Combined Management Report

Strategic Initiatives for New Growth Launched After Years of Consolidation in Capital Structure and Allocation

2024 Successfully Closed at the Upper End of Vonovia's Expectations

Overall Conditions Remain Challenging

Fundamental Information About the Group

Macroeconomic Environment

Geopolitical circumstances yet again dominated the **macroeconomic environment** in 2024.

Russia's **war of aggression** in Ukraine continues, and has escalated further with the deployment of North Korean troops. The tension in East Asia over Taiwan's independence is unsettling global supply chains, with the prospect that the dispute could escalate into a full-blown war only one factor of concern. The same applies to the tension in and around Korea. The **COVID-19 pandemic** had already brought forward voices that were critical of globalization.

These factors have sparked considerable upheaval in economies across the globe and, as a result, volatility on the capital markets, too, driven in particular by **interest rate hikes** in response to a marked **uptick in inflation**. 2024 started with a 10-year euro interest rate of 2.52%; by the end of the year, this interest rate came in at 2.37%. Overall, the capital markets have been extremely volatile since the COVID-19 pandemic and the outbreak of Russia's war of aggression in Ukraine.

This scenario was compounded in 2024 by **political uncertainty** in the wake of the German government crisis and the presidential elections in the United States. Irrespective of these political factors, the overall trend is still one in which voters are drifting towards more right-wing, authoritarian politics with increasing nationalist sentiment, and away from the liberal social models that have dominated the past 50 years, as is evident from the outcome of most elections, especially in the Western hemisphere. The associated fears and expectations of imminent protectionism and nationalism also fueled volatility on the capital markets and coincided with a current weak growth environment in Asia, Europe and the U.S.

Global **climate change** has been thrust back into the spotlight after extreme storms in Spain, Austria, Switzerland and Italy in 2024, and the wildfires in Los Angeles in January 2025. War, climate change and global wealth inequalities are the fuel behind the current **migration flows**.

In the **real estate industry**, volatile interest rates, in particular, are leaving a significant mark on business models and enterprise values. Political clarity with regard to building regulations, tenant legislation, environmental standards, energy policy and housing policy subsidies is crucial to allow real estate companies to assess the status quo and plan ahead, and also to develop strategic and operational responses to the issues of the future.

By contrast, the **megatrends** of climate change and sustainability, demographic change and the shortage of housing, coupled with advances in digitalization, are currently the mainstays of commercial activity. Added to these factors is the gap between the **demand for, and supply of, housing**.

Thanks to its robust positioning, Vonovia has fared well during the past few crisis-ridden years, and considers itself well equipped for new growth based on these megatrends. Its key balance sheet indicators and ratings are stable, the sales programs to strengthen the company's internal financing can be scaled back, the cycle of dwindling values appears to be over, and the company is well placed to tackle the years that lie ahead from both a strategic and operational perspective.

The Company

Vonovia's business model is based on the provision and rental of good-quality and, most importantly, affordable living space at the right time, as well as the **management** of these properties. An established in-house craftsmen's, residential neighborhood and caretaker organization, coupled with extensive back-office functions, support us in our management and further development of our housing stocks.

Vonovia continues to develop its real estate portfolio through active **portfolio management**. In addition to acquisition, sale and modernization, this also includes building new apartments for our own portfolio and for sale to third parties. The business model is rounded off by the housing-related services we offer. The focus here is on offering energy supply services for electricity and heating, as well as automated meter reading.

This business model is based on a highly **digitalized management platform** and a similarly highly digitalized **development platform** allowing all stages in the value chain to be managed. These two platforms are two of the most important intangible assets within the business model.

Around 77% of Vonovia's strategic real estate portfolio is located in contiguous **neighborhoods** that generally include more than 150 apartments. Designing sustainable homes that offer real quality of life always involves identifying what the relevant social structures need, taking into account the history of these neighborhoods. The **development business** is also consistent with the sustainable neighborhood concept.

This means that Vonovia's business model makes a positive contribution to the pressing socio-political challenges of **housing shortages** and climate protection.

Vonovia manages a **portfolio** of around 480,000 of its own apartments in almost all of Germany's attractive cities and regions. It also manages a portfolio of around 40,000 residential units in Sweden and approximately 20,000 in Austria. The **total fair value** comes to around € 82.0 billion, with net assets based on the EPRA definition coming to approximately € 37.2 billion (European Public Real Estate Association: EPRA).

In addition to its own apartments, Vonovia manages around 73,400 apartments for third parties.

This makes Vonovia one of the leading residential real estate companies in Germany, Austria and Sweden, albeit with a low market share of around 1.9% in Germany due to the highly fragmented nature of the market.

Vonovia's roots and those of its predecessor companies extend back into the 19th century and lie in not-for-profit housing and housing for factory workers. This applies to Germany, and also to Austria and Sweden. Consequently, today's strategic direction is consistent with the company's roots.

Even back then, the aim was to provide good-quality, modern and affordable homes, in some cases using innovative concepts. Many of the housing developments built in that era were model projects of the time and are now covered by preservation orders. So the **concept of the neighborhood** already has strong roots in Vonovia's DNA.

Living in what were known as "workers' settlements" was about much more than just affordable living space. It was also about living in a social network with one's colleagues and their families. The approximately 770 neighborhoods (including Deutsche Wohnen) that the company has in its strategic portfolio today are one of Vonovia's USPs and a focal point of its answers to the megatrends facing us.

Via the non-profit company GEHAG, which was established in 1924, the Group has properties that are exceptional examples of architectural history from the Bauhaus and expressionist movements. These included new housing concepts that helped to shape the idea of a neighborhood and were even listed as **UNESCO world heritage sites**. Examples include the "Hufeisensiedlung", "Wohnstadt Carl Legien", "Weiße Stadt" and "Ringsiedlung Siemensstadt" developments.

The real estate development business and the property management business in Austria operate under the established **BUWOG** name. In Sweden, Vonovia operates under the name **Victoriahem**.

Corporate Structure

Vonovia SE, the parent company of the Vonovia Group, is organized in the legal form of a dualistic European company (SE). Vonovia SE is directed by a Management Board, which is responsible for conducting business and defining the Group's strategy. The strategy is implemented in close coordination with the Supervisory Board, which is regularly briefed by the Management Board regarding the development of business, strategy and potential opportunities and risks. The Supervisory Board oversees the activities of the Management Board.

Vonovia SE has its **registered headquarters** in Germany. Since 2017, its registered office has been located in Bochum. The head office (principal place of business) is located at Universitätsstrasse 133, 44803 Bochum.

As of December 31, 2024, 612 legal entities/companies (of which 446 in Germany) formed part of the Vonovia **Group**. A detailed list of Vonovia SE shareholdings is appended to the Notes to the consolidated financial statements.

Vonovia SE performs the function of the **management holding company** for the Group. In this role, it is responsible for determining and pursuing the overall strategy and implementing the company's goals. It also performs overarching property management, financing, service and coordination tasks for the Group. Furthermore, it is responsible for the management, control and monitoring system as well as risk management system of the Group. There is also a central function responsible for sustainability issues within Vonovia SE; it coordinates these matters for the Group as a whole.

In order to carry out management functions, Vonovia SE has established a series of **service companies**, particularly for commercial and operational support functions, which are centralized in shared service centers. By pooling the corporate functions on a uniform **management and development platform**, Vonovia achieves harmonization, standardization and economies of scale objectives, and the other Group companies thus do not need to perform such functions themselves.

With our **efficient organizational model**, optimized processes, a clear focus on service, and, as a result, on our customers, and a clear investment strategy focusing on climate protection, we are laying the foundation for a **sustainable business** while safeguarding our legitimate interests as a private-sector company.

A balanced mix of services provided by the central service center, regional caretakers working on-site and our company's own technical and residential environment organization, combined with housing-related services (Value-add), ensures that our tenants' concerns can be attended to in a timely, straightforward and reliable manner. This plays a key role in ensuring that our customers feel that they have good support in their environment.

In addition, Vonovia will be using **construction and development measures**, densification and vertical expansion to build new apartments in order to meet the rising demand for living space in metropolitan areas in particular. The development organization operating under the BUWOG name gives Vonovia extensive product and process expertise in the development and construction of residential construction projects. The development business is largely managed via project companies.

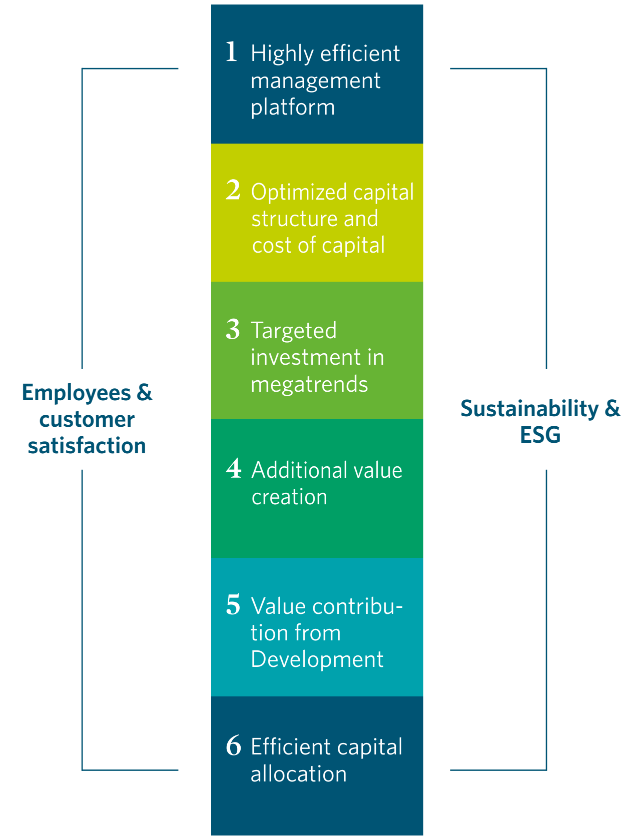
The management of the operating business is based on the company's strategic approaches and is conducted via the four segments: Rental, Value-add, Recurring Sales and Development.

Our Strategy

From day one, Vonovia's **tried-and-tested strategy** has been divided into the subareas of portfolio management strategy, property management strategy, Value-add strategy and financing strategy – supported by the opportunistic elements of the company's acquisition and internationalization strategy. This strategy has been refined in the recent years of crisis and has evolved into a more integrated, focused **stakeholder value strategy**, reflecting the importance of all of the company's major stakeholders.

By revising the **materiality assessment** in accordance with the ESRS (EU European Sustainability Reporting Standards) and identifying the opportunities and risks, as well as the impacts that Vonovia's activities have on stakeholders, transparency has been enhanced, laying the foundation for even more integrated business activities. The materiality assessment forms the basis for the company's sustainability reporting.

The Value Drivers of Our Strategy



Within this context, the Management Board has broken the strategy down into its main **value drivers**:

1. The highly efficient management platform
2. The optimized capital structure and advantageous costs of capital
3. Investment focused on megatrends
4. The Value-add business as a way to create value
5. The value contribution made by the Development business
6. The efficient capital allocation

(1) The **scalable management platform** featuring highly digitalized processes, allows for the optimized management of around 500,000 residential units, organized in five business units with 24 regional business areas and 90 regions. This system is directly associated with a clear reduction in fixed costs and, at the same time, ensures consistent service quality to guarantee customer satisfaction.

Further advances in digitalization will also open up additional efficiency potential in the future, both with regard to processes and in the use of building master data and dynamic building data. The "digital twin" allows buildings to be broken down and mapped in a digital data format for further use throughout the company.

The range of further processing options for digital building data includes enhanced service for customers, tailored descriptions of sustainable investment measures and predictive maintenance, particularly for heating units and elevators.

(2) An **optimized capital structure** and, as a result, advantageous costs of capital secure the Group's equity and debt financing in the long run, thereby supporting the capital-intensive business of a residential real estate company in the long run to ensure risk-adjusted yields.

The primary objective of strengthening the company's internal financing provides the basis for investments to address the challenges arising from the megatrends. Maintaining a good investment grade rating remains a key objective. The company opts for debt or equity financing depending on the opportunities that arise under the prevailing equity or debt capital market conditions.

(3) When it comes to making **investments based on megatrends,** a distinction has to be made between

> investments in new construction to ease the shortage of apartments,
> investments to optimize existing properties through modernization and senior-friendly refurbishment,
> investments in climate protection to reduce CO_2 and in neighborhood projects to promote tenant satisfaction.

All of these investments have to take account of the new return criteria.

(4) The **value-add business** gives Vonovia the expertise to perform technical construction services, modernization measures and residential environment services. Vonovia uses standardized processes to ensure availability while maintaining a consistently high level of quality throughout the Group.

The Value-add business, our "neighborhood workshop," generates added value for the company by bundling multi-utility services. The aim of the neighborhood workshop is to create an integrated system of housing-related infrastructure services. This includes the ongoing establishment of additional services to complement conventional rental services, the further development and expansion of the existing main product lines, multimedia, energy supply and meter reading technology services, as well as the further implementation of IoT systems, for example for elevator and heating unit monitoring. Further innovations are in the development stages and will be offered once they have been reviewed for their marketability.

(5) The **Development business** is aimed directly at alleviating the shortage of housing through the targeted expansion of the company's own portfolio, as well as the direct generation of income from business with third parties.

The product range includes the sale of individual condominiums and the sale of projects to investors (to sell) on the one hand, and the construction of rental apartments for Vonovia's own portfolio as well as the construction of new properties on existing land held in the portfolio (to hold) on the other. The Development business is also geared towards the concept of the neighborhood and sustainability aspects.

Efficient project implementation based on the development platform along the entire value chain guarantees the value contribution made by the Development business. The value chain ranges from the acquisition of land to build on to project development, planning, realization and marketing.

The Development business also has to consider greater obstacles to returns and the challenges of efficient capital commitment.

The Development business is managed from five locations in Germany, from Vienna, Austria, and Malmö, Sweden.

(6) Another key value driver is **efficient capital allocation**. Given the current return requirements based on the increased cost of capital, strengthening the proportion of equity and focusing on internal financing has been identified as a key value driver that optimizes the opportunities for return-oriented sustainable investments. Decisions on the actual capital allocation are made based on the return and Vonovia's internal financing power.

In the period following the IPO, **capital allocation** focused on external growth through acquisitions and economies of scale given the favorable prevailing capital market conditions.

In light of capital market conditions over the past few crisis-ridden years, which have been characterized by inflation and rising interest rates, and the associated higher **cost of capital**, Vonovia has streamlined its portfolio by making disposals and establishing joint venture and fund structures in order to achieve an improved **capital structure** in tandem with sustainable internal financing. Within this context, the nursing care activities under the Deutsche Wohnen umbrella were also subjected to a strategic analysis that resulted in the decision to sell them.

Now that interest rates are returning to normal, Vonovia believes it is well positioned for new **growth** based on its optimized capital and portfolio structure. The necessary specific **initiatives** have been incorporated into the company's existing strategy.

New Strength and Performance in Core Business

The renewed **expansion of the Development business** is one of the key initiatives as part of the strategy. Vonovia's new construction activities are focused on a product portfolio that is geared toward market requirements with flexibility in how the properties are used (Development to hold/Development to sell). In light of the ongoing need to optimize construction costs, Vonovia is focusing on the "Basic House" approach, among other things, in order to build sustainable and affordable housing for different target groups. The emphasis is on new projects employing serial modular timber construction methods together with the company's joint venture partner Gropyus.

The company is forging ahead with the **optimization of its craftsmen's organization, VTS**. VTS and its specialists ensure that refurbishment and maintenance work can be carried out reliably and in line with high quality standards. The ongoing development of a standardized product catalog will be expanded further.

Given the positive market trend that is emerging, our sales program will continue to focus on the Recurring Sales segment and sales in the Non Core portfolio.

Investments Using Innovative Concepts

Investments to **upgrade energy efficiency** and **decarbonize** our portfolio will be expanded over the next few years with the help of innovative concepts and smart technologies in line with Vonovia's climate pathway. Implementation of energy-efficiency modernizations has to be efficient, fast and cost-saving in the interests of cost-effectiveness. Vonovia is pursuing these concepts with "serial refurbishment," an industrialized system that bundles and standardizes all steps in the refurbishment process. Forging ahead with investments in heat pump technology is also part of the investment initiative. In this area, we are focusing on the new "EnerCube" heating solution, a heat pump center that combines all the necessary components in an external module and is installed on-site outside the building.

New Business Models at all Stages in the Value Chain Using Management Platform

Further **growth in the Value-add segment** at all stages in our value chain will secure additional earnings potential. The existing energy business and the use of photovoltaics are being expanded on a large scale. The focus is on establishing and expanding a full product portfolio covering all steps in the value chain – from the generation of electricity using photovoltaic modules to the sale of this electricity as tenant electricity, the use of heat pumps, and energy storage and management. The aim is to increase market penetration in all product groups.

The purchase of **buildings that have not yet been modernized**, their subsequent modernization and resale are to be integrated into Vonovia's business model as a new initiative. This also applies to the initiative to make Vonovia's management platform available to third-party customers.

Catalysts driving the successful implementation of the strategy remain the active dynamic management of capital allocation, the availability of employees with the necessary skills, efficiency in the value chain and in procurement, social and sociopolitical **acceptance of Vonovia's business model** and the targeted use of new technologies, including artificial intelligence.

Sustainability Statement

Explanatory Information on the Content of the Report and the Framework

The Corporate Sustainability Reporting Directive (CSRD) entered into force across the EU on January 5, 2023. All European Union (EU) member states, including Germany, were given a period of 18 months, i.e., until July 5, 2024, to transpose the Directive into national law. Germany had not transposed the Directive as of December 31, 2024.

This means that the current legislation remains unchanged for the 2024 reporting period, and that a Non-Financial Reporting Directive (NFRD) must continue to be prepared in accordance with Sections 315b, 315c in conjunction with Sections 289c to 289e of the German Commercial Code (HGB).

Despite not being under any obligation to report in accordance with the European Sustainability Reporting Standards (ESRS), Vonovia SE (hereinafter referred to as "Vonovia") has decided to publish its **sustainability statement** (hereinafter referred to as "sustainability statement") **– which also meets the requirements for the Non-financial Group Declaration prepared in accordance with Sections 315b to 315c HGB, taking full account of the ESRS** as a recognized framework in accordance with Sections 315c (3) in conjunction with 289d HGB. Consequently, this Group sustainability statement meets both the requirements set out in the CSRD, as well as the requirements laid down in Sections 315b to 315c HGB for a Non-financial Group Declaration and Article 8 of Regulation (EU) 2020/852 (the EU taxonomy).

