrain from carrying out luxury refurbishments. We attach great importance to functioning neighbourhoods and ensure that our housing is well-maintained, clean and safe. This means that it remains attractive and retains its value. For example we support cultural and recreational facilities in the vicinity of our holdings. We consider it our duty to preserve our listed properties, what we will continue to discharge with a high level of commitment and financial investment.

At the same time, KATHARINENHOF® GmbH offers many individuals, including our tenants, an attractive home for their twilight years – something for which there is increasingly pressing demand in our “ageing” society. We strive to provide individually tailored nursing and support services, including innovative therapies, in accordance with the latest standards, whilst safeguarding individual privacy and showing respect and appreciation for the individuals concerned.

Community

S01 Policies to manage impact on communities

We make a significant economic contribution in the regions in which we operate in providing jobs and training positions and in awarding contracts to local companies. We work together with various state agencies and social organisations with regard to both the maintenance of our listed properties and our social commitments. Our company-wide Code of Conduct and our compliance management endeavours also ensure that our conduct is lawful in this context.

In the year under review, we invested just under EUR 86.2 million or EUR 15 per square metre in the maintenance and modernisation of residential units and buildings, thereby maintaining the high quality of our portfolio and a low vacancy rate. In addition, we strive to foster fair and lively communities on our estates, particularly in areas where we are able to bring our core capabilities to bear and to have cooperation partners that we can trust – for example, when supporting social welfare institutions. Our tenants can contact us with regard to matters relating to their housing and the surrounding environment on-site at our Service Points and via telephone at our service centres. In 2013, four new Service Points and letting offices were opened throughout Germany.

Deutsche Wohnen is quite unique among larger housing companies in having an in-house receivables management department, the advantages of which include the option of offering solutions at an early stage to any of our tenants finding themselves in financial difficulty. We ensure that tenants receive payment reminders in good time and, where necessary, offer tenants the opportunity to meet face-to-face with one of our housing advisers in Berlin or Hanover, our goal being to avoid evictions and to find alternative solutions to problems. In addition, we permit payment of outstanding rents in instalments and, where necessary, put tenants in touch with local debt counsellors.

Social Performance Indicators

In 2013, we increased the amount of our KATHARINENHOF® GmbH accommodation to a total of 2,166 residential and nursing care places. Our new locations also satisfy the requirements for high-quality care and residential facilities with the latest standards and innovative therapies. In 2013, in cooperation with the German Centre For Fairy Tale Culture (Deutsches Zentrum für Märchenkultur) and with assistance from scientific researchers, we continued to devote ourselves to the "Once upon a time... Fairy Tales and Dementia" project, which adopts a new approach to the treatment of adults suffering from dementia. Furthermore, there are innovative preventative solutions, such as diaries and records chronicling residents' fall histories, which are reinforced by services aimed at supporting and fostering physical and mental mobility.

Corruption

S02 Percentage of business units analysed for risks related to corruption

All of the business divisions and processes of Deutsche Wohnen are subjected to regular review with regard to compliance risks. Our Code of Conduct, which stipulates and defines the type of conduct that is within the law, applies to all of the company's employees.

S03 Percentage of employees trained in anti-corruption policies and procedures

No training courses have been held to date. However, our Code of Conduct makes unequivocally clear that employees are not permitted to accept any gifts or benefits, in particular where these are given or granted in return for the making of assurances as to the possible conclusion of a business transaction. Conversely, employees of the Deutsche Wohnen Group may not under any circumstances attempt to unlawfully influence business partners by according them preferential treatment, giving them gifts or granting them other benefits.

Deutsche Wohnen AG has appointed a Compliance Officer in order to ensure compliance with the standards of conduct and norms prescribed by the German Corporate Governance Code and the relevant statutory provisions.

S04 Actions taken in response to incidents of corruption

As in previous years, there were no known cases of corruption during the reporting period.

Public policy

S05 Participation in public policy development

The Deutsche Wohnen Group champions its business concerns in the context of its membership in advocacy associations (see item 4.13). Deutsche Wohnen did not make any donations to any parties, political foundations or politicians in the year under review. Employees of Deutsche Wohnen regularly attend events and panel discussions in the political arena as part of our communication with external stakeholders – in particular, in the federal capital, Berlin.

Compliance

S08 Fines and sanctions for non-compliance with laws and regulations

No fines or sanctions were imposed for statutory violations in the reporting period.