This ensures compliance with the Minimum Disclosure Requirements pursuant to Sections 315c in conjunction with 289c HGB and German Accounting Standards (GAS) 20.257 et seq.

The initial preparation of the sustainability statement in full compliance with the ESRS results in a breach of the principle of consistency referred to in German Accounting Standard (GAS) 20.26. Transitioning away from the previous reporting framework based on the Global Reporting Initiative (GRI) reflects the significance of the ESRS as the sustainability reporting standards adopted by the European Commission. Prior-year metrics have been restated retroactively to reflect the new calculation methods where appropriate.

The main relevant non-financial performance indicators are reported – together with information on the underlying policies, objectives and measures – in the individual chapters covering the content in question. These cover the legally mandated aspects – environmental issues, social issues, employee issues, combating corruption and bribery, and observance of human rights.

This sustainability statement includes Vonovia's Sustainability Performance Index (SPI). This key figure is the Vonovia Group's primary non-financial performance indicator within the meaning of GAS 20, Paragraph 101 in conjunction with Paragraph 106. The SPI consists of six subindicators derived from the material sustainability topics and serves as a vital instrument for managing, and in terms of the remuneration for our sustainable activities (for further details see → **ESRS 2 GOV-3**). As the most significant non-financial performance indicator, the SPI is also presented in the chapters entitled **"Corporate Governance"** and **"Forecast Report."**

The sustainability statement is not covered by the statutory audit, but is subjected to a voluntary limited assurance review conducted by PwC GmbH Wirtschaftsprüfungsgesellschaft, Essen, in accordance with ISAE 3000 (Revised). All references to content outside the sustainability statement are considered additional information and are neither part of the Sustainability Statement nor covered by the limited assurance review. References and additional information are not an integral part of this sustainability statement.

In line with the financial reporting, revenue, capital expenditures and operating expenses are defined by the EU taxonomy and are not included in the denominators of the three indicators.

Risk Assessment Based on Sustainability Aspects

In the sustainability statement, material risks associated with the Group's own business activities – and business relations or products and services of the Group – which are very likely to occur and which could have serious negative impacts on non-financial topics must be reported. On the basis of the risk analyses performed and in the opinion of Vonovia's management, there are no non-financial risks subject to a reporting requirement that meet the materiality criteria pursuant to Section 289c (3) Nos. 3 and 4 HGB following application of the net method and taking risk mitigation measures into consideration.

The definition of material reportable risks provided in Section 289c (3) Nos. 3 and 4 HGB differs from that used in the ESRS. Consequently, this sustainability statement reports on risks that are material and, as a result, reportable in accordance with the ESRS. Since, however, these risks are not classified as threatening to Vonovia, no reporting requirement applies pursuant to Section 289c (3) Nos. 3 and 4 HGB.

ESRS 2 – General Disclosures

BP-1 – General Basis for Preparation of Sustainability Statements

Vonovia SE's sustainability statement is prepared on a consolidated basis.

The scope of consolidation matches that used in Vonovia's consolidated financial statements and reflects the activities of Vonovia SE and its subsidiaries in Germany, Austria and Sweden. These companies are listed in the → **list of shareholdings** in the notes to the consolidated financial statements. Entities with minority interests and apartments owned by third parties are not included.

Deutsche Wohnen SE (hereinafter referred to as Deutsche Wohnen) is fully included in the consolidated financial statements and the sustainability statement of Vonovia. Deutsche Wohnen will not be issuing its own sustainability statement for the 2024 fiscal year, as it is exercising its rights under the simplifying provision for CSR reporting pursuant to Sections 289b (2) and 315b (2) HGB.

One particular feature involves the independent Care segment, which was integrated into the Group as a whole by the Deutsche Wohnen subgroup. This segment was classified as a discontinued operation in accordance with IFRS 5 at the end of 2023. In order to reflect this and also to ensure comparability in subsequent years and to ensure consistency with financial reporting, metrics are presented for "continuing operations", "discontinued operations" and "total" in this sustainability statement.

Alongside our own business, the sustainability statement also covers the upstream and downstream value chain, in particular suppliers, business partners and customers. These were taken into account in assessing impacts, risks and opportunities (IROs) as part of the materiality assessment.

Vonovia has not used the option to omit a specific piece of information corresponding to intellectual property, know-how or the results of innovation.

BP-2 – Disclosures in Relation to Specific Circumstances

The reporting period for the consolidated financial statements and the combined management report, including the sustainability statement, is the calendar year.

The GHG emissions for the base year reported in the presentation of the GHG emission reduction targets and greenhouse gas balance (see → **E1-4** and → **E1-6**) include Deutsche Wohnen's portfolio. This already includes portfolio changes connected to the merger. When determining Scope 3 emissions for the upstream and downstream value chain, we use average data or proxies:

a) In category 3.1, we report GHG emissions from the materials and services used for maintenance, energy-efficient modernization, heating system replacement and apartment upgrades in the fiscal year concerned. Greenhouse gas (GHG) emissions from the manufacture of building materials and materials used for new buildings completed in the relevant fiscal year are reported in category 3.2.

b) The GHG emissions for Scope 3.1 are calculated using emission factors derived from representative measures in the German housing industry by the German Real Estate Economics Institute (Institut für Immobilienökonomie (IIÖ)) on behalf of the housing industry association VdW Rheinland. For the base year 2021, this process was only applied to Vonovia's portfolio at that time due to limited data availability. GHG emissions for Scope 3.2 are determined using emissions factors based on the building construction type, which were developed through a comprehensive life cycle assessment of a model house conducted by a specialized architecture firm.

c) For the extrapolation, measures and circumstances are considered as precisely as possible. Even though extrapolations and average emission factors can lead to certain deviations, these methods help to reduce uncertainties and offer a well-founded basis for the analysis even if complete accuracy cannot be achieved due to limited data and model assumptions. The degree of accuracy is already high due to the use of actual measures and the high degree of detail inherent to model house calculations.

While estimates were used to determine a small number of selected metrics, no metrics or monetary amounts were identified that entail a high degree of measurement uncertainty. None of the metrics contained in this sustainability statement are validated by an external body beyond the auditor.

This sustainability statement is being prepared in accordance with the European Sustainability Reporting Standards (ESRS) for the first time in the reporting year. This results in new and modified disclosure requirements and metric definitions, meaning that comparability with figures in reports from previous years is limited in some cases.

Vonovia also uses the sustainability statement to report on compliance with the requirements set out in the EU Taxonomy Regulation.

Supervisory Board Qualifications Profile

Name	Independent	Year of birth	Year appointed	Gender	Nationality	Accounting, finance, controlling	Accounting, audit, risk, compliance
Clara-Christina Streit (Chair of the Board)	yes	1968	2013	female	German/U.S.	4	3
Vitus Eckert	yes	1969	2018	male	Austrian	2	3
Birgit M. Bohle	yes	1973	2024	female	German	2	3
Jürgen Fenk	yes	1966	2022	male	German	2	2
Dr. Florian Funck	yes	1971	2014	male	German	4	4
Dr. Ute Geipel-Faber	yes	1950	2015	female	German	4	4
Dr. Daniela Gerd tom Markotten	yes	1974	2023	female	German	2	2
Matthias Hünlein	yes	1961	2022	male	German	1	1
Hildegard Müller	yes	1967	2013	female	German	3	2
Dr. Ariane Reinhart	yes	1969	2016	female	German	2	2
Christian Ulbrich [2]	yes	1966	2014	male	German	3	2

1) 1: “Limited experience/no key competency”; 2: “Substantial experience/competency”; 3: “Extensive experience/key competency/expertise”; 4: “Direct management experience”.
2) Member of the Supervisory Board until May 8, 2024.

GOV-1 – The Role of the Administrative, Management and Supervisory Bodies

The designation Vonovia comprises Vonovia SE and its Group companies. Vonovia is a European company (SE) in accordance with the German Stock Corporation Act (AktG), the SE Act and the SE Regulation. Its registered headquarters are in Bochum. It has three governing bodies: the Annual General Meeting, the Supervisory Board and the Management Board. The duties and authority of those bodies derive from the SE Regulation (SE-VO), the German Stock Corporation Act (AktG) and the Articles of Association. Shareholders, as the owners of the company, exercise their rights at the Annual General Meeting.

According to the **two-tier governance system** provided for in the German Stock Corporation Act (AktG), Vonovia has a Management Board and a Supervisory Board. While managing the company is the sole responsibility of the Management Board, the Supervisory Board has a strictly separate role and is responsible for monitoring the company's business by providing advice on, and supervising, those transactions that are significant for the company. Members cannot sit on both bodies at the same time.

Vonovia's Management Board comprises five members. As a listed company that is not subject to codetermination, Vonovia's Supervisory Board has ten members.

In accordance with the governing laws, in particular the SE Regulation and the German SE Employee Participation Act (SEBG), the Supervisory Board is only made up of representatives of the shareholders. The highest representative body of the employees is the Group works council. An SE works council was also set up at the level of Vonovia SE.

In accordance with the German Corporate Governance Code (GCGC), the Supervisory Board and the Management Board must be composed in such a way that these bodies/their members as a group have the knowledge, ability and specialist experience required to properly complete their tasks. The corresponding knowledge, skills and experience – particularly with regard to sustainability – can be found in the Supervisory Board Qualifications Profile set out below, as well as in the description of Supervisory Board and Management Board skills.

Key skills and areas of experience [1]

Housing industry	Development, construction industry	M&A, real estate transactions	Law, regulation, governance	Financing (banks, capital market)	Investment, capital investment	Digitalization, cyber security	Sustainability, energy	HR management, remuneration, leadership development	Politics, public administration
3	1	4	3	4	3	2	2	3	1
4	4	4	3	3	4	2	1	2	1
1	1	1	3	1	2	3	2	4	3
4	3	4	2	4	4	2	1	3	2
2	1	3	4	4	2	2	1	2	1
4	1	4	4	2	2	1	4	4	1
1	1	1	2	1	1	4	3	3	3
3	3	3	4	1	4	1	2	2	1
3	2	3	4	3	2	3	4	2	4
2	1	2	3	1	2	2	4	4	4
2	3	4	3	4	3	2	2	3	1

One of the members of the **Supervisory Board** with proven **ESG expertise** is Hildegard Müller, who chaired the Executive Board of the German Association of Energy and Water Industries for over eight years, formed part of the Management Board of utility company Innogy for three years and, as current President of the German Association of the Automotive Industry, continues to promote the development of this sector according to ESG regulations. Dr. Ute Geipel-Faber, who oversaw sustainability topics for over twelve years as part of Invesco Real Estate's management, is also considered an ESG expert, as is Dr. Ariane Reinhart, who has chaired the area of sustainability at Continental AG as Chief Human Resources Officer and Labor Relations Director for eleven years. Furthermore, Dr. Daniela Gerd tom Markotten achieved ESG expertise through the development of sustainable business models as CEO of mobility platform moovel, a mobility joint venture of the BMW Group and Daimler AG for sustainable urban mobility, as well as through the founding of her tech start-up IUHHOO GmbH five years ago. She has been able to build on this expertise since 2021 in her role as Head of Digitalization and Technology at Deutsche Bahn AG, where she oversees sustainable innovation and technology, among other things. Ms. Bohle also has proven ESG expertise. She has been a member of the Executive Board of Deutsche Telekom AG since 2019, where her responsibilities as Chief Human Resources Officer and Labor Relations Director include the area of social sustainability. The focus of her work is on employee satisfaction, training and education in the area of digitalization as well as the promotion of diversity, equality and inclusion.

To **ensure that members have suitable skills and expertise,** the **Management Board** is engaged in constant dialogue with the Head of Strategy, Corporate Development & Sustainability and calls on the support of the relevant specialist departments depending on the topic. The Head of Strategy, Corporate Management & Sustainability reports to the CEO (at least) once a month to ensure that information on current, relevant topics and on developments related to sustainability is fed to the Management Board. The Management Board also engages in ongoing dialogue with stakeholders and external experts on sustainability issues, particularly those relating to the environment. The Management Board combines various qualification profiles and skills, for example in the areas of real estate, renewable energies, corporate governance, legal and strategy, ensuring that Vonovia has access to crucial expertise in these specialist areas. CEO Rolf Buch served for several years as a moderator of the Initiativkreis Ruhr, where he was responsible for promoting the structural transformation of the Ruhr region into a sustainable, livable and economically strong metropolitan area. As a longtime CFO of major residential real estate companies, Philip Grosse has gained particular expertise in green and social bonds. The CHRO Ruth Werhahn boasts extensive professional experience in HR. Within the Vonovia Group, Daniel Riedl is responsible for building project development in line with an ambitious sustainability agenda, and advises other construction and project companies on sustainable production as a Supervisory Board member. Arnd Fittkau is responsible for operations as well as portfolio management, which plays a crucial role in modernization and renovation actions to implement the climate pathway. Moreover, as a member of the Supervisory Board of Iqony Fernwärme GmbH, he regularly engages in dialogue with experts in sustainable heat supply. All members of the Management Board are obliged to keep abreast of regulatory developments related to sustainability and to keep their sustainability-related knowledge up-to-date.

The Management Board consists of one woman and four men (ratio of female to male members of 1:4), meaning that it is 20% female. Vonovia's Supervisory Board consists of ten members. There are six female members of the Supervisory Board (60% female and ratio of female to male members of 6:4). The target for appointing Supervisory Board members takes account of the German Act on the Equal Participation of Women and Men in Leadership Positions in the Private Sector and the Public Sector (Gesetz für die gleichberechtigte Teilhabe von Frauen und Männern an Führungspositionen in der Privatwirtschaft und im öffentlichen Dienst), based on which the Supervisory Board should comprise at least 30% women and 30% men. If the Management Board consists of more than three members, which is the case at Vonovia, it must comprise at least one woman and at least one man. Targets also have to be set for the proportion of women at the two management levels below the Management Board (Section 76 (4) sentence 1 AktG). Vonovia is aiming to have achieved the target of 30% women by December 31, 2026. More information on target achievement is set out in → **S1-9**.

All ten members (100%) of the Supervisory Board are considered by the latter to be independent within the meaning of C. 6 and C. 7 of the GCGC. No member of the Supervisory Board was a member of the company's Management Board or has a personal relationship with a significant competitor of the company as defined by C. 12 of the GCGC.

As of December 31, 2024, the Management Board of Vonovia consisted of the following five members:

> Rolf Buch
> Arnd Fittkau
> Philip Grosse
> Ruth Werhahn
> Daniel Riedl

The current Supervisory Board is made up of the following members:

> Clara C. Streit
> Vitus Eckert
> Birgit M. Bohle
> Jürgen Fenk
> Dr. Florian Funck
> Dr. Ute Geipel-Faber
> Dr. Daniela Gerd tom Markotten
> Matthias Hünlein
> Hildegard Müller
> Dr. Ariane Reinhart

The disclosure of the names of all members of the Management Board and Supervisory Board serves as an expression of their collective responsibility for monitoring impacts, risks and opportunities. The overall responsibility of all Management Board members corresponds to the legal requirement that the management of the company is the shared responsibility of all Management Board members. The internal division of responsibilities serves only to facilitate daily operations, while matters of special or fundamental significance are subject to decision-making by the entire Management Board. The company's commitment to implementing its sustainability strategy and the climate pathway is a cross-departmental responsibility in which each member of the Management Board must participate. By virtue of their management duty, each Management Board member must also ensure compliance with, and the development of, necessary measures for sustainable business activities by the other Board members. To support and promote the achievement of these goals, the Sustainability Committee plays an important role, having also approved the IROs. As a control and management instrument, all Management Board members are also required to incorporate the risks inherent to their respective areas into the risk report, which is then discussed and approved by the entire Management Board.

The responsibilities of the Supervisory Board (including committees) and the Management Board with regard to impacts, risks and opportunities, as well as strategies, are distributed as follows:

The Supervisory Board

The Supervisory Board appoints, supervises and advises the Management Board and is directly involved in decisions of fundamental importance to the company – also with regard to sustainability issues. The Supervisory Board performs its work in accordance with the legal provisions, the Articles of Association, its rules of procedure and its resolutions. The Supervisory Board examines and adopts the annual financial statements and the combined management report, and adopts the annual financial statements. The Supervisory Board reports in writing to the shareholders at the Annual General Meeting on the result of its examination.

The Supervisory Board has established **four committees** (the Governance and Nomination Committee, the Audit, Risk and Compliance Committee, the Strategy, Finance and Sustainability Committee and the HR and Remuneration Committee), two of which, namely the Audit, Risk and Compliance Committee and the Strategy, Finance and Sustainability Committee, have explicit responsibilities related to sustainability. Additionally, the HR and Remuneration Committee has an indirect role in sustainability through its determination of variable remuneration elements aligned with sustainable performance criteria. Since the decision on Management Board remuneration is reserved for the Supervisory Board itself, this body is also directly involved in sustainability matters.

The **Audit, Risk and Compliance Committee** handles, in particular, the monitoring of the accounting process, the effectiveness of the internal control system, risk management system and internal audit system, the audit of the annual financial statements and compliance. Accounting and auditing also include the sustainability statement and the auditing of this report. The members of this committee are Dr. Florian Funck (Chairman), Mr. Vitus Eckert, Dr. Ute Geipel-Faber and Mr. Matthias Hünlein.

The **Strategy, Finance and Sustainability Committee** discusses focal issues relating to corporate strategy, financial matters and sustainability issues, and prepares resolutions for the Supervisory Board. It advises and monitors the Management Board with regard to its sustainability strategy, in particular the planning of the strategic framework for all Group-wide sustainability measures, including the interaction between entrepreneurial activities and the challenges associated with climate change. The members of this committee are Mr. Jürgen Fenk (Chairman), Ms. Birgit M. Bohle, Dr. Daniela Gerd tom Markotten, Ms. Hildegard Müller, and Ms. Clara C. Streit.

In particular, the **HR and Remuneration Committee** is responsible for the preparation of discussions and resolutions on the remuneration system and HR strategy, as well as other Management Board matters. In its discussions on adjusting the Management Board remuneration system in the 2024 fiscal year, the committee discussed and took into account the company's sustainability targets. The members of this committee are Dr. Ariane Reinhart (Chairwoman), Mr. Jürgen Fenk, Dr. Florian Funck and Ms. Clara C. Streit.

The Management Board

The Management Board develops the company's strategy, coordinates it with the Supervisory Board and implements it. It ensures that all statutory provisions and the company's internal policies are complied with and is responsible for corporate policy. The Management Board also ensures appropriate risk management and risk controlling in the company. The Chief Executive Officer is responsible for the social and environmental factors to be taken into account in this process, as well as for the associated risks, opportunities and impacts. The CEO submits the corporate planning for the coming fiscal year to the Supervisory Board as well as the midterm and strategic planning, which also includes sustainability targets and the impacts, opportunities and risks that are to be addressed. The Chair of the Management Board informs the Supervisory Board Chair without delay of important events that are essential for the assessment of the situation and the development of the company or for the management of the company as well as of any shortcomings that occur in the monitoring systems.

Vonovia also defines specific sustainability-related responsibilities with regard to the **implementation of the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD).** The recommendations made by the TCFD constitute important guidance for defining and implementing the climate pathway as part of Vonovia's systematic way of tackling climate change – with regard to both Vonovia's contribution to mitigating climate change and the effects of climate change on the company's economic development. Responsibilities for implementing the TCFD recommendations are distributed as follows at Vonovia:

> The entire Management Board bears responsibility for sustainability and climate change mitigation, as well as climate-related risks and opportunities.

> In its Strategy, Finance and Sustainability Committee, the Supervisory Board addresses climate change mitigation and relevant risks and opportunities, among other topics.

> The Sustainability Committee – comprising the entire Management Board and representatives of central functional departments – determines the strategy and targets and monitors progress.

> The central department Strategy, Corporate Development & Sustainability, within the executive division of the CEO, coordinates and spearheads the development of the sustainability strategy and the implementation of relevant measures.

> Climate-related risks are calculated and collated on a half-yearly basis as part of the company-wide risk management process; the process is coordinated by Controlling, with the Management Board taking the final decision on risk assessment.

> Energy efficiency modernization and the expansion of renewable energies for heating and powering the existing portfolio in Germany is the responsibility of the CRO (regional business areas and portfolio management); for Austria, the CDO is responsible, for Sweden the CEO of Victoriahem.

Responsibility for the **other material sustainability topics** is also distributed **within the Management Board**. The Chief Human Resources Officer (CHRO), for example, is responsible for employee issues, the Chief Rental Officer (CRO) – in conjunction with the decentralized regional managing directors – for all issues related to the provision of affordable housing, the climate-friendly development of the overall portfolio and other social sustainability issues, and the Chief Development Officer (CDO) for sustainable new construction. The CEO is responsible for sustainability-related governance issues, in particular for compliance, while the responsibility of the Chief Financial Officer (CFO) encompasses the structural infrastructure of sustainability data and risk management, as well as reporting, in addition to sustainable financing aspects.

This means that at Vonovia, sustainability is a top management priority, with all Management Board members sharing responsibility. The Chair of the Management Board ensures that the business model and the respective departments are aligned to achieve the company's goals. On the part of the Supervisory Board, the Strategy, Finance and Sustainability Committee, as well as the Audit, Risk and Compliance Committee (for reporting) perform the corresponding control function. The Management Board has overall responsibility for monitoring, managing and overseeing impacts, risks and opportunities, setting related targets and monitoring progress towards achieving these targets. In this quest, it involves the Sustainability Committee in decision-making and monitoring processes. The Management Board is provided with information on impacts, risks and opportunities in the Risk Report. The Controlling department is responsible for preparing the Risk Report. Technical management of impacts, risks and opportunities is the responsibility of the Strategy, Corporate Development & Sustainability department, and these impacts, risks and opportunities are assessed by the responsible risk owners. The Management Board monitors progress towards achieving the targets through annual sustainability reporting as part of the Annual Report, the ESG Factbook and other sustainability reporting formats approved by the Management Board.

Central **coordination of sustainability activities** is the responsibility of the Strategy, Corporate Development & Sustainability department. Its core duties include, in particular, the further development of an integrated strategy aligned with sustainability matters, the definition and monitoring of sustainability targets, the providing of impetus and the implementation of sustainability projects. The Strategy, Corporate Development & Sustainability department is also responsible for preparing the ESG Factbook and managing numerous ESG ratings, as well as being responsible for the sustainability statement in the Annual Report, which is prepared in collaboration with the Accounting department.

The **Sustainability Committee** meets two to three times a year – as required – to discuss the overall strategic direction and to evaluate the company's sustainability performance. The committee comprises the entire Management Board as well as the heads of Sustainability, Corporate Communications, Controlling, Accounting and Investor Relations. The Audit, Risk and Compliance Committee usually meets up to four times a year, with the Strategy, Corporate Development & Sustainability department providing it with information on the implementation of sustainability reporting on an ad hoc basis.

The availability of appropriate skills and expertise to oversee sustainability matters is ensured by furnishing evidence of the relevant skills (see skills profile/description for the Supervisory Board and Management Board). The Supervisory Board and the Management Board are briefed on sustainability topics at regular intervals.

The skills and expertise of Vonovia's Management Board and Supervisory Board are closely related to the company's material impacts, risks and opportunities. The Management Board contributes in-depth expertise in the areas of real estate, energy and sustainability, corporate governance, legal, and strategy so as to be able to make strategic decisions and manage risks effectively. The Supervisory Board supplements this expertise by providing independent monitoring and advice, drawing on its extensive experience in a whole range of sectors and disciplines. Working in tandem, the Management Board and Supervisory Board ensure that impacts are considered, opportunities are exploited and risks minimized in order to create sustainable corporate value.

GOV-2– Information Provided to and Sustainability Matters Addressed by the Undertaking's Administrative, Management and Supervisory Bodies

The Strategy, Corporate Development & Sustainability department reports to and coordinates its operations directly with the CEO in terms of sustainability topics related to the company's strategy and business model. The Head of this area regularly exchanges views with the CEO (at least once a month) and the sustainability committee on current developments and issues. These include the identification of material impacts, risks and opportunities, further development of the sustainability strategy, the implementation of appropriate measures, the definition and monitoring of sustainability objectives and metrics, and the implementation of sustainability projects. This also includes the implementation of sustainability-related due diligence.

The Audit, Risk and Compliance Committee within the Supervisory Board addresses sustainability topics at least twice a year, once when adopting the annual financial statements (including the sustainability statement) and once to assess the impacts, risks and opportunities in the context of the risk report.

When overseeing the company's strategy, making decisions on major transactions and in the risk management process, impacts, risks and opportunities – including trade-offs – are taken into account as follows:

Vonovia is adapting to the constant changes in the market environment and in the overall statutory and regulatory framework by developing its strategy and, within this context, its business activities on an ongoing basis. Vonovia also reacts to ESG influences from a wide variety of stakeholders by **adjusting its corresponding ESG targets**, which also involves using suitable KPIs to continually monitor the progress made towards achieving these targets. Conflicting targets, such as the extent of energy-efficient refurbishment to achieve climate objectives versus the associated costs and impacts on housing affordability, are also taken into account in the strategic focus. These changes mean that additional impacts, opportunities and risks arise on a regular basis, and that the extent of existing impacts and resulting opportunities and risks can change at any time.

As a result, Vonovia has implemented a **comprehensive risk management system** that ensures that all of the risks that are relevant to the company (and to the environment and society at large) can be identified, evaluated and managed. This risk management system also explicitly takes into account impacts, opportunities and risks related to sustainability. These are assessed both in terms of their impact on Vonovia (outside-in perspective) and also – in line with the concept of ESG due diligence – in terms of their impact on the environment and society (inside-out perspective). This means that potential risks which might impair the value and/or development of the company, or the environment and society, can be identified at an early stage.

In organizational terms, risk management is assigned directly to the Management Board. It has overall responsibility and decides on the organizational structures and workflows of risk management and provision of resources. The Management Board approves the documented risk management findings, takes account of them in steering the company and reports them to the Supervisory Board. The Audit Committee of the Supervisory Board monitors the effectiveness of the risk management system and is informed of any changes in the assessment of impacts, risks and opportunities.

In the 2024 fiscal year, the Sustainability Committee – and as a result the Management Board – and the Strategy, Finance and Sustainability Committee within the Supervisory Board addressed the material impacts, risks and opportunities listed in → ESRS 2 SBM-3 and validated the results of the materiality assessment. The Group Works Council was also informed of these results.

GOV-3 – Integration of Sustainability-related Performance in Incentive Schemes

To demonstrate the importance of sustainability for our corporate activities, we have integrated sustainability targets into Vonovia's management and remuneration system for the Management Board and top management (first level below the Management Board) via the **Sustainability Performance Index (SPI).** The index comprises six sub-indicators based on the material sustainability topics at Vonovia. They are each included in the SPI, which is measured as a percentage, with different weightings. The sub-indicators include:

Composition of the Sustainability Performance Index (SPI)

Indicator	Scope	Weighting
Carbon intensity of the housing stock	Germany	35%
Average primary energy demand of new constructions	Group	10%
Proportion of accessible (partially) modernized newly rented apartments	Germany	10%
Customer satisfaction (CSI)	Germany	20%
Employee satisfaction	Group	15%
Proportion of women in management positions	Group	10%

The **SPI** is one of Vonovia's **internal performance indicators** and relates explicitly to its core business, property management and development (excluding the Care segment). Its six subindicators are company-specific metrics that have no direct equivalent in the metrics required under the ESRS. One exception is → S1-9, which shows the gender distribution at top management level. The information shown under → S1-9 differs from the company-specific SPI sub-indicator "proportion of women in management positions," which is defined as a company-specific metric. Further information can be found in → S1-5 and → S1-9.

The indicators "proportion of (partially) modernized newly rented apartments," "customer satisfaction" and "carbon intensity of the housing stock" are only measured for Germany, i.e., they do not include Austria or Sweden.

Climate-related considerations are incorporated into Management Board and top management remuneration via two SPI subindicators: "carbon intensity of the housing stock (in Germany)" and "average primary energy demand of new constructions (Group as a whole)." The carbon intensity of the housing stock (see → **E1-4**) is designed to illustrate energy-efficiency alterations to existing properties, while the energy demand of new constructions addresses the average primary energy demand of newly constructed housing. Overall, climate-related considerations are incorporated into long-term variable remuneration at 11.25%. In 2024, climate-related considerations of around 2 % to 4 % were included in the total compensation paid to members of the Management Board (in accordance with Section 162 AktG).

We are aiming to achieve 100% target achievement in the 2025 fiscal year. The **Management Board** has set **specific annual targets** for each of the SPI indicators. The weighted targets add up to a target of 100%. Progress during the year is recorded, reported to the Management Board and monitored on a quarterly basis for internal annual controlling purposes. Externally, the individual metrics and the overall target achievement level for the SPI index, expressed as a percentage, are shown in the annual reporting. The SPI target achievement level for the 2024 fiscal year was 104.2% (see also the chapter → **"Corporate Governance"**). The Management Board has also set medium-term targets for 2030 for internal management purposes.

The metrics derived from the SPI with a target horizon of four years are also linked to annual target values, which are, in turn, incorporated into the **long-term remuneration system (long-term incentive plan, LTIP)** for the Management Board and top management, and are confirmed by the Supervisory Board. The SPI targets are closely tied to the company's five-year investment planning.

The remuneration paid to members of the Management Board (and top management) is based on a number of components. Among other things, members are granted a remuneration component with a long-term incentive effect and a balanced risk-return profile in the form of notional shares ("performance shares") in line with the provisions of the relevant applicable Long-Term Incentive Plan (LTIP). Target achievement is calculated on the basis of three financial performance criteria and one non-financial performance criterion, the Sustainability Performance Index (SPI).

> Relative Total Shareholder Return (relative TSR)
> EPRA NTA (Net Tangible Assets) per share
> Adjusted EBT
> Sustainability Performance Index (SPI)

All four performance criteria are included when calculating the payout from the LTIP, each with a weighting of 25%. In the reporting year, 11 to 13% of the remuneration to be paid to members of the Management Board depended on sustainability-related targets. The remuneration system and the SPI are described in detail in the **Remuneration Report** and in the chapter entitled → **"Corporate Governance."**

In accordance with the requirements of Sections 87 (1) and 87a (1) AktG, the Supervisory Board adopts a remuneration system for Vonovia SE Management Board members. The Supervisory Board is supported by the HR and Remuneration Committee, which develops recommendations relating to the Management Board remuneration system. The Supervisory Board discusses and then rules on these recommendations. The Supervisory Board submits the remuneration system to the Annual General Meeting for approval. The Supervisory Board also makes a decision every year on the specific SPI targets for the term of the LTIP and on the parameters for target achievement.

GOV-4 – Statement on Due Diligence

Our due diligence procedures are aimed at preventing and combating human rights violations, environmental pollution and other illegal behavior. We implement corresponding measures in our own sphere of business and also ensure that our business partners are obliged to comply with the same standards via our Business Partner Code. The information provided in this sustainability statement on due diligence procedures can be found in the table below:

Statement on Due Diligence

Core elements of due diligence	Paragraphs in the Sustainability Statement
a) Embedding due diligence in governance, strategy, and business model	ESRS 2, GOV-2.26 a), b), GOV-3.29, SBM-3.48
	G1–1.9 and 10 a)
	ESRS 2, GOV-2.26 b), SBM-2.45, IRO-1.53
	ESRS S1.12, S1–2.27
	ESRS S4.8, S4–2.20 and 21
	MDR-P: E1–2.22, 23 and 25, S1–1.19 and 24 a, d), S4–1.15, G1–1.9 and 10a, Entity-specific disclosures: disclosure requirement related to ESRS 1 (Annex A, AR 2)/ESRS 2 (MDR-P)
b) Engaging with affected stakeholders in all key steps of the due diligence	Entity-specific disclosures “Neighborhood Development” and “Living at Fair Prices”, section "ESRS 2 SBM-2 - Interests and views of stakeholders"
c) Identifying and assessing adverse impacts	ESRS 2, IRO-1.53, SBM-3.48
	ESRS E1–3.28 and 29 a), b)
	S1–4.37 to 43
	S1–4.30 to 36
d) Taking actions to address those adverse impacts	MDR-A: E1–3.26, 28 and 29 a, b), S1–4.37 to 43, S4–4.31 a, b) and 33, G1–1.9, 10a, G1–3.18 a) G1-4.24 a), 21 a), Entity-specific disclosures: disclosure requirement related to ESRS 1 (Annex A, AR2)/ESRS 2 (MDR-A/MDR-T/MDR-M)
	ESRS E1–3.28 and 29 a), b), E1–4.33 and 34
	S1–4.42, S1–5.46 and 47
	S4–5.40 and 41
e) Tracking the effectiveness of these efforts and communicating	S4–4.37, S4–5.40 and 41, G1–1.9, 10a G1–4.24 a) and 25 a), Entity-specific disclosures: disclosure requirement related to ESRS 1 (Annex A, AR2)/ESRS 2 (MDR-A/MDR-T/MDR-M)

GOV-5 – Risk Management and Internal Controls Over Sustainability Reporting

Organizationally, responsibility for preparing the sustainability statement lies with the department of the Chief Financial Officer (CFO) and, in particular, with the Accounting department in collaboration with Strategy, Corporate Development & Sustainability. Vonovia considers failure to meet legal sustainability reporting requirements to be a **material risk** associated with the sustainability statement. Appropriate measures have been taken to address this risk, which was identified as part of the Group-wide risk management process: as well as keeping a constant eye on the development of regulatory requirements and ensuring the associated dialogue in associations and working groups, the company places particular emphasis on implementing and establishing robust data collection processes. Controlling is responsible for identifying and preparing key sustainability figures. These include, in particular, key environmental and HR-related figures, as well as the key SPI figures relevant to management. Consistent data quality can be ensured by bundling responsibility in the central Controlling function. Plausibility checks and data quality assurance are carried out by Controlling and Strategy, Corporate Development & Sustainability. Please refer to our → **Risk Report** for information on how we prioritize the risks identified.

The aim of the accounting-related internal control and risk management system is to **ensure due and proper and legally compliant financial and sustainability reporting** pursuant to the relevant regulations. The accounting-related internal control and risk management system – which includes sustainability reporting – is embedded in the overarching Group-wide risk management system. The Internal Control System (ICS) comprises the basic principles, procedures and regulations aimed at supporting the effectiveness and cost-effectiveness of our business activities, ensuring due and proper, and reliable internal and external accounting, including sustainability reporting, and ensuring compliance with the legal provisions that apply to the company. A separate ICS process, including the associated key controls, is in place for sustainability reporting in line with the requirements that apply to the internal control system. This process is audited and validated annually by the Internal Audit department. For information on the controls implemented for the risks identified, please refer to our → **Risk Report**, in particular the details on the ICS. Risk mitigation strategies are also described in topical standards.

All key processes and key indicator definitions are documented centrally using a data governance tool, as are the corresponding internal controls. This **documentation** illustrates the relevant process steps and data flows and is supplemented by our risk management tool, which is used to record the material risks and mitigating measures. The implementation of internal controls is documented and audited on a spot check basis by the Internal Audit department. These systems provide the binding basis for subsequent evaluations, audits and reporting to Vonovia's executive bodies on the effectiveness of the ICS within the meaning of Section 107 (3) sentence 2 of the German Stock Corporation Act (AktG).

As part of the management report, the sustainability statement is submitted to the Audit, Risk and Compliance Committee of the Supervisory Board. The Audit, Risk and Compliance Committee then makes a recommendation for the Supervisory Board to adopt or approve the entire annual and consolidated financial statements. The Supervisory Board examines the combined management report and the sustainability statement. This examination may include discussion with the auditor and is subject to the auditor's report. The Audit, Risk and Compliance Committee is continually involved in the establishment and refinement of the accounting-related internal control and risk management system, which includes the sustainability information.

The **Internal Audit department** reports annually to the Management Board on the audit process that has been completed, which includes the sustainability-related ICS process. The Head of Strategy, Corporate Development & Sustainability reports also to the Management Board/CEO at least once a month on sustainability matters and related processes and reporting.