CRE7 Number of persons voluntarily and involuntarily displaced and/or resettled

The Deutsche Wohnen Group operates solely within Germany and complies with the applicable statutory provisions in conducting its business activities. Furthermore, we are fully aware of our responsibility towards our tenants and the local environment with regard to our existing portfolio and new acquisitions. There were therefore no voluntary or involuntary relocations of individuals in the reporting period.

Social Performance Indicators

Product responsibility

Management approach

The assumption of responsibility for our property holdings is a crucial part of maintaining their value. This may be considered the core business of Deutsche Wohnen and comprises, in addition to our refurbishment and maintenance activities, our commitment to the environment surrounding our properties. We view the issue of our responsibility for the health and safety aspects of our product as a challenge to preserve and improve the quality of life of our tenants, with expert modernisation, refurbishment and maintenance of our properties and the expansion of our Service Points having a role to play here.

The same applies with respect to the residents of our KATHARINENHOF® nursing homes, whose quality of life depends not only on the accommodation, surrounding environment and degree of social integration available to them but also on highly individualised aspects and services. We provide innovative preventative solutions, such as diaries and records chronicling residents' fall histories, which are reinforced by services aimed at supporting and fostering physical and mental mobility. The selection of our nursing staff therefore plays a central role in the maintaining of our "product quality", with all applicants for jobs at KATHARINENHOF® GmbH thus being subjected to a highly differentiated evaluation procedure.

The concept of product responsibility is a matter of special interpretation in the case of our listed holdings, which, including the GSW properties, now number 30,000 units [as at April 2014]. This involves balancing the needs of our tenants against the standards and requirements applicable for the preservation of historical monuments. We therefore cooperate closely with the Berlin Monument Authority (Landesdenkmalamt) to ensure the proper preservation and maintenance of our portfolio.

Customer health and safety

PR1 Health and safety impacts of products and services

In maintaining and modernising its holdings, the Deutsche Wohnen Group uses as a matter of principle materials that are stipulated by law and are of high-quality. Since 2009, we have invested around EUR 33 million in refurbishing our housing estates in line with the specifications for the preservation of historic monuments.

PR3 Product and service information required

We largely comply with the stipulations of the German Energy Saving Ordinance (EnEV), for example, providing tenants and purchasers with energy certificates upon request. When tenants move into our properties, we provide them with a comprehensive tenant file containing information on contact persons and tips for maintaining a healthy home environment.

CRE8 Sustainability certifications

The Deutsche Wohnen Group's activities are focussed on the management and development of existing residential property. For example, we provide our tenants and purchasers with energy certificates (in accordance with the specifications of the German Energy Saving Ordinance (EnEV)) upon request. Given that we were not actively involved in the construction of new buildings in 2013, sustainability certifications with regard to this area are not of relevance for us.

Marketing communications

PR6 Adherence to standards for advertising, marketing, sponsoring

In carrying out our communications-related activities, we comply with the relevant statutory provisions and additionally adhere to the recommendations of the German Advertising Standards Council (Deutscher Werberat). In the sponsoring context, we strive to foster social and cultural projects preferably in the vicinity of our properties while exploiting our core capabilities.

The way our employees communicate via the internet, and what they communicate, is of crucial importance for the reputation of the Deutsche Wohnen Group. So, in our company-wide Code of Conduct they can find recommendations about how they can avoid the risks – both to themselves and to the company – associated with social networks.

Compliance

PR9 Fines and sanctions for non-compliance with laws and regulations concerning the use of products and services

We are not aware of any infringements or associated imposition of fines during the reporting period.

GRI Index (G3 & Sector Supplement)

GRI Index (G3 & Sector Supplement)