SBM-1 – Strategy, Business Model and Value Chain

Vonovia's **business model** is based on the provision and rental of good-quality and, most importantly, affordable living space at the right time, as well as the management of these properties in Germany, Sweden and Austria. Vonovia manages a portfolio of around 480,000 of its own apartments in a large number of Germany's attractive cities and regions. It also manages a portfolio of around 40,000 residential units in Sweden and approximately 20,000 in Austria. This means that our main customer group consists of our (potential) tenants in these countries.

This business model is based on a highly digitalized management platform and a similarly highly digitalized development platform allowing all stages in the value chain to be managed.

An established in-house craftsmen's, residential neighborhood and caretaker organization, coupled with extensive back-office functions, support us in our management and further development of our housing stocks. Vonovia continues to develop its real estate portfolio through **active portfolio management.** In addition to acquisition, sale and modernization, this also includes developing and building new apartments for our own portfolio and for sale to third parties. The business model is rounded off by the housing-elated services we offer. The focus here is on offering energy supply services for electricity and heating, as well as automated meter reading.

Vonovia focuses on **megatrends** such as climate change mitigation, urbanization, demographic change and the shortage of housing. Together with advances in digitalization, these megatrends determine the corporate strategy. Going forward, everything that Vonovia does as a company, and the strategic focus that it adopts, will be based around responding to these megatrends.

The aim is to make the business model future-fit in the long run by using **sustainable new construction and refurbishment approaches and CO_2 reduction** in the real estate portfolio to contribute to solutions for the current climate protection objectives. Vonovia focuses on the ESG aspects of sustainability, namely climate protection and the environment (E) by contributing reduction in carbon emissions; society (S) by acting responsibly towards all stakeholders; and governance (G) through sustainable, reliable and responsible corporate management.

From day one, Vonovia's tried-and-tested **strategy** has been divided into the subareas of portfolio management strategy, property management strategy, Value-add strategy and financing strategy – supported by the opportunistic elements of the company's acquisition and internationalization strategy.

For the purposes of **managing** the company, we make a distinction between the segments Rental, Value-add, Recurring Sales and Development.

The **Rental segment** combines all of the business activities that are aimed at the value-enhancing management of our own residential real estate. It includes our property management activities in Germany, Austria and Sweden. Around 77% of Vonovia's strategic real estate portfolio is located in contiguous urban quarters, i.e., neighborhoods that generally include more than 150 apartments.

The **Value-add segment** bundles all of the housing-related services that we have expanded our core rental business to include. These services include both the maintenance and modernization work on our residential properties and services that are closely related to the rental business. We allocate the activities relating to the craftsmen's and residential environment organization, the condominium administration business, the multimedia business, metering services, the energy service, including tenant electricity, and our insurance services to the Value-add segment. By insourcing these services, we aim to ensure availability and high-quality service. At Vonovia, high-quality service, which promotes a high level of customer satisfaction, is characterized first and foremost by accessibility, speed and transparency for our customers.

The **Recurring Sales** segment includes the regular and sustainable disposals of individual condominiums and single-family houses from our portfolio.

The **Development** segment includes project development to build new homes. This covers the value chain starting with the purchase of land without any development plan/dedicated purpose, to completion and sale (to sell) or integration into Vonovia's own portfolio (to hold). The Development segment deals with projects in selected attractive locations.

Aspects of Sustainability at Vonovia

E Environmental	S Social	G Governance
Contribution to climate protection and reducing CO_2 in both the housing stock and new construction.	Responsibility towards tenants and society through fair prices, housing that meets people's needs and future-fit neighborhood development. Attractive and fair working environment for our diverse workforce.	Sustainable governance and responsible business practices with reliable compliance.

The Management Board has broken the strategy down into key value drivers. The main **value drivers** for Vonovia's business are:

> The highly efficient management platform
> The optimized capital structure and advantageous costs of capital
> Investment focused on megatrends
> The Value-add business as a way to create value
> The value contribution made by the Development business
> The efficient capital allocation

Further information on our value drivers can be found in the → **"Strategy"** chapter.

We disclose the number of employees in Germany, Austria and Sweden in section → **S1-6**.

In light of capital market conditions over the past few crisis-ridden years, which have been characterized by inflation and rising interest rates, and the associated higher cost of capital, Vonovia has streamlined its portfolio by making disposals and establishing joint venture and fund structures in order to achieve an improved capital structure in tandem with sustainable internal financing. Within this context, the care activities under the Deutsche Wohnen umbrella were also subjected to a strategic analysis that resulted in the decision to sell them.

Now that interest rates are returning to normal, Vonovia believes it is well positioned for new growth based on its optimized capital and portfolio structure. The necessary specific initiatives have been incorporated into the company's existing strategy.

New Strength and Performance in Core Business

The **expansion of the development business** is an important part of this strategy. Vonovia's new construction activities are focused on a product portfolio that is geared toward market requirements with flexibility in how the properties are used (Development to hold/Development to sell). In light of the ongoing need to optimize construction costs, Vonovia is focusing on the "Basic House" approach, among other things, in order to build sustainable and affordable housing for different target groups. The emphasis is on new projects employing serial modular timber construction methods together with the company's joint venture partner Gropyus.

The company is forging ahead with the **optimization of its craftsmen's organization**, the "Vonovia Technischer Service" (VTS). VTS and its specialists ensure that refurbishment and maintenance work can be carried out reliably and in line with high quality standards. The ongoing development of a standardized product catalog will be expanded further.

Given the positive market trend that is emerging, our sales program will continue to focus on the Recurring Sales segment and sales in the Non Core portfolio.

Investments Using Innovative Policies

Investments to upgrade energy efficiency and decarbonize our portfolio will be expanded over the next few years with the help of innovative concepts and smart technologies in line with Vonovia's climate pathway. Implementation of energy-efficiency modernizations has to be efficient, fast and cost-saving in the interests of cost-effectiveness. We are pursuing this strategy using the concept of "serial modernization," an industrialized system that bundles and standardizes all steps in the refurbishment process. Forging ahead with, and investing in, heat pump technology are also part of the investment strategy. In this area, we are focusing on the new "EnerCube" heating solution, a heat pump center that combines all the necessary components in an external module and is installed on-site outside the building.

New Business Models at All Stages in the Value Chain Using Management Platform

Further **growth in the Value-add segment** at all stages in our value chain will secure additional earnings potential. The existing energy business and the use of photovoltaics are being expanded on a large scale. The focus is on establishing and expanding a full product portfolio covering all steps in the value chain – from the generation of electricity using photovoltaic modules to the sale of this electricity as tenant electricity, the use of heat pumps, and energy storage and management. The aim is to increase market penetration in all product groups.

The **purchase of buildings** that have not yet been modernized, their subsequent modernization and resale are to be integrated into Vonovia's business model as a new initiative. This also applies to the initiative to make Vonovia's management platform available to third-party customers so as to establish the company as a full-service management service provider.

Catalysts driving the successful implementation of the strategy remain the active dynamic management of efficient capital allocation, the availability of employees with the necessary skills, efficiency in the value chain and in procurement, social and sociopolitical acceptance of Vonovia's business model and the targeted use of new technologies, including artificial intelligence.

Our Sustainability Strategy for the Future

Vonovia's sustainability strategy has been integrated into its overall strategy and business model. Our business model – the development and rental of modern and affordable living space – means that our relationship with social and environmental change processes is one of great interdependence. Sustainability is thus a key component of our corporate strategy. Vonovia is working towards specific targets in the three areas of environmental (E), social (S) and governance (G):

As far as its **environmental targets are concerned,** the aim is to make the business model future-fit in the long run by using sustainable new construction and refurbishment approaches and CO_2 reduction in the real estate portfolio through innovations to contribute to the achievement of the current climate protection objectives.

When it comes to **social concerns,** we take responsibility towards tenants and society by providing housing that meets people's needs and being committed to future-fit neighborhood development. At the same time, we believe that diversity presents us with a huge opportunity to increase satisfaction levels among our employees and to position ourselves as an attractive employer, which is why we are striving to promote diversity and equal opportunities within our organization. Vonovia aims to be an attractive employer for its employees, offering fair working conditions and supporting staff members in their personal and professional development.

With regard to **governance**, our aim is to ensure sustainable corporate management and responsible business practices with a reliable compliance system. These targets have a positive impact on the working atmosphere and, as a result, directly affect our employees, as well as being consistent with the objectives of the capital market.

Vonovia's business model addresses the socio-political challenges of housing shortages, affordable housing and climate protection. When we talk about **affordable housing**, we mean that our rental prices are based on local rent prices, and, if available, on certified rent indices. We base our approach on the ratio of the average warm rent in our portfolio to the average net income of tenant households, which was below 30% at Vonovia during the reporting period. Our sustainability targets address precisely these sociopolitical challenges, to which we want to make a key contribution.

With this efficient organizational model, satisfied and high-performing employees, optimized processes, a clear focus on service, and, as a result, on our customers, and a clear investment strategy focusing on climate protection, we are laying the foundation for a sustainable business while safeguarding our legitimate interests as a private-sector company. The importance of our sustainability targets and their achievement is reflected in the fact that they have a direct impact on the remuneration paid to our Management Board and top management via our internal key performance indicator SPI.

ESRS – Stakeholders in the Value Chain
(Activities, resources and relationships)

	Activities	Resources*	Relationships
Upstream	> Raw materials/materials from suppliers > Delivery and logistics > Political engagement/lobbying > Planning > Approval procedure > Involvement and participation	> Natural resources – Water – Raw materials/materials (construction/health sector) > Non-employee workers > Logistics and infrastructure	> Suppliers/other companies > Politics > Residents > Potential tenants/customers > NGOs > Financing/capital market
Business area	> Rental; use by tenants > Customer services/management platform > Portfolio development – Development/construction activities – Neighborhood development – Maintenance & modernization – Residential environment > Energy generation & supply multimedia > Care activities	> Human resources – The company's own employees > Social resources – Non-employee workers – Public infrastructure	> The company's own employees > Tenants (users/end users/WEG [German Condominium Act]) > Residents > Media > NGOs, associations, community > Financing/capital market > Suppliers/other companies
Downstream	> Sale > Demolition > Disposal/recycling > Redesign	> Secondary/recycling materials > Waste/effluents > Logistics/infrastructure > Energy > Land use/design > Non-employee workers	> Buyers > Social/legal (liability) > Suppliers/other companies

* ESRS 1, paragraph 50: Dependencies on natural, human and social resources can be sources of financial risks or opportunities.

Information on our progress as we work toward achieving our objectives can be found in → **ESRS 2 GOV-3**.

Sustainable conduct is at the heart of Vonovia's identity as a company. We are making continuous improvements to our sustainability agenda in order to reflect changes in society, the world of politics, the environment and the economy. Through the first-time preparation of the materiality assessment in accordance with the ESRS and identifying the opportunities and risks, as well as the impacts that the company's activities have on stakeholders, transparency has been enhanced, laying the foundation for integrated business activities.

The **cornerstones of our sustainable strategy** are:

> Contribution to climate protection and reducing CO_2 (E)
> Social responsibility for our tenants, customers and employees (S)
> Trustworthy, reliable and transparent corporate governance based on the best-practice guidelines set out in the Corporate Governance Code (G)

E: We are faced with the challenge of achieving a climate-neutral housing stock by 2045. To rise to this challenge and ensure that the implementation is successful, we require both a higher level of refurbishment than in the past and increased, decentralized use of renewable energies for heating and powering neighborhoods. The neighborhood is the main implementation level for climate protection targets and carbon reduction in the housing portfolio. The use of renewable energies and sustainable materials plays an important role in new construction and conversion.

S: We are confronted with the challenge of providing affordable housing for as many people in society as possible, despite sustained excess demand and high new construction costs. To rise to this challenge and achieve our targets, we rely on socially responsible, transparent rents. We see the expansion of a social infrastructure incorporating innovations and new technologies, and tailored to meet people's needs, as an integral part of community development projects. We aim to design urban, environmentally friendly and affordable housing in a socially responsible manner. We offer subsidized and independently financed homes for people on low incomes in numerous cities and municipalities and are responding to location-specific challenges with services tailored to people's needs. The supplementary voluntary agreements that we conclude with municipal authorities include, for example, provisions governing fair rental conditions, the construction of new apartments and joint neighborhood development.

We are also faced with the challenge associated with a growing shortage of skilled workers driven by demographic change. We offer our employees an attractive working environment characterized by diversity and scope for personal development in order to ensure a sufficient supply of qualified expert staff.

G: Another challenge facing us lies in ensuring that our compliance and corporate cultures are always consistent with current (legal) requirements. In this context, we stand behind our reliable, transparent and trust-based corporate management, which is based on the German Corporate Governance Code. We comply with all applicable laws and internal and external guidelines. This is an integral part of being a reliable and trustworthy partner.

In terms of the direction of its sustainability strategy, Vonovia is guided by national and international standards and frameworks, such as the German Federal Climate Change Act (Klimaschutzgesetz), the Paris Agreement, the Sustainable Development Goals, the UN Global Compact and the United Nations Guiding Principles on Business and Human Rights.

As a company with international operations, we aim to contribute to achieving these goals with our business in Germany, Austria and Sweden. We have used our materiality assessment (see → ESRS 2 IRO-1) to identify priorities in this respect as well. This also serves as the basis for our sustainability reporting in accordance with the ESRS.

Our **value chain** can be split into the upstream supply chain, our own business and the downstream stages in our value chain. Our business activities comprise the following core activities: construction, rental and management activities, including neighborhood development and customer service, as well as the provision of housing-related services.

Accordingly, relevant inputs include construction products and materials as well as (human) capital. The output of our value creation is access to affordable housing for our tenants, to neighborhoods offering real quality of life and to other housing-related services such as the condominium administration business, the multimedia business, metering services, the supply of energy and solar power to our tenants, and our insurance services. As part of our insourcing strategy, we employ specialists in our own business areas, for example in the caretaker organization, in modernization projects or in green space maintenance. This allows us to generate synergy potential, make ourselves largely independent of external service providers and offer a consistent level of quality. Our central, multilingual customer service department acts as the first port of call for our tenants, whereas our caretakers and craftsmen look after the needs of tenants on location. This allows us to ensure fast and reliable service. We run our own customer service centers in Essen, Dresden, and Berlin.

Upstream of our own value chain, our supply chain starts with the production of raw materials. Vonovia works with over 9,000 direct suppliers and business partners. Almost all of our direct suppliers are based in Germany, Austria or Sweden. An important supplier group is the material suppliers who supply Vonovia's craftsmen's organization (VTS and Residential Environment Service) with construction products, among other things. The contractual partners who implement maintenance measures, for instance, on our behalf are another relevant group. The sale of our buildings, building demolition and the disposal of our tenants' waste and wastewater form part of our downstream value chain.

As part of our **stakeholder dialogue,** we maintain regular contact with the most important players in our value chain using a range of formats for each stakeholder group. We have also taken their concerns and perspectives, as well as our impacts on these stakeholders, into account as part of the IRO assessment.

In line with our target of ensuring the company has good **access to the capital market**, ensuring that it focuses on sustainability and generating attractive returns for our investors relative to risk, Vonovia uses a broad range of financing instruments, such as bonds, promissory notes, secured real estate loans, commercial papers, working capital facilities and subsidy loans from the German government-owned development bank Kreditanstalt für Wiederaufbau (KfW) and the European Investment Bank (EIB) (see also the chapter entitled → **"Financing"**). Our eight sustainable bonds, one of which we placed successfully on the capital market for the first time in 2024, meet the demand for both green and social bonds – and play a crucial role in our financing strategy. All of our green bonds are aligned with the EU taxonomy.

With our **Sustainable Finance Framework**, we have also laid the foundation for the definition and selection of social assets in the real estate sector on the Swedish market. The criteria we selected in this context have already been adopted by at least three other issuers on the market. We have published our Sustainable Finance Framework, the annual impact report evaluating the effectiveness of our measures and further information about our sustainable financing strategy on our **Group website**.

SBM-2 – Interests and Views of Stakeholders

Our company is in close contact with numerous, and in terms of their interests, very different stakeholder groups. Particularly **important stakeholder groups,** other than our tenants/customers (and the those representing them), include our own employees, shareholders and analysts, policymakers and administrative bodies, suppliers and service providers – particularly from the construction industry – as well as society and the natural environment.

We generally use a range of formats for the purposes of engaging in dialogue with our stakeholders. The format used to involve relevant stakeholders is chosen for each individual stakeholder group, taking past consultations and existing processes into account. Key elements include the quarterly customer and annual employee surveys, discussions with tenant representatives, local administrative bodies and policymakers as well as investors. Association memberships support the process of discourse. External stakeholder perspectives are incorporated into the materiality assessment through regular dialogue, also via the housing industry association. Please refer to → **S1-2** for information on how we involve our employees and their representatives.

Our main interface **for dialogue** with our stakeholders is our **Corporate Communications department**. It is directly available for stakeholders every day and ensures a uniform internal and external presentation. The Public Affairs department within Corporate Communications maintains connections with politicians and stakeholders. This department is responsible for analyzing who our material stakeholders are, and updating the analysis annually. As part of this process, it takes into account the interests of the key stakeholders, their positioning in the strategy and the business model. In addition, our departments or the local employees in the neighborhoods in particular react to specific and target Group-related communication occasions and engage in dialogue with our stakeholders. This allows us to meet the needs and fulfill the demands of our stakeholders. For instance, the Procurement department handles communication with suppliers and service providers, while the Investor Relations department is responsible for dialogue with shareholders and analysts.

When designing our development and neighborhood development projects, engagement is also fostered by the provision of information at an early stage, as well as by opportunities to actively participate in the development process. Within this context, we first of all adhere to the statutory requirements for civic participation in development planning and, second, use various voluntary participatory processes to take into account the interests of the parties involved and ensure the necessary transparency. We take action at various stages in the neighborhood development process – from the planning to the stabilization phase – and proactively incorporate the views of local residents. The formats used range from neighborhood walks, tenant meetings and workshops, tenant surveys to neighborhood display windows.

Our quarterly customer surveys allow us to ask our tenants about their concerns and tailor our measures to the needs of specific neighborhoods or regions. We also provide information on topics relevant to our customers on our website, e.g., on the communication channels that tenants can use.

The interests and viewpoints of our major stakeholders were analyzed and evaluated at a general level as part of the materiality assessment, for example the interests of the German Tenants' Association. Interests and viewpoints at local level – we operate in more than 450 cities and municipalities in Germany alone – may differ from these. The local participation processes can be used to help us address these different interests and – in line with our strategy and business model – translate them into measures.