● fully reported ● partially reported ○ not yet reported

GRI Index (G3 & Sector Supplement)		Performance	Reference
1	Strategy and Analysis		2
1.1	Statement from the organisation's most senior decision-maker	●	2
1.2	Key impacts, risks and opportunities	●	2
2	Organisational Profile		3
2.1	Name of the organisation	●	3
2.2	Important brands, products and services	●	3
2.3	Operational structure and main divisions	●	4
2.4	Location of organisation's headquarters	●	5
2.5	Number/name of countries where the company operates	●	5
2.6	Nature of ownership and legal form	●	5
2.7	Markets served	●	6
2.8	Scale of the reporting organisation	●	6
2.9	Significant changes during the reporting period	●	6
2.10	Awards received in the reporting period	●	7
3	Report Parameters		8
3.1	Reporting period	●	8
3.2	Date of most recent report	●	8
3.3	Reporting cycle	●	8
3.4	Contacts for questions regarding the report	●	8
3.5	Process for defining report content	●	8
3.6	Boundary of the report	●	8
3.7	Restrictions/limitations of the report	●	8
3.8	Basis for reporting on joint ventures, subsidiaries etc.	●	9
3.9	Data collection methods and data collection principles	●	9
3.10	Changes to earlier reports in terms of re-statements	●	9
3.11	Changes from previous reporting periods in the subjects, scope or measurement methods	●	9
3.12	GRI Index table	●	9
3.13	External audit of the statements made	●	9
4	Governance, Commitments and Engagement		9
4.1	Governance structure and responsibility for sustainability	●	9
4.2	Independence of the chairman of the Supervisory Board	●	10
4.3	Highest management body for companies without a Supervisory Board	●	11
4.4	Process for dialogue between shareholders and employees with the Supervisory Board/ Management Board	●	11
4.5	Connection between compensation for members of the highest governance bodies and the organisation's performance	●	12
4.6	Processes to ensure that conflicts of interest are avoided	●	12
4.7	Qualifications and expertise of the highest governance body in terms of sustainability	●	12

GRI Index (G3 & Sector Supplement)

● fully reported ● partially reported ○ not yet reported

GRI Index (G3 & Sector Supplement)		Performance	Reference
4.8	Mission statement, corporate values and codes of conduct	●	13
4.9	Board-level processes for overseeing sustainability performance	●	13
4.10	Processes for evaluating the Management Board's sustainability performance	●	13
4.11	Implementation of the precautionary approach	●	13
4.12	Support for external standards, agreements and initiatives	●	14
4.13	Memberships in associations and advocacy groups	●	14
4.14	List of stakeholder groups engaged by the company	●	14
4.15	Basis for identifying stakeholders	●	15
4.16	Approaches to stakeholder engagement	●	15
4.17	Statement on key stakeholder issues	●	17
Economic Performance Indicators			18
Management approach		●	18
EC1	Economic value generated and distributed	●	18
EC2	Financial implications, risks and opportunities due to climate change	●	19
EC3	Coverage of benefit plan obligations	●	19
EC4	Financial assistance received from government	●	19
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation	○	-
EC6	Spending on locally based suppliers	●	20
EC7	Hiring local personnel	●	20
EC8	Infrastructure investments and services for public benefit	●	20
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts	○	-
Ecological Performance Indicators			21
Management approach		●	21
Aspect: Materials	EN1 Materials used	●	21
	EN2 Percentage of materials used that are recycled	○	21
	EN3 Direct energy consumption	●	22
	EN4 Indirect energy consumption	●	23
Aspect: Energy	CRE1 Building energy intensity	●	23
	EN5 Energy saving initiatives	●	24
	EN6 Energy saving initiatives concerning products	●	24
	EN7 Initiatives to reduce indirect energy consumption and reductions achieved	○	-
Aspect: Water	EN8 Total water withdrawal by sources	●	24
	EN9 Water sources significantly affected by withdrawal of water	○	-
	EN10 Percentage and total volume of water recycled and reused	○	-
	CRE2 Building water intensity	●	25
Aspect: Biodiversity	EN11 Activities in protected areas	●	25
	EN12 Effects on protected areas and biodiversity	●	25
	EN13 Habitats protected or restored	○	-
	EN14 Strategies, current actions, and future plans for managing impacts on biodiversity	○	-
	EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	○	-

With regards to the performance indicators, all required core indicators have been marked in bold. Any information provided for the additional indicators (not marked in bold) is voluntary.

GRI Index (G3 & Sector Supplement)