This process is not designed to result in any changes to our strategy and/or business model, as the participation processes are suitable for addressing and taking into account the interests of local stakeholders in the context of the existing strategy/business model.

The Strategy, Finance and Sustainability Committee of the Supervisory Board advises the Management Board on the sustainability strategy. This committee, which met seven times in 2024, provides the entire Supervisory Board and the Management Board with information on the interests and views of the stakeholders concerned, which are identified in particular as part of the annual customer and employee surveys and other individual formats depending on the stakeholder group in question.

Entity-Specific Disclosures on SBM-2

Neighborhood Development and Contribution to Infrastructure

The management of our investment programs is centrally coordinated through the Portfolio Management department. The operational implementation is the responsibility of the regional business areas. With regard to neighborhood developments, the regional business areas determine which local requirements must be met (such as a focus on families, older individuals, or priorities such as energy supply or transportation). The regional managers are responsible for the respective projects and implement them along with their area managers. This means that they are also responsible for participation processes with regard to stakeholders. The CRO is the Management Board member responsible for the property management business as well as for customer service and portfolio management. He is provided with regular, at least monthly, information on all relevant topics relating to the operating business by the managing directors of the regional business areas.

Living at Fair prices

Rent structures and agreements with municipalities are managed in a decentralized manner via the business areas. The individual measures are planned and coordinated in the Portfolio Management department.

Regular dialogue with tenant and consumer protection organizations are also particularly important to us so that we can address and respond to tenant interests in a consolidated and targeted manner. This process is focused not only on dialogue with the central top-level associations, the German Tenants' Association, the Austrian Tenants' Association and the Swedish Tenants' Union, but is also implemented at regional or local level with tenants' associations in particular.

Topical Disclosures on SBM-2

ESRS S1 – Own Workforce

Vonovia is committed to the core labor standards of the International Labor Organization (ILO) in all areas, particularly with regard to freedom and rights of association, and to the UN Guiding Principles on Business and Human Rights. We aim to ensure that applicable laws (e.g. individual and collective labor laws), are complied with at all our sites. This means, among other things, that employee co-determination is made possible. We are committed to fostering a trusting and constructive exchange between management and employees in all of Vonovia's business units through channels like works councils. Our employees are also free to form trade unions and exercise their statutory right to freedom of association. Our qualitative survey formats (including our Group-wide employee satisfaction survey) and our individual and team-based feedback formats give our employees the opportunity to feed individual suggestions on relevant working areas and conditions back to their employer. Core aspects of feedback are taken into account systematically in the enhancement of Vonovia's HR strategy.

ESRS S4 – Consumers and End-Users

Our tenants make up one of our major stakeholder groups. Their concerns, interests and viewpoints as well as respect for their (human) rights are a central component of our strategic focus. These rights are already covered and protected to a considerable degree by the legal framework in the markets in which we operate (Germany, Austria and Sweden). Compliance with all statutory and regulatory requirements (for example, the German General Act on Equal Treatment, or AGG) is a matter of course for us as a company. We oblige all employees to adhere stringently to our **Code of Conduct**, and any breaches have consequences. In addition, all customers – as well as our employees, service providers and suppliers – have access to our whistleblower system to report misconduct and assert their rights.

Their interests and views are incorporated into our strategy and the direction of our business model through regular customer surveys and dialogue with tenant representative bodies, tenants' associations and consumer protection centers. We use this feedback to develop corresponding services and measures for our (potential) customers.

SBM-3 – Material Impacts, Risks and Opportunities and Their Interaction with Strategy and Business Model

The subtopics (in accordance with ESRS 1.AR 16, supplemented by entity-specific topics) based on which we assess material IROs on a consolidated basis are a main level guiding us in our actions.

Mapping of IROs to Subtopics

Material subtopic	IRO title	Risk/opportunity/impact (actual/potential; positive/negative)
ESRS E1 – Climate Change		
	Negative contribution to the global increase in greenhouse gas emissions	Impact (actual/negative)
	Positive effect on greenhouse gas reduction through modernization as part of the core business	Impact (actual/positive)
Climate change mitigation	Earnings potential as a result of the energy-efficient modernization of the housing stock/increase in modernization volume	Opportunity
Energy	Positive contribution to energy transition	Impact (actual/positive)
	Contributing to negative effects of climate change through new construction and densification	Impact (actual/negative)
Climate change adaption	Positive effects through mitigation of consequences of climate change	Impact (actual/positive)
ESRS S1 – Own Workforce		
	Promotion of employees' professional development	Impact (actual/positive)
	Employee dissatisfaction due to lack of co-determination	Impact (actual/negative)
	Employee satisfaction through co-determination	Impact (actual/positive)
Working conditions (skilled-labor shortage)	Financial opportunity through appeal as an employer	Opportunity
Equal treatment	Promotion of diversity in the workforce	Impact (actual/positive)
ESRS S4 Consumers and End-Users		
	Housing tailored to tenants' needs	Impact (actual/positive)
	Improved tenant satisfaction through enhanced accessibility and service quality	Impact (actual/positive)
	Reduced tenant satisfaction due to limited accessibility and service quality	Impact (actual/negative)
	Reduced tenant turnover through the creation of homes that meet people's needs	Opportunity
Social inclusion of consumers and/or end-users (access to products and services)	Financial opportunity from increased tenant satisfaction and service quality	Opportunity
Entity-specific disclosure: Neighborhood Development		
	Increased quality of living for tenants through contribution to neighborhood development and infrastructure	Impact (actual/positive)
Entity-specific disclosure: Living at Fair Prices		
	Contribution to more affordable homes for tenants by adhering to regulatory frameworks	Impact (actual/positive)
	Contribution to more affordable homes for tenants through new construction and development activities	Impact (actual/positive)
	Financial risk due to changes in regulatory frameworks (rents and standards)	Risk
ESRS G1 – Business Conduct		
Corporate culture	Positive impacts on employees through the Code of Conduct and the creation of a corresponding corporate culture	Impact (actual/positive)
Corruption and bribery	Financial risk from corruption and bribery	Risk

IRO-1 – Description of the Process to Identify and Assess Material Impacts, Risks and Opportunities

Vonovia has conducted a double materiality assessment in order to identify and assess material impacts, risks and opportunities. The materiality assessment in accordance with the ESRS was based on Vonovia's previous materiality assessment. An initial list of topics was prepared based on the material topics identified. In addition to the topics from the previous materiality assessment, this list is based on new topics identified as a result of a comprehensive analysis of external sources (including peers, standards, regulations, ratings, trending topics, etc.), input from specialists and the ESRS list of topics/subtopics for the relevant standard identified in accordance with ESRS 1.AR 16. The potential impacts, risks and opportunities (IROs) were then derived from the issues identified. In addition to the information from the existing materiality assessment, the IROs were also identified based on the risks already identified by Vonovia's risk management system. Vonovia utilizes the IT tool Risk2Value, as well as a comprehensive analysis of additional external sources (such as published stakeholder positions).

Vonovia systematically manages the main sustainability topics for the company based on the double materiality concept on the basis of two dimensions:

> The relevance of social and environmental risks and opportunities to the business and value creation (outside-in perspective or **financial materiality**) as well as
> the actual or potential, positive or negative, short, medium or long-term impacts of the business model and company activities on the environment and society (inside-out perspective or **impact materiality**).

The following steps were taken to identify and evaluate the **impacts**:

1. Arriving at an understanding of the corporate context in relation to sustainability aspects, including business relationships, stakeholders and activities.
2. Identifying actual and potential, positive and negative impacts by involving relevant stakeholder groups and experts.
3. Assessing the materiality of actual and potential impacts and identifying material aspects by setting thresholds.

An impact can be either positive or negative, and either potential or actual. An impact is considered to be an actual impact if there is no doubt that it has occurred in the fiscal year under review or in the past. An impact is considered potential if its effects could materialize in the future. Materiality is influenced by the probability of occurrence.

The following steps were taken to determine and evaluate corresponding **opportunities and risks**:

1. Identifying dependencies between "social" and "natural" resources. These are described as sources of financial risks and opportunities and can have an impact on:
   a) The use and procurement of resources required for Vonovia's business processes, as well as the quality and price of these resources;
   b) Vonovia's ability to rely on the business relationships it needs at acceptable conditions
2. Classifying these dependencies as either opportunities or risks
3. Determining the materiality of these dependencies
4. Determining the material topics for reporting

IROs were identified and assessed on a consolidated basis for the Group as a whole and at all stages in its value chain using the criteria specified in the ESRS (in accordance with ESRS 1, Sections 3.4, 3.5). When identifying and assessing IROs in the upstream and downstream value chain, we focused, in line with ESRS 1 section 3.3, on areas where impacts, risks and opportunities are considered likely due to the nature of the activities concerned, (direct and indirect) business relationships, geographical circumstances or other factors.

The IROs identified were then validated in workshops organized with the relevant stakeholders (see → **ESRS 2 SBM-2**).

Appropriate **thresholds** were defined in order to determine which impacts are to be taken into account in Vonovia's sustainability statement. In line with the EFRAG recommendation, Vonovia has used the statement "more likely than not" as a guide for the **"impact"** materiality threshold. Decisions on materiality are based on the result produced from the probability of occurrence and severity (impact score). This results in a threshold value of 2.5 for Vonovia, based on a predefined scale of 1–5. The resulting material impacts are prioritized for monitoring purposes.

Vonovia uses the risk management system that has already been implemented to determine the appropriate threshold for **financial materiality** in order to ensure consistency. The risk matrix was used as a basis to determine which risks arising from the identified impacts are material and should thus be prioritized in monitoring and reporting. Numerical values were assigned to this matrix. The severity of materialization and the probability of occurrence were given the same weighting. A threshold for material financial risks and opportunities of 1 or more was set as a result of this process.

Vonovia has calculated a value (score) for each IRO based on the formulas described above. The score for each IRO is calculated based, among other things, on the company's own risk management system and other projects (German Supply Chain Diligence Act (LkSG)), ensuring consistency in the strategic consideration, prioritization and reporting of all material risks for Vonovia, including sustainability risks. The IROs identified were clustered under the relevant subtopics within the associated ESRS standard. In order to ultimately decide which topics are above the materiality thresholds for Vonovia, making them material topics for reporting purposes, an average value was calculated for each subtopic based on the underlying IRO scores. This calculation of the **average value** forms the basis for identifying the topics that are material from Vonovia's perspective. A maximum value perspective was also reviewed in addition to the calculation of an average value. In order to ensure that the average value calculation ensures the inclusion of individual IROs with potentially high scores in the analysis and, where appropriate, in the reporting, an individual threshold of 80% was set for individual IROs in addition to the materiality threshold for clusters. Consequently, an IRO is only considered material if the average value of all IROs in the sustainability subtopic is considered material from one of the two materiality perspectives, and the IRO itself exceeds this threshold. All IROs identified were then added to our risk management tool to ensure continuous monitoring and prioritization, as with all other material risks for Vonovia.

The IROs identified, and their assessment, are reviewed by internal experts from the respective departments in the second half of each reporting year as part of the existing risk survey process, before being supplemented if necessary and assessed for the current fiscal year. This survey is integrated into Vonovia's existing risk management tool. At the end of the assessment process, Strategy, Corporate Development & Sustainability checks whether the new assessments have resulted in changes in materiality, and checks and calibrates the results. The Sustainability Committee reviews and adopts the results of the materiality assessment.

The materiality assessment process (IRO Assessment) according to the ESRS was conducted for the first time for the 2024 fiscal year. This means that the procedure for this year's materiality assessment differs from that followed in previous years, when it was based on the requirements set out by the Global Reporting Initiative (GRI). The materiality assessment is reviewed every year to ensure it is up-to-date and adjustments are made if necessary.

Topical Disclosures on IRO-1

E1 – Climate Change

The general information on our materiality assessment set out under → ESRS 2 IRO-1 above also applies accordingly to the (sub)topics in standard → ESRS E1.

In order to assess Vonovia's impact on climate change, the company introduced a comprehensive **energy and GHG controlling system** several years ago. This system includes the energy consumption and GHG emissions of all of Vonovia's own office sites as well as the entire housing stock. Indirect effects at other stages in the value chain are also captured if they are material. The results of this process are set out in → E1-6

In order to determine the positive impact that our modernization measures have, the difference in energy consumption before and after the measures is determined for each measure, and the savings and GHG reductions achieved are also measured.

We have established a **life cycle calculation** as a firm component of the planning process for our development projects. This enables our planning departments to determine the carbon footprint of the planned development and new construction projects early on in the project planning and include this in their design.

Since 2022, Vonovia has been using an **IT tool in accordance with EU taxonomy requirements** in order to identify and analyze the physical risks associated with climate change. This climate risk tool covers Vonovia's portfolio and development projects in Germany, Austria and Sweden and allows material negative impacts on our business activities due to the effects of climate change to be analyzed at portfolio and property level. This tool enables physical climate risks to be identified and evaluated for the location of each building in the Group-wide portfolio on a continuous basis using the prescribed climate scenarios (RCP2.6, RCP4.5 and RCP8.5), with this data then being aggregated at portfolio level. This does not cover the upstream or downstream value chain. The impacts are assessed with a view to the medium term (up to 2030) and long term (2045 and 2085) in order to cover the lifespan of both existing buildings and new buildings, which is assumed as 50 years. The scenarios considered range from scenarios with low emissions (RCP2.6) and medium emissions (RCP4.5) to high emissions (RCP8.5). The climate risks examined using this tool are heat, drought, increases in precipitation, wind and storms, snow loads and flooding. Depending on the granularity of the available data source, we measure climate risks at the building or neighborhood level and are able to identify the climate risks for each building in the portfolio and, as a result, its vulnerability. The risk assessment at company level is based on scenario RCP4.5, which, according to the United Nations (UNEP Emissions Gap Report 2023), represents an increase of around 2 to 3 degrees Celsius in the global average temperature that will result from the Nationally Determined Contributions (NDCs) to climate change mitigation that have currently been defined and implemented. In this scenario, no material risk has been identified for any of the climate-related hazards at portfolio level up to 2045.

Climate transition risks and opportunities in our own business, as well as in the upstream and downstream value chain, are identified via the central risk management process. As part of the risk management process, risk owners assess the transition risks and opportunities (related to factors including regulation, legal liability, and technological and market changes, as well as the company's reputation) and use various scenarios, where available, for the risk being evaluated or the factors influencing it. The scenarios and assumptions used to develop the relevant influencing factors are selected by risk owners themselves. The transition risks and opportunities are assessed over a period of five years as a mandatory requirement. If a risk or opportunity also has a long-term impact, i.e., extending beyond the five-year period, then the relevant period also has to be specified and a qualitative assessment performed. The opportunity identified regarding "earnings potential through energy-efficient modernization of the housing stock/increase in the modernization volume," which relates to the housing stock primarily in Germany, but also in Sweden and Austria, is assessed as having a long-term impact. Both gross and net risks (i.e., with and without risk-mitigating measures) are taken into account. The risks assessed also provide the basis for the estimates and assumptions in the consolidated financial statements. The knowledge currently available suggests that the risks assessed do not have any accounting-related implications from either a gross or net perspective. No assets or business activities were identified as incompatible with the transition to a climate-neutral economy.

All in all, as part of our materiality assessment, we identified the material opportunity "Positive effects through mitigation of consequences of climate change" and the material impacts "Negative contribution to the global increase in greenhouse gas emissions," "Positive effect on greenhouse gas reduction through modernization as part of the core business," "Positive contribution to the energy transition," "Contributing to negative effects of climate change through new construction and densification" and "Positive effects through mitigation of consequences of climate change".

Procedure for Standards E2 to E5

Our materiality assessment involved reviewing our business activities in our business regions of Germany, Austria and Sweden as well as within our upstream and downstream value chain in order to identify (potential) impacts, risks and opportunities. The general information on our materiality assessment set out under → ESRS 2 IRO-1 above also applies accordingly to the (sub)topics in standards E2 to E5. Our business activities were also analyzed as follows for the topics E2 to E5:

E2 – Pollution

In the context of our business activities, local and temporary construction, demolition and modernization activities are performed on a regular basis at various properties in all business regions. These activities can lead to pollution (e.g., pollution of air, groundwater contamination, negative effects on flora and fauna). Substances of concern in new or existing buildings can also result in environmental contamination. We have not identified any locations in our value chain that give rise to such problems.

The impact score for impacts on the environment and human health was classified as low in all business regions, as there are standard processes in place for handling substances of very high concern and regulatory requirements governing or prohibiting their use (e.g., the German Hazardous Substances Ordinance (Gefahrstoffverordnung)). Any potential pollution in the construction industry is only localized and has a minor, short-term impact. In order to avoid and prevent pollution (EU environmental objective 5), compliance with certain EU directives must be ensured. Substances of very high concern (SVHC) are generally not present in the building materials used (see also the chapter on the → EU Taxonomy Regulation). No material dependencies have been identified.

In particular, there are cost risks associated with possible pollution resulting from construction, demolition and modernization activities, from potential regulatory changes or failure to comply with such requirements, and from the use of substances of very high concern in new construction. These risks, however, were not classified as material. No (material) opportunities have been identified. This means that overall, pollution has not been classified as a material topic.

E3 – Water and Marine Resources

Our business activities can result in increased water consumption as a result of **construction activities** or use of water by our customers, leading to an increasing scarcity of water and lowering the groundwater table. Increased water consumption can also occur in the upstream value chain (e.g., in the production of building materials). No locations were identified in connection with marine resources and river basins in our business operations or in the value chain, as our properties (particularly our neighborhoods) are largely located in urban areas, which is where our construction activities are also performed.

The impact score for impacts on water resources was classified as very low, as the **influence** on groundwater, if any, is only **temporary**, for example during the construction phase or potentially in the future due to droughts, and is limited to specific **local areas**. We also consider increased water consumption by customers to be temporary (e.g., in periods of extreme heat) and not material to date. Consequently, we do not exert any general influence over water scarcity. No impact was identified for marine resources, as our properties are located in urban areas. Our diversified value chain means that we are not reliant on any specific producers of building materials. As a result, there are no significant dependencies on water and marine resources.

In particular, there is an opportunity to make long-term cost savings by implementing measures to save water. This opportunity, however, was not classified as material. No (significant) physical risks, transition risks or systemic risks were identified in this context. Acute physical climate risks related to water are addressed in → **ESRS E1**. Overall, water and marine resources has not been classified as a material topic.

E4 – Biodiversity and Ecosystems

In the course of our business activities, **soil sealing** for residential construction measures and the development of new areas could have a negative impact on the habitat of regional species. The same applies to the downstream value chain when buildings are demolished. Identifying and assessing (potential) impacts on biodiversity and ecosystems forms an integral part of process involved in planning new construction projects. The associated risk assessments include analyses of the existing land for construction, as well as biodiversity reports for flora and fauna. Woodland surveys are also used to determine the health and conservation value of existing trees.

The impact score for impacts on biodiversity and ecosystems was classified as low, as new construction and densification measures are generally performed in **areas with relatively low levels of biodiversity** (urban cultural landscape, brownfield (re)development). This impact on biodiversity is also very localized, as Vonovia's sphere of influence does not extend beyond the neighborhood concerned. What is more, there are regulations in place to protect and restore biodiversity. There are no material dependencies.

Vonovia has not identified any physical risks, transition risks, systemic risks or opportunities related to biodiversity and ecosystems. As a result, no material opportunities or risks have been identified either. According to the tool ENCORE, used to identify material dependencies and impacts related to biodiversity and ecosystems, there are no material impacts in the real estate sector that could exert significant pressure on ecosystems. As a result, biodiversity and ecosystems has not been classified as a material topic.

Vonovia does not have any locations in, or close to, areas with biodiversity in need of protection. These primarily consist of existing residential buildings and rental parking spaces, meaning that activities related to these locations do not impact the habitat of species for which the respective protected areas were designated. Our new construction is built in compliance with EU taxonomy, meaning that these buildings are not constructed on valuable agricultural and cultural land, recognized high-value underdeveloped areas or forests. We therefore do not consider remediation measures regarding biodiversity to be necessary.

E5 – Resource Use and Circular Economy

Construction, demolition and modernization activities on properties in all of our business regions can have negative environmental impacts (e.g., failure to reduce waste, failure to minimize the use of hazardous substances and failure to mitigate impacts on nature) if no, or insufficient, **sustainable, recycled and reusable products or materials** are (or can be) used. This may be due to supply bottlenecks, mounting procurement or recycling costs, or changes in regulatory requirements.

The impact score for the impacts on resource use and the circular economy was classified as low, as Vonovia only consumes resources in connection with modernization, demolition and new construction activities on a regional level. Resources already used in properties can only be **recycled**, and are only likely to be recycled, over the **long term**. No shortage of resources (suppliers and raw materials) or any major changes in regulatory requirements are expected in the underlying short, medium or long-term period covered by our assessment. As a result, there are no material dependencies. The assessment was conducted as part of the materiality assessment using internal departmental analyses.

In particular, there are risks associated with rising material and waste disposal costs, for example, due to changes in regulatory requirements or a general increase in market prices. These risks, however, were not classified as material. No (material) opportunities have been identified. Overall, resource use and circular economy has not been classified as a material topic.

Our tenants are always informed of any necessary construction, demolition and modernization activities. The relevant city or municipal administrative bodies and their responsible authorities also have to be involved as a mandatory requirement. In cases involving new buildings, all affected residents are involved in the process before any measures are implemented to comply with both mandatory and voluntary consultation procedures. Aside from involvement in the context of specific construction measures, our customers can also raise concerns relating to environmental pollution, water and marine resources, and the residential environment, as well as resource use and circular economy, at any time as part of our regular customer satisfaction surveys, via our customer service centers, the respective caretakers, and other whistleblowing channels.

G1 – Business Conduct

The general information on our materiality assessment set out under → **ESRS 2 IRO-1** above also applies accordingly to the (sub)topics in standard → **ESRS G1**.

Our IT **risk management tool Risk2Value** is used to capture and assess risks of corruption and bribery, as well as risks related to corporate culture, for the entire Vonovia Group as part of a systematic, standardized process, ensuring 100% coverage across all Group companies in Germany and abroad. Appropriate measures are identified based on the risks that are identified and assessed. “Positive impact on employees through the Code of Conduct and the establishment of a corresponding corporate culture” has been identified as a material impact, while the “financial risk resulting from bribery and corruption” has been identified as a material risk. Our business partners are obliged to sign our Business Partner Code, in which we set out our expectations and requirements that our contractual partners have to meet, before any contracts are concluded. The potential risks resulting from breaches committed by contractual partners in our value chain are included in the risks recorded in the Risk2Value tool.

IRO-2 – Disclosure requirements in the ESRS covered by the undertaking's sustainability statemen

The table below sets out the disclosure requirements that were taken into account when preparing the sustainability statement based on the results of the materiality assessment:

Disclosure Requirement

Disclosure requirement	Description	Reference
ESRS E1 – Climate Change		
ESRS E1-1	Transition plan for climate change mitigation	→ **E1-1**
ESRS E1-2	Policies related to climate change mitigation and adaptation	→ **E1-2**
ESRS E1-3	Actions and resources related to climate change policies	→ **E1-3**
ESRS E1-4	Targets related to climate change mitigation and adaptation	→ **E1-4**
ESRS E1-5	Energy consumption and mix	→ **E1-5**
ESRS E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	→ **E1-6**
ESRS S1 – Own Workforce		
ESRS S1-1	Policies related to own workforce	→ **S1-1**
ESRS S1-2	Procedures for engaging with own workforce and workers' representatives about impacts	→ **S1-2**
ESRS S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	→ **S1-3**
ESRS S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	→ **S1-4**
ESRS S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	→ **S1-5**
ESRS S1-6	Characteristics of the undertaking's employees	→ **S1-6**
ESRS S1-7	Characteristics of the undertaking's non-employees	→ **S1-7**
ESRS S1-8	Collective bargaining coverage and social dialogue	→ **S1-8**
ESRS S1-9	Diversity metrics	→ **S1-9**
ESRS S1-10	Adequate wages	→ **S1-10**
ESRS S1-11	Social protection	→ **S1-11**
ESRS S1-12	Persons with disabilities	→ **S1-12**
ESRS S1-13	Training and skills development metrics	→ **S1-13**
ESRS S1-15	Work-life balance metrics	→ **S1-15**
ESRS S1-16	Remuneration metrics (pay gap and total remuneration)	→ **S1-16**
ESRS S1-17	Incidents, complaints and severe human rights impacts	→ **S1-17**
ESRS S4 – Consumers and End-Users		
ESRS S4-1	Policies related to consumers and end-users	→ **S4-1**
ESRS S4-2	Processes for engaging with consumers and end-users about impacts	→ **S4-2**
ESRS S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	→ **S4-3**
ESRS S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	→ **S4-4**
ESRS S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	→ **S4-5**
Entity-specific disclosure: Neighborhood Development		
Entity-specific disclosure: Living at Fair Prices		
ESRS G1 – Business Conduct		
ESRS G1-1	Business conduct policies and corporate culture	→ **G1-1**
ESRS G1-3	Prevention and detection of corruption and bribery	→ **G1-3**
ESRS G1-4	Incidents of corruption or bribery	→ **G1-4**

The table below lists all of the datapoints included in this sustainability statement that result from other EU legislation – as listed in Annex B to this standard:

Disclosure Requirements and Related Datapoints

Disclosure requirement and related datapoint	Reference
ESRS 2 GOV-1 (ESRS 2.21 (d)) Board's gender diversity	→ GOV-1
ESRS 2 GOV-1 (ESRS 2.21 (e)) Percentage of board members who are independent	→ GOV-1
ESRS 2 GOV-4 (ESRS 2.30) Statement on due diligence	→ GOV-4
ESRS 2 SBM-1 (ESRS 2.40 (d) (i)) Involvement in activities related to fossil fuel activities	not material
ESRS 2 SBM-1 (ESRS 2.40 (d) (ii)) Involvement in activities related to chemical production	not material
ESRS 2 SBM-1 (ESRS 2.40 (d) (iii)) Involvement in activities related to controversial weapons	not material
ESRS 2 SBM-1 (ESRS 2.40 (d) (iv)) Involvement in activities related to cultivation and production of tobacco	not material
ESRS E1–1 (ESRS E1.14) Transition plan to reach climate neutrality by 2050	→ E1-1
ESRS E1–1 (ESRS E1.16 (g)) Undertakings excluded from Paris-aligned Benchmarks	not material
ESRS E1–4 (ESRS E1.34) GHG emission reduction targets	→ E1-4
ESRS E1–5 (ESRS E1.38) Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	→ E1-5
ESRS E1–5 (ESRS E1.37) Energy consumption and mix	→ E1-5
ESRS E1–5 (ESRS E1.40 to 43) Energy intensity associated with activities in high climate impact sectors	→ E1-5
ESRS E1–6 (ESRS E1.44) Gross Scopes 1, 2, 3 and Total GHG emissions	→ E1-6
ESRS E1–6 (ESRS E1.53 bis .55) Gross GHG emissions intensity	→ E1-6
ESRS E1–7 (ESRS E1.56) GHG removals and carbon credits	not material
ESRS E1–9 (ESRS E1.66) Exposure of the benchmark portfolio to climate-related physical risks	Phase-In
ESRS E1–9 (ESRS E1.66 (a)) Disaggregation of monetary amounts by acute and chronic physical risks	Phase-In
ESRS E1–9 (ESRS E1.66 (c)) Location of significant assets at material physical risk	Phase-In
ESRS E1–9 (ESRS E1.67 (c)) Breakdown of the carrying value of its real estate assets by energy-efficiency classes	Phase-In
ESRS E1–9 (ESRS E1.69) Degree of exposure of the portfolio to climate-related opportunities	Phase-In
ESRS E2–4 (ESRS E2.28) Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	not material
ESRS E3–1 (ESRS E3.9) Water and marine resources	not material
ESRS E3–1 (ESRS E3.13) Dedicated policy	not material
ESRS E3–1 (ESRS E3.14) Sustainable oceans and seas	not material
E3–4 (ESRS E3.28 (c)) Total water recycled and reused	not material
ESRS E3–4 (ESRS E3.29) Total water consumption in m^3 per net revenue on own operations	not material
ESRS 2 – SBM-3 – E4 (ESRS 4.16 (a) (i))	not material
ESRS 2 – SBM-3 – E4 (ESRS 4.16 (b))	not material
ESRS 2 – SBM-3 – E4 (ESRS 4.16 (c))	not material
ESRS E4–2 (ESRS E4.24 (b)) Sustainable land/agriculture practices or policies	not material
ESRS E4–2 (ESRS E4.24 (c)) Sustainable oceans/seas practices or policies	not material
ESRS E4–2 (ESRS E4.24 (d)) ESRS E4–2 Policies to address deforestation	not material
ESRS E5–5 (ESRS 5.37 (d)) Non-recycled waste	not material
ESRS E5–5 (ESRS 5.39) Hazardous waste and radioactive waste	not material
ESRS 2 SBM-3 – S1 (ESRS S1.14 (f)) Risk of incidents of forced labor	→ SBM-3 – S1
ESRS 2 SBM-3 – S1 (ESRS S1.14 (f)) Risk of incidents of child labor	→ SBM-3 – S1
ESRS S1–1 (ESRS S1.20) Human rights policy commitments	→ S1-1
ESRS S1–1 (ESRS S1.21) Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	→ S1-1
ESRS S1–1 (ESRS S1.22) Processes and measures for preventing trafficking in human beings	→ S1-1
ESRS S1–1 (ESRS S1.23) Workplace accident prevention policy or management system	→ S1-1
ESRS S1–3 (ESRS S1.32 (c)) Grievance/complaints handling mechanisms	→ S1-3

ESRS S1–14 (ESRS S1.88 (b) (c)) Number of fatalities and number and rate of work-related accidents	not material
ESRS S1–14 (ESRS S1.88 (e)) Number of days lost to injuries, accidents, fatalities or illness	not material
ESRS S1–16 (ESRS S1.97 (a)) Unadjusted gender pay gap	→ **S1-16**
ESRS S1–16 (ESRS S1.97 (b)) Excessive CEO pay ratio	→ **S1-16**
ESRS S1–17 (ESRS S1.103 (a)) Incidents of discrimination	→ **S1-17**
ESRS S1–17 (ESRS S1.104 (a)) Non-respect of UNGPs on Business and Human Rights and OECD guidelines	not material
ESRS 2 SBM-3 – S2 (ESRS S2.11 (b)) Significant risk of child labor or forced labor in the value chain	not material
ESRS S2–1 (ESRS 2.17) Human rights policy commitments	not material
ESRS S2.1 (ESRS S2.18) Policies related to value chain workers	not material
ESRS S2–1 (ESRS S2.19) Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	not material
ESRS S2–1 (ESRS S2.19) Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	not material
ESRS S2–4 (ESRS S2.36) Human rights issues and incidents connected to its upstream and downstream value chain	not material
ESRS S3–1 (ESRS S3.16) Human policy commitments	not material
ESRS S3–1 (ESRS S3.17) Non-respect of UNGPs on Business and Human Rights, ILO principles and OECD guidelines	not material
ESRS S3–4 (ESRS S3.36) Human rights issues and incidents	not material
ESRS S4–1 (ESRS S4.16) Policies related to consumers and end-users	→ **S4-1**
ESRS S4–1 (ESRS S4.17) Non-respect of UNGPs on Business and Human Rights and OECD guidelines	→ **S4-1**
ESRS S4–4 (ESRS S4.35) Human rights issues and incidents	not material
ESRS G1–1 (ESRS G1.10 (b)) United Nations Convention against Corruption	→ **G1-1**
ESRS G1–1 (ESRS G1.10 (d)) Protection of whistleblowers	not material
ESRS G1–4 (ESRS G1.24 (a)) Fines for violation of anti-corruption and anti-bribery laws	→ **G1-4**
ESRS G1–4 (ESRS G1.24 (b)) Standards of anti-corruption and anti-bribery	→ **G1-4**

The specialist departments responsible identified key information in relation to the impacts, risks and opportunities that were classified as material, and this information has been included in the sustainability reporting. Further information on the process involved in identifying material impacts, risks and opportunities can be found in section → **ESRS 2 IRO-1**. Regarding certain data points, we make use of the materiality exemption under ESRS 1, Section 3.2, and omit them from reporting. The decision to omit reporting for materiality reasons is made based on the significance of the respective information and its usefulness for the user in making decisions.

EU Taxonomy Regulation

Identification and Categorization of Economic Activities Eligible for Taxonomy

In accordance with the EU Taxonomy Regulation, we report on the proportion of our taxonomy-eligible and taxonomy-aligned turnover, capital expenditure and operating expenses.

Vonovia has identified taxonomy-eligible activities under EU environmental objective 1 (climate change mitigation, CCM) in its business model. Some of these activities would also be taxonomy-eligible under EU environmental objective 4 (transition to a circular economy, CE). In order to avoid double counting, Vonovia allocates these in full to EU environmental objective 1. With regard to EU environmental objective 2 (climate change adaptation, CCA), we do not report any taxonomy-eligible activities, because we do not generate any turnover from eligible activities and do not allocate any separate CapEx (or OpEx) to this EU environmental objective in order to prevent double counting.

EU environmental objectives 3 (sustainable use and protection of water and marine resources, WTR), 5 (pollution prevention and control, PPC) and 6 (protection and restoration of biodiversity and ecosystems, BIO) do not result in any further taxonomy eligibility. Accordingly, and as in the previous year, **we have identified the following activities as being taxonomy-eligible:**

EU Taxonomy Criteria		Activities undertaken by Vonovia	Revenue	Investments	Operating expenses
CCM 7.1/CE 3.1	Construction of new buildings	Revenue from Development to sell	☑		
CCM 7.2/CE 3.2	Renovation of existing buildings	Investments for energy modernizations (7.2), Investments for refurbishments without energy-related effects (e.g. empty apartment refurbishments) (3.2)		☑	
CCM 7.3	Installation, maintenance and repair of energy efficiency equipment	Investments for measures that are not covered by 7.2 (e.g. heating modernization, insulation, window replacement)		☑	
CCM 7.4	Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	Investments for charging stations and wallboxes		☑	
CCM 7.5	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	Investments for metering technology and smart metering		☑	
CCM 7.6	Installation, maintenance and repair of renewable energy technologies	Investments for photovoltaic facilities		☑	
CCM 7.7	Acquisition and ownership of buildings	Revenue from rental income and recurring sales, investments for acquisitions, Development to hold and capitalized internal expenses without energy-related effects (e.g., major maintenance measures and vacant apartment renovations), operating expenses for non-capitalized maintenance (e.g., minor maintenance)	☑	☑	☑
CCM 4.1	Electricity generation using solar photovoltaic technology	Revenue from the sale of self-generated electricity to tenants and/or feed-in to the grid	☑		
CCM 3.3	Manufacture of low carbon technologies for transport	Investments for fleet		☑	
CE 1.2	Manufacture of electrical and electronic equipment	Investments for IT hardware equipment and other electronic operating and business equipment		☑	

Turnover from the condominium administration business, energy sales from energy trading activities, and multimedia is not taxonomy-eligible. The Care segment is no longer reported under turnover for the 2024 fiscal year, but rather separately as a discontinued operation.

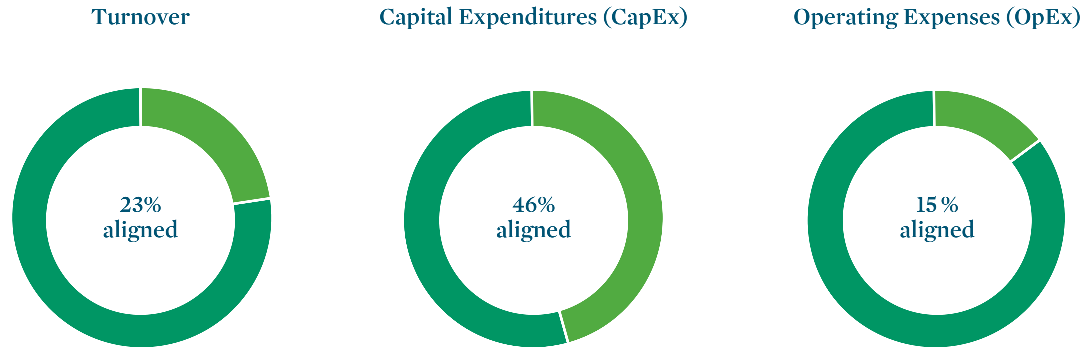
Vonovia is not affected by any economic activities related to energy generation from fossil gas or nuclear energy. As a result, Vonovia does not submit the specific reporting forms for these activities. Vonovia has acknowledged the FAQs published on November 29, 2024. As the FAQs were published at short notice, Vonovia has not made any changes to its selected approach in order to maintain consistent reporting.