● fully reported ◐ partially reported ○ not yet reported

GRI Index (G3 & Sector Supplement)		Performance	Reference
Aspect: Emissions, waste, water	EN16 Direct and indirect greenhouse gas emissions	●	25
	EN17 Other indirect greenhouse gas emissions	●	26
	CRE3 Greenhouse gas emissions intensity from buildings	●	26
	CRE4 Greenhouse gas emissions intensity from construction activity	●	26
	EN18 Initiatives to reduce greenhouse gas emissions	●	26
	EN19 Emissions of ozone-depleting substances	●	27
	EN20 Other air emissions	●	27
	EN21 Water discharge	◐	27
	EN22 Total weight of waste	◐	27
	EN23 Significant spills	●	27
	EN24 Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally	○	-
	CRE5 Land remediation	●	27
	EN25 Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff	○	-
	EN26 Initiatives to mitigate environmental impacts of products and services	●	27
EN27 Reclaimed products and packaging	●	28	
EN28 Fines and sanctions for non-compliance with environmental regulations	●	28	
Other Aspects	EN29 Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce	○	-
	EN30 Total environmental protection expenditures and investments by type	○	-
Social Performance Indicators			28
Labor practices and decent work			28
Management approach		●	28
LA1	Total workforce	●	29
LA2	Employee turnover	◐	30
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations	◐	30
LA4	Percentage of employees covered by collective bargaining agreements	◐	31
LA5	Minimum notice periods regarding operational changes	◐	31
LA6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	○	-
LA7	Rates of injuries, absenteeism and work-related fatalities	◐	31
CRE6	Safety and health management systems	◐	31
LA8	Prevention and risk-control programs	●	32
LA9	Health and safety topics covered in formal agreements with trade unions	○	-
LA10	Training hours per year and employee	◐	32
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	○	-
LA12	Percentage of employees receiving regular performance and career development reviews	○	-
LA13	Composition of governance bodies and breakdown of employees	◐	32
LA14	Ratio of basic salary of men to women	●	33

With regards to the performance indicators, all required core indicators have been marked in bold. Any information provided for the additional indicators (not marked in bold) is voluntary.

GRI Index (G3 & Sector Supplement)

● fully reported ◐ partially reported ○ not yet reported

GRI Index (G3 & Sector Supplement)	Performance	Reference
Human rights		34
Management approach	●	34
HR1 Investment agreements incorporating human rights clauses	●	34
HR2 Significant suppliers and contractors that have undergone human rights screening	◐	34
HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	○	-
HR4 Total number of incidents of discrimination and actions taken	●	34
HR5 Business operations at serious risk for the freedom of association	●	34
HR6 Business operations at serious risk of child labour	●	34
HR7 Operations at significant risk of forced or compulsory labour	●	35
HR8 Percentage of security personnel trained in the organisation's policies or procedures concerning aspects of human rights that are relevant to operations	○	-
HR9 Total number of incidents of violations involving rights of indigenous people and actions taken	○	-
Society		35
Management approach	●	35
S01 Policies to manage impact on communities	●	35
S02 Percentage of business units analysed for risks related to corruption	◐	36
S03 Percentage of employees trained in anti-corruption policies and procedures	◐	36
S04 Actions taken in response to incidents of corruption	●	36
S05 Participation in public policy development	●	36
S06 Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country	○	-
S07 Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes	○	-
S08 Fines and sanctions for non-compliance with laws and regulations	●	36
CRE7 Number of persons voluntarily and involuntarily displaced and/or resettled	●	36
Product responsibility		37
Management approach	●	37
PR1 Health and safety impacts of products and services	◐	37
PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes	○	-
PR3 Product and service information required	◐	37
CRE8 Sustainability certifications	◐	37
PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	○	-
PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	○	-
PR6 Adherence to standards for advertising, marketing, sponsoring	●	37
PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes	○	-
PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	○	-
PR9 Fines and sanctions for non-compliance with laws and regulations concerning the use of products and services	●	37

With regards to the performance indicators, all required core indicators have been marked in bold. Any information provided for the additional indicators (not marked in bold) is voluntary.



Statement GRI Application Level Check

GRI hereby states that **Deutsche Wohnen AG** has presented its report "Sustainability Report 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level B.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 24 September 2014

Ásthildur Hjaltadóttir
Director Services
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 17 September 2014. GRI explicitly excludes the statement being applied to any later changes to such material.

Contact

Manuela Damianakis
Director Corporate Communication
Phone +49 (0)30 897 86 5401

Berlin office
Deutsche Wohnen AG
Mecklenburgische Straße 57
D-14197 Berlin

Imprint

Published by

Deutsche Wohnen AG, Frankfurt/Main

Concept and Editorial

akzente kommunikation und beratung gmbh, München

Design and Realisation

HGB Hamburger Geschäftsberichte GmbH & Co. KG, Hamburg

This GRI report is available in German as well as English.
You can download these as well as our Sustainability Magazine,
which provides a summary of our environmental and social
initiatives from www.deutsche-wohnen.com

DEUTSCHE WOHNEN AG

Registered office

Pfaffenwiese 300
D-65929 Frankfurt/Main

Berlin office

Mecklenburgische Straße 57
D-14197 Berlin

Phone +49 (0)30 897 86 0

Fax +49 (0)30 897 86 100

info@deutsche-wohnen.com
www.deutsche-wohnen.com