Procedure for Determining Taxonomy Alignment

At Group level, the following key figures are obtained from the taxonomy-aligned shares of turnover, capital expenditure and operating expenses for the 2024 reporting year, reported under EU environmental objective 1 (climate change mitigation).

The largest share of taxonomy-aligned turnover can be attributed to rental income from taxonomy-aligned buildings (activity 7.7). A large share of taxonomy-aligned capital expenditure is accounted for by the renovation of existing buildings (7.2) and investments in the portfolio and Development to hold (7.7 Acquisition and ownership of buildings).

Taxonomy-aligned Shares of Vonovia's Business Activities



Taxonomy-aligned Shares of Vonovia's Business Activities

Review of Substantial Contribution

Turnover associated with **new construction (activity 7.1)** is deemed taxonomy-aligned if the relevant buildings have a primary energy demand that is at least 10% below the national standard for nearly zero-energy buildings. Vonovia checks compliance by obtaining an energy performance certificate for each building. The relevant buildings undergo the thermal integrity and airtightness test. Where required to do so, Vonovia determines the global warming potential for each phase of the building life cycle (for buildings with an area of > 5,000 m²) using a model calculation of life cycle emissions based on emission factors that have been determined for different types of construction.

Turnover generated from the **acquisition and ownership of buildings (activity 7.7)** is deemed taxonomy-aligned if the buildings constructed before December 31, 2020 have been assigned energy efficiency class A (or better) or, alternatively, are among the top 15% of regional or national housing stock in terms of primary energy demand in operation. Vonovia checks compliance by obtaining an energy performance certificate for each building. We base our assessment of the top 15% on relevant threshold values for primary energy demand for Germany, Austria and Sweden, which were determined in a benchmark study. The study was updated for Germany in the 2023 fiscal year and the new threshold (lower and, as a result, more restrictive than in the previous year) was applied for the first time for the 2024 reporting year. For buildings constructed after December 31, 2020, the same criteria for significant contribution to climate change mitigation apply as for new construction (activity 7.1). Turnover from **electricity generation using solar photovoltaic technology (activity 4.1)** is treated as a direct climate change mitigation measure in the EU Taxonomy Regulation.

In accordance with Vonovia's business model, the **relevant criteria** for determining taxonomy-aligned capital expenditure stem from activities 7.2, 7.3, 7.4, 7.5, 7.6 and 7.7:

At Vonovia, capital expenditure associated with the **renovation of existing buildings (activity 7.2)** always relates to energy-efficient modernization. Vonovia verifies the required 10% reduction in primary energy demand through energy-efficiency assessments or based on energy certificates. Capital expenditure as part of energy-efficient modernization projects is allocated to activity 7.2. Capital expenditure on heating modernization, charging stations and wall boxes, metering technology and smart metering, and photovoltaic systems is generally treated as a direct climate change mitigation measure and is allocated to activities 7.3, 7.4, 7.5, and 7.6.

Activity **7.7 "Acquisition and ownership of buildings"** includes capital expenditure from acquisitions, Development to hold, investments not including energy efficiency measures (e.g., refurbishment of vacant apartments or major maintenance measures) or other internal expenses that can be capitalized. These qualify as taxonomy-aligned if the building-related technical screening criteria are met. The relevant criteria for determining **taxonomy-aligned operating expenses** stem from activity 7.7. This is non-capitalized maintenance (usually minor maintenance). In addition to maintenance services provided by third parties, this also includes services provided internally by the company's own craftsmen's organization.

The alignment review was not completed for capital expenditure in connection with the purchase of electrical and electronic goods (1.2) and for the fleet (3.3), as the criteria would be difficult to meet and the effort involved would be disproportionate. Vonovia's fleet is gradually being switched to alternative drive systems; at present, only a small number of vehicles meet the required threshold for CO_2 emissions, as these are mainly technicians' vans. Electrical and electronic goods only account for a very small proportion of CapEx.

Assessing Significant Harm on One or Several Environmental Objectives ("Do No Significant Harm")

In order to avoid significantly compromising **adaptation to the effects of climate change** (EU environmental objective 2), the EU taxonomy requires a robust climate risk and vulnerability assessment to be carried out for all taxonomy-aligned economic activities. Vonovia uses an IT tool to identify and evaluate physical climate risks for the Group-wide portfolio on a continuous basis using the prescribed climate scenarios (RCP2.6, RCP4.5 and RCP8.5). The risk assessment is based on scenario RCP4.5, which, according to the United Nations (UNEP Emissions Gap Report 2024), represents the probable increase in the global average temperature that will result from the national contributions to climate change mitigation that have currently been defined and implemented. In this scenario, no material risk has been identified for any of the climate-related hazards up to 2045. Therefore, no adaptation plan is required in accordance with the EU Taxonomy Regulation. As part of the neighborhood strategy, potential adaptations are defined at portfolio level and subsequently implemented individually for the properties or neighborhoods for which there are material risks at the corresponding level.

With regard to the **sustainable use and protection of water and marine resources** (EU environmental objective 3), no criteria need to be assessed for the taxonomy-eligible economic activities for residential building units.

The requirements for **transitioning to a circular economy** (EU environmental objective 4) are set out in the German Waste Management Act (KrWG)/national legislation, and are passed on to business partners by Vonovia through the Business Partner Code and the General Terms and Conditions of Contract for Construction Services, as well as being included in framework agreements with waste disposal companies. This ensures that the requirements are implemented for each project. The selected building and construction technology strengthens resource efficiency, adaptability and dismantling capacity, taking into account the requirements set out in the ISO 20887 standard. The photovoltaic systems installed by Vonovia also meet the "Do no significant harm (DNSH)" requirements of EU environmental objective 4 on account of their design and service life.

In **order to avoid and prevent environmental pollution** (EU environmental objective 5), compliance with certain EU directives must be ensured (Appendix C to Annex 1 to the Supplement to EU Regulation 2020/852). The additional paragraph on requirements under Appendix C, regarding substances relevant for the purposes of the CLP Regulation, has been reviewed by Vonovia. The relevant substances are adhesives or foams used in individual cases in construction or renovation work. The maximum mass concentration of hazardous substances of 0.1% that has been defined for mixtures of these products is not exceeded, as the threshold relates to the mass of the combined products. Furthermore, the substances are no longer hazardous in their ultimate form, e.g., hardened foam or dried adhesive.

Compliance with statutory requirements is defined in Vonovia's Business Partner Code that all subcontractors and suppliers have to sign. Vonovia has established a toxic materials management system to ensure the safe handling of toxic materials. Among other measures, safety fact sheets and operating instructions are kept for affected products and the company's own employees are trained on how to handle these products correctly from an occupational safety perspective. Substances of very high concern (SVHC) cannot generally be found in the construction materials used. If these substances are identified in small amounts, Vonovia constantly examines substitutes in the individual cases. Vonovia's economic activities do not significantly harm the achievement of EU environmental objective 6 (protection and restoration of biodiversity and ecosystems), as Vonovia only builds in designated areas and with a building permit.

Compliance with Minimum Standards at Group Level ("Minimum Social Safeguards")

We are committed to our human rights due diligence obligations and align our conduct with internationally recognized frameworks such as the OECD Guidelines for Multinational Enterprises, the ILO Core Labour Standards and the UN Guiding Principles on Business and Human Rights.

Vonovia adopts a Group-wide approach to meeting minimum safeguards that address the issues of corruption and bribery, fair competition and taxation in addition to respect for human rights: comprehensive procedures forming part of the compliance management system, including Group-wide guidelines and complaints mechanisms, have been put in place to prevent and uncover violations.

A due diligence process to avoid scenarios in which business activities have negative impacts on people and the environment forms the core of compliance with the minimum safeguards. Taking the OECD Guidelines as a basis, Vonovia has implemented all of the recommended due diligence steps. In the reporting year, we conducted a human rights and environmental risk analysis for our own business area and the supply chain.

Performance Indicators

Definition and Calculation Method

In order to determine the key figures (KPIs) that are to be reported, the taxonomy-eligible and taxonomy-aligned net turnover, capital expenditure and operating expenses are calculated as a share of the total net turnover, capital expenditure and operating expenses that are to be taken into account in accordance with EU taxonomy requirements. Duplicate counting is avoided by means of direct allocation of the taxonomy-eligible or taxonomy-aligned turnover, capital expenditure and operating expenses to a taxonomy-eligible or taxonomy-aligned economic activity.

Turnover

The Group's consolidated turnover is taken into account in the denominator (total net turnover). This comprises turnover from property management, income from the sale of properties, income from the disposal of properties held for sale and turnover from the disposal of real estate inventories. For more details on accounting methods, please refer to the accounting and valuation methods within the Notes to the IFRS consolidated financial statements → **[B9] Income from property management**, → **[B10] Profit on the disposal of properties** and → **[B11] Profit on the disposal of properties**. Taxonomy-aligned net turnover (numerator) is comprised of amounts generated through taxonomy-aligned economic activities.

The turnover from the Development to sell segment (€ 804 million), which is shown under activity 7.1, is based on the proceeds from the disposal of new construction and accounts for the largest share of aligned turnover this year. Due to increased sales activities, this turnover increased from € 250 million to € 804 million. The taxonomy-aligned share within activity 7.1, however, rose from 70.7% to 94.4%.

The aligned rental income from the Rental segment (€ 770 million) increased slightly from € 705 million to € 770 million. In this case, compliance is assessed on a building-by-building basis taking into account the technical criteria for activity 7.7. Turnover from completed residential properties for our own use (Development to hold) has been reported under turnover for 7.7. based on the completion date. The year-on-year increase is due to a larger proportion of aligned buildings, despite the threshold for the top 15% in Germany being raised. A further approx. € 84 million of aligned turnover under activity 7.7 is based on the sale of aligned residential property. Last year, a major project worth approximately € 200 million was the primary driver of the high value in the previous year.

The turnover for activity 4.1 (€ 2.3 million) is generated by the feed-in tariff paid for supplying electricity to the grid as well as the direct sale of electricity to tenants.

Total turnover → **[C22] Segment Reporting** increased by € 984 million year-on-year. Thereof € 498 million comes from activity 7.1 (sales of new construction), € 448 million from activity 7.7 (rentals and sales), € 56 million from the television business and € -18 million from other turnover. Aligned turnovers increased by € 477 million, primarily due to the rise in sales of new construction. As a result, the share of aligned turnover has increased from 19.4% to 23.6%.

Completed residential property for our own portfolio (Development to hold) is shown in the consolidated financial statements as capital expenditure under 7.7. No turnover is gained from this. The internal turnover of the Value-add companies, e.g., services provided by craftsmen, is eliminated in the course of Group consolidation and is therefore not taken into account in taxonomy-eligible turnover. If the services provided internally are larger projects, e.g., energy-efficient modernization measures, they are capitalized and shown as capital expenditure (CapEx).

Capital Expenditure

In accordance with the EU taxonomy, the denominator for capital expenditure (CapEx) is composed of additions to property, plant and equipment and intangible assets. For accounting details, please refer to chapters → **[D25] Intangible assets**, → **[D26] Property, plant and equipment** and → **[D27] Investment properties** in the Notes to the IFRS consolidated financial statements. The individual additions and capitalized modernization costs were taken into account when calculating the denominator.

For projects lasting several years in the areas 7.2, 7.3 or 7.7, the capitalized amount for the relevant reporting year is reported as taxonomy-eligible and, provided the relevant criteria are met, taxonomy-aligned capital expenditure. For activities 7.4, 7.5 and 7.6, the capital expenditure is shown in the year of asset capitalization. When it comes to capital expenditure, the EU Taxonomy Regulation makes a distinction between different categories of capital expenditure.

Due to Vonovia's business model, it largely invests (activity 7.2. and 7.7.) in assets or processes associated with economic activities that are taxonomy-aligned (category A). It also makes investments (activity 7.3.–7.6.) relating to individual measures through which the target activities are carried out in a low-carbon manner or the emission of greenhouse gases is lowered (category C). Capital expenditure for the fleet (3.3) and for the purchase of electrical and electronic goods (1.2) also constitutes taxonomy-eligible capital expenditure under category C.

With regard to developed land, the CapEx for buildings and land has been included as additions, as economic activity 7.7. cannot be performed without the relevant land.

Capital expenditure in the context of Vonovia's capitalized internal expenses is reviewed for taxonomy alignment and allocated to 7.2, 7.3 or 7.7 depending on the type of investment. In order to avoid duplicate counting of capital expenditure, the items are allocated to just one activity in each case. Taxonomy alignment is assessed for each building or project. In addition to capitalized internal expenses, the addition of other property, such as Development to hold additions or other acquisitions of investment properties, is reported under 7.7.

With regard to economic activity 7.1, the corresponding properties do not constitute fixed assets but rather are reported within current assets in the real estate inventories (see → **[D35] Real Estate Inventories**) or receivables, and are therefore not included in the denominator of the key figure for taxonomy-relevant capital expenditure.

The taxonomy-aligned capital expenditure (numerator) comprises additions to investment properties (€ 457 million). This comprises aligned Development to hold additions (€ 292 million/7.7), capitalized modernization measures (€ 125 million, with € 118 million in 7.2 and € 7 million in 7.7), additions of purchased real estate (€ 27 million/7.7) and aligned individual measures pursuant to activity 7.3 (€ 13 million). Additions relating to property, plant and equipment came to € 98 million in total. These relate to photovoltaic systems (€ 91 million/7.6), metering technology (€ 6 million/7.5) and charging stations (€ 1 million/7.4). There was an addition to right-of-use assets (€ 2.6 million) for metering technology (€ 2.2 million/7.5) and heating systems (€ 0.4 million/7.3). There were no additions resulting from business combinations during this reporting year.

Compared to the previous year, CapEx remained steady (€ 1,207 million in the current year compared to € 1,203 million in the previous year). The aligned share of this amount rose from € 229 million (prior year adjusted) to € 557 million as a result of the renewed increase in investment activities. By contrast, there was a significant increase from € 30 million to € 91 million in activity 7.6 due to a strong commitment to the expansion of photovoltaic systems. This means that aligned share additions to investment properties (7.7) increased from € 44 million (prior year adjusted) to € 292 million. Capitalization of aligned modernization measures (7.2) increased from € 97 million to € 118 million.

There was also a slight increase in the area of heating modernization (7.3) from € 11 million to € 13 million. Activities 7.4 (installation of charging stations) and 7.5 (metering technology) remain at a similar level as in the previous year.

We have issued green bonds and obtained green loans on the capital market based on the **Sustainable Finance Framework**. The proceeds from these issues are used exclusively to (re)finance real estate that has been confirmed to be green. We use a portfolio-based approach, which means that funds cannot be allocated to specific properties. As a result, it was not possible to make adjustments for the taxonomy-aligned capital expenditure financed using these bonds or debentures, or corresponding turnover from environmentally sustainable buildings for the purposes of reporting the taxonomy-aligned performance indicators.

Operating Expenses

The operating expenses (OpEx) denominator is an addition to the performance indicator of the recognized capital expenditure values rather than a full presentation of the operating expenses of Vonovia, as shown under Section → [B14] Cost of Materials in the Notes to the consolidated financial statements.

Pursuant to the requirements, we include expenses for upkeep and repair (maintenance) when defining the denominator. At Vonovia, maintenance measures are mainly carried out by the internal craftsmen's organization, which is why we also include these items (technicians' and administrative costs) in the denominator. Double counting is avoided due to the fact that capitalized shares, as capital expenditure, reduce maintenance costs accordingly. As a result, the denominator reflects the non-capitalized maintenance expenses. These maintenance costs and, in particular, the personnel costs associated with the company's own staff cannot be allocated separately to the individual buildings when posting expenses. In addition, the operating expenses incurred for the individual activities 7.2. to 7.7. cannot be attributed individually. Vonovia thus allocates all maintenance costs to activity 7.7. To determine the taxonomy-aligned data, we use an allocation factor for maintenance expenses based on the area of the building (in sqm). This share is multiplied by the taxonomy-eligible operating expenses to calculate the numerator. The non-taxonomy-eligible shares, e.g., condominium administration maintenance expenses, are not taken into account. The share of sqm of green buildings in relation to the total area is 15.6%. The increase as against the previous year (14.6%) is due to a higher proportion of taxonomy-aligned buildings.

In this case, operating expenses are comprised of € 614 million for maintenance (see → [B14] Cost of Materials), less € 459 million for the capitalized share and € 274 million from our own craftsmen's organization. € 17 million of the maintenance expenses is attributable to condominium administration. This activity is not taxonomy-eligible. As a result, the numerator is calculated as 15.6% of € 409 million. Overall, there was only a minimal change in OpEx of approximately € 13 million. The aligned shared rose by € 6 million.

EU Taxonomy Regulation Reporting Forms

Economic Activities	Code(s)	Turnover	Proportion of turnover, year 2024	Substantial contribution criteria: Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems
		€ million	%	Y; N; N/EL*	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Construction of new buildings	CCM 7.1/CE 3.1	804	11.4	Y	N	N/EL	N	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	854	12.1	Y	N	N/EL	N/EL	N/EL	N/EL
Electricity generation using solar photovoltaic technology	CCM 4.1	2	0.0	Y	N	N/EL	N/EL	N/EL	N/EL
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1,661	23.5	23.5	0.0	0.0	0.0	0.0	0.0
of which Enabling		0	0.0	0	0	0	0	0	0
of which Transitional		0	0.0	0	0	0	0	0	0
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL**	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Construction of new buildings	CCM 7.1/CE 3.1	47	0.7	EL	N/EL	N/EL	EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	5,175	73.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		5,222	73.8	73.8	0	0	0	0	0
A. Turnover of Taxonomy-eligible activities (A1.+A2)		6,883	97.2	97.2	0	0	0	0	0
B.Taxonomy-non-eligible activities									
Turnover of Taxonomy-non-eligible activities		198	2.8						
Total		**7,080**	**100.0**						

* "Y": Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant EU environmental objective; "N": No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant EU environmental objective; "N/EL": Taxonomy non-eligible activity for the relevant environmental EU objective.
** "EL": Taxonomy eligible activity for the relevant EU environmental objective; "N/EL": Taxonomy non-eligible activity for the relevant EU environmental objective.

DNSH criteria ("Does Not Significantly Harm")								Category	
Climate change mitiga-tion	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxono-my aligned (A.1.) or eligible (A.2.) Turn-over, year 2023	Category enabling activity	Category transitional activity
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Y	Y	Y	Y	Y	Y	Y	4.1		
Y	Y	Y	Y	Y	Y	Y	15.3		
Y	Y	Y	Y	Y	Y	Y	0.0		
Y	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**19.4**		
Y	Y	Y	Y	Y	Y	Y	0.0		
Y	Y	Y	Y	Y	Y	Y	0.0		
–	–	–	–	–	–	–	1.7		
–	–	–	–	–	–	–	76.3		
–	**–**	**–**	**–**	**–**	**–**	**–**	**78.0**		
–	**–**	**–**	**–**	**–**	**–**	**–**	**97.4**		

Economic Activities	Code(s)	CapEx	Proportion of CapEx, year 2024	Substantial contribution criteria: Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems
		€ million	%	Y; N; N/EL*	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Renovation of existing buildings	CCM 7.2/CE 3.2	118	9.8	Y	N/EL	N/EL	Y	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	13	1.1	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	1	0.1	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	9	0.7	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	91	7.5	Y	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	326	27.0	Y	N/EL	N/EL	N/EL	N/EL	N/EL
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**557**	**46.2**	**557.5**	**0**	**0**	**0**	**0**	**0**
of which Enabling		114	9.4	113.5					
of which Transitional		118	9.8	117.8					
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL**	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Renovation of existing buildings	CCM 7.2/CE 3.2	54	4.4	EL	N/EL	N/EL	EL	N/EL	N/EL
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	CCM 7.4	0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0	0.0	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Acquisition and ownership of buildings	CCM 7.7	515	42.7	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of low carbon technologies for transport	CCM 3.3	30	2.5	EL	N/EL	N/EL	N/EL	N/EL	N/EL
Manufacture of electrical and electronic equipment	CE 1.2	6	0.5	N/EL	N/EL	N/EL	EL	N/EL	N/EL
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**604**	**50.1**	**604**	**0**	**0**	**0**	**0**	**0**
A. CapEx of Taxonomy eligible activities (A1.+A2)		**1,162**	**96.3**	**1,162**	**0**	**0**	**0**	**0**	**0**
B.Taxonomy-non-eligible activities									
CapEx of Taxonomy-non-eligible activities		**45**	**3.7**						
Total		**1,207**	**100.0**						

* "Y": Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant EU environmental objective; "N": No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant EU environmental objective; "N/EL": Taxonomy non-eligible activity for the relevant environmental EU objective.
** "EL": Taxonomy eligible activity for the relevant EU environmental objective; "N/EL": Taxonomy non-eligible activity for the relevant EU environmental objective.
*** Adjustment of the disclosures for activity 7.7 compared to the previous year due to new findings on taxonomy alignment.

DNSH criteria ("Does Not Significantly Harm")								Category	
Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2023***	Category enabling activity	Category transitional activity
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Y	Y	Y	Y	Y	Y	Y	7.9		T
Y	Y	Y	Y	Y	Y	Y	1.1	E	
Y	Y	Y	Y	Y	Y	Y	0.1	E	
Y	Y	Y	Y	Y	Y	Y	0.7	E	
Y	Y	Y	Y	Y	Y	Y	2.5	E	
Y	Y	Y	Y	Y	Y	Y	6.7		
-	**-**	**-**	**-**	**-**	**-**	**-**	**18.9**		
							4.4	E	
							7.9		T
							15.6		
							0		
							0		
							0		
							0		
							56.0		
							2.2		
							0.6		
							74.5		
							93.4		

Economic Activities	Code(s)	OpEx	Proportion of OpEx, year 2024	Substantial contribution criteria: Climate change mitigation	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems
		€ million	%	Y; N; N/EL*	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL
A. Taxonomy-eligible activities									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Acquisition and ownership of buildings	CCM 7.7	64	15.0	Y	N/EL	N/EL	N/EL	N/EL	N/EL
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		64	15.0	15.0					
of which Enabling									
of which Transitional									
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
				EL; N/EL**	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL
Acquisition and ownership of buildings	CCM 7.7	345	81.1	EL	N/EL	N/EL	N/EL	N/EL	N/EL
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		345	81.1	345.4	0	0	0	0	0
A. OpEx of Taxonomy eligible activities (A1.+A2)		409	96.1						
B.Taxonomy-non-eligible activities									
OpEx of Taxonomy-non-eligible activities		17	3.9						
Total		**426**	**100.0**						

* "Y": Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant EU environmental objective; "N": No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant EU environmental objective; "N/EL": Taxonomy non-eligible activity for the relevant environmental EU objective.

** "EL": Taxonomy eligible activity for the relevant EU environmental objective; "N/EL": Taxonomy non-eligible activity for the relevant EU environmental objective.

	DNSH criteria ("Does Not Significantly Harm")								Category	
	Climate change mitiga-tion	Climate change adaption	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year 2023	Category enabling activity	Category transitional activity
	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
	Y	Y	Y	Y	Y	Y	Y	14.0		
								14.0		
								81.9		
								96.0		

Proportion of turnover/Total turnover

	Aligned per objective	Eligible per objective
CCM	23%	97%
CCA	0%	0%
WTR	0%	0%
CE	0%	12%
PPC	0%	0%
BIO	0%	0%

Proportion of CapEx/Total CapEx

	Aligned per objective	Eligible per objective
CCM	46%	96%
CCA	0%	0%
WTR	0%	0%
CE	0%	15%
PPC	0%	0%
BIO	0%	0%

Proportion of OpEx/Total OpEx

	Aligned per objective	Eligible per objective
CCM	15%	97%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

ESRS E1 Climate Change

E1-1 – Transition Plan for Climate Change Mitigation

Vonovia has developed a **transition plan** that aims to attain a climate-neutral housing stock by 2045. Vonovia has set itself the target of reducing the greenhouse gas (GHG) intensity of its housing stock in Germany to below 25 kg CO_2e/m^2 of rental area by 2030, and to less than 5 kg CO_2 equivalents per m² of rental area by 2045 (based on Scopes 1, 2 and 3.3). The unavoidable emissions remaining in 2045 are to be offset by suitable measures that the company is still to define, achieving a CO_2 intensity of net zero.

Binding interim targets have also been defined for each of the next five years. Vonovia's climate change mitigation targets are based on long-standing measures to reduce greenhouse gas emissions.

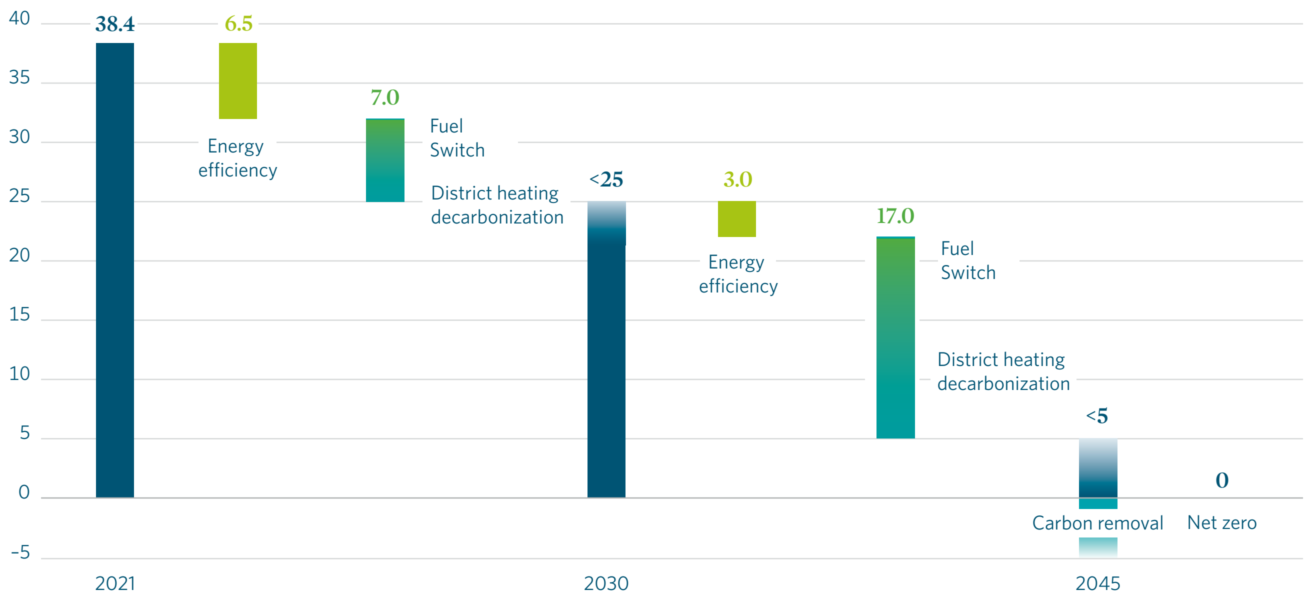
Vonovia has also set itself the target of reducing absolute Scope 1 and 2 greenhouse gas emissions by 42% by 2030 compared to the base year 2021. This applies to the GHG emissions from the housing stock in Germany, Sweden and Austria, which together account for around 97% of the Vonovia Group's total GHG emissions (based on the base year 2021, excluding discontinued operations and Synvia). Vonovia is also committed, by 2030, to reducing absolute Scope 3 greenhouse gas emissions from the categories "Fuel and energy-related activities," "Use of sold products" and "Downstream leased assets" by 25% as against 2021. The Scope 3 categories included in this target cover around 80% of the total Scope 3 GHG emissions in the 2021 base year. The Science Based Targets initiative (SBTi) confirmed in March 2024 that the targets set and submitted by Vonovia SE (near-term targets) are **in line with the 1.5-degree goal of the Paris Agreement.** Further information on the company's climate targets can be found in Disclosure Requirement → **E1-4**.

The transition plan for our housing stock, our climate pathway, consists of three decarbonization levers:

1. Increasing efficiency and thus reducing energy demand for heat and warm water supply by way of energy-efficient refurbishment of the building envelope
2. Increasing the share of renewable energies in the neighborhood by installing heat pumps and expanding power generation using photovoltaic systems on our buildings, and
3. Comprehensive transformation of the energy sector and supply of sufficient quantities of GHG-free district heating and electricity by the energy sector.

The CO_2 intensity of the housing stock represents the central indicator of our climate performance management. It is also an extremely important component of the Sustainability Performance Index (SPI) and therefore of the Manage-

Carbon intensity* in kg CO_2e/m^2a



* Includes Scope 1 and 2 and Scope 3.3 "Fuel and energy-related emissions upstream"; referring to German housing stock; "Energy efficiency": all measures on the building envelope, "Fuel Switch": change in heat generation from decentralized fossil energy to heat pumps or district heating, shows the reduction in emissions in the first year of conversion; "Decarbonization of district heating": according to the KNDE 2045 scenario of the Agora Energiewende, "Carbon removal": natural and technological binding and long-term storage.

ment System and the remuneration paid to the Management Board and senior management.

Further information on the concepts and measures for implementing the transition plan can be found in Disclosure Requirements **E1-2** and **E1-3**.

To support and implement our transition plan, we invested a total of € 1,162 million in the reporting year, or 96.3% of our total capital expenditure in the reporting year. This amount represents the taxonomy-eligible CapEx in accordance with Delegated Regulation (EU) 2021/2178 in the business activities of energy-efficient renovation of existing buildings (7.2/CE3.2), the installation, maintenance and repair of energy-efficient equipment, the installation, maintenance and repair of charging stations for electric vehicles in buildings, the installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings, and the installation, maintenance and repair of renewable energy technologies (CCM 7.3 – 7.6).

The GHG emissions that can already be predicted to be emitted by the time the targets are reached in 2045 are to be understood as "locked-in GHG emissions." By 2045, GHG emissions of around 8.8 million metric tons of CO_2e (Scope 1+2+3.3) are expected to be generated following the implementation of the transition plan. Around 49 thousand metric tons of CO_2e also come from Scope 3.11 "Use of sold products." This category contains the GHG emissions from the new residential units built for sale that were completed in the reporting year. A lifespan of 50 years has been applied.

Vonovia is continuously reducing greenhouse gas emissions in its housing stock and in its operations thanks to the GHG emission reduction targets it has set itself and the corresponding measures to boost energy efficiency and make the switch to renewable energies. The plans to reduce "locked-in GHG emissions" are described in detail in the transition plan. There is no threat to the reduction targets or any promotion of transition risks.

Vonovia has not set any target values for the key figures referred to in the EU taxonomy for 2025 or 2030. We are aiming to increase the proportion of taxonomy-aligned business activities (sales, CapEx, OpEx) on an ongoing basis.

Taxonomy-aligned capital expenditure is as follows, based on Vonovia's business model: capital expenditure associated with the renovation of existing buildings (activity 7.2) that contributes to the transition plan always relates to energy-efficient modernization at Vonovia. We take the required 30% reduction in primary energy demand into account when designing projects. Capital expenditure on heating modernization, charging stations and wall boxes, metering technology and smart metering, and photovoltaic systems is generally treated as a direct climate change mitigation measure and is allocated to activities 7.3, 7.4, 7.5, and 7.6. Activity 7.7 "Acquisition and ownership of buildings" includes capital expenditure from acquisitions, Development to hold, investments not including energy efficiency measures (e. g., refurbishment of vacant apartments or major maintenance measures) or other internal expenses that can be capitalized. These qualify as taxonomy-aligned if the building-related technical screening criteria are met. The proportion of taxonomy-aligned activities will be steadily increased as the transition plan is implemented as a result of ongoing modernization measures. Vonovia did not make any significant investments in connection with economic activities related to coal, oil or gas in the reporting year. Vonovia is not excluded from the EU Paris-aligned benchmarks.

The transition plan has been fully integrated into the company's business strategy and financial planning. The GHG emission reduction targets have been integrated into the management system as a subindicator of the Sustainability Performance Index (SPI). The SPI and all of its subindicators, such as CO_2 intensity, form part of the planning process, and the progress made as well as the forecast value for the fiscal year concerned are calculated and reported to the Management Board on a quarterly basis.

The neighborhoods and buildings to be modernized are selected in a targeted manner in cooperation with the regional business areas, and the optimal degree of modernization and modernization roadmap for each building is defined. The investments for the modernization programs and PV expansion are approved by the Management Board. The use of the investment funds required to implement the measures is mapped out as part of the five-year plan and the budget prepared for the following year, and is adopted by the Management Board before being confirmed by the Supervisory Board. The Supervisory Board discusses and approves the SPI targets proposed by the Management Board for the 2024 budget and the period covered by the Long-Term Incentive Plan (LTIP) (for four years in each case).

In the reporting year, the CO_2 intensity for our housing stock in Germany was 31.2 kg CO_2e/m^2 of rental area, down by around 1.6% year-on-year (2023: 31.7 kg CO_2e/m^2), and 2.5% below the target for the reporting year (32.0). In addition to the modernization measures implemented in the reporting year despite the lower investment volume (building envelope + replacement of heating systems), this reduction can also be traced back to numerous energy certificate updates.

ESRS 2 SBM-3 – Material Impacts, Risks and Opportunities and Their Interaction with Strategy and Business Model

Resilience of Our Business Model

The **resilience of Vonovia's climate change strategy** is reviewed on the basis of the climate risks identified as part of the risk management process. All risks identified for the Group as a whole that relate to climate change are marked as such. Both climate-related **transition risks** (e.g., increased costs due to regulatory requirements, substantial increase in the CO_2 price) as well as climate-related **physical risks** are taken into account. When assessing transition risks, the scenarios and assumptions used for the development of the relevant influencing factors, such as regulatory requirements, electricity or material prices, are selected by risk owners themselves. As far as the risk "substantial increase in the price" is concerned, a scenario has been defined for the development of the CO_2 price in Germany that corresponds to a 1.5-degree pathway at national level. There is no direct link to any specific emissions or global warming pathway for the other risks. A long-term projection spanning a total period of ten years was also added to the medium-term planning in the reporting year. Scenarios using different assumptions were defined for both planning periods, e.g., with regard to the cost of capital and the level of investment in energy-efficient modernization. These scenarios can be triggered by a number of factors, such as the transition to a low-emissions economy. When assessing transition risks as part of the risk management process, changes in the relevant influencing factors that could emerge from the transition to a low-emissions economy are also taken into account where possible. By way of example, growing concerns regarding climate change can result in changes in the regulatory environment, subsidy conditions and tenant preferences, and can have an indirect effect by triggering changes in the relative prices of various commodities and materials.

The assessment of climate-related physical risks looks at the effects on the Group's entire housing stock (Germany, Austria, Sweden) up to the year 2045, taking various climate scenarios into account (RCP 2.6, RCP 4.5 and RCP 8.5). The climate risks examined are heat, drought, increases in precipitation, wind and storms, snow loads and flooding. The downstream value chain, and tenants in particular, is also included in the analysis of physical climate risks. The upstream value chain is not explicitly included.

The resilience of Vonovia's strategy and business model is analyzed and evaluated annually as part of risk management. This involves assessing all climate-related impacts, risks and opportunities and identifying appropriate measures to reduce impacts and risks and to exploit opportunities. First-level executives below the Management Board are responsible for identifying and assessing risks within their areas of responsibility during the semiannual risk inventory process. The risk management horizon and the evaluation period extend five years beyond the reporting year, with assessments focusing on net risks, i.e., the risks after taking into account those measures that have already been taken, such as the implementation of the transition plan. The process involved in identifying material impacts, risks and opportunities is characterized by various uncertainties, such as the medium and long-term development of the regulatory framework, the prices for key technologies, materials and services, or the legally regulated CO_2 price.

Vonovia has not identified any material risk related to climate change when identifying impacts, risks and opportunities.

Consequently, the company is unhindered in the ability to adapt its strategy and business model to climate change in the short, medium and long term.

Vonovia identifies and assesses climate-related impacts, risks and opportunities as part of a double materiality assessment. This procedure is described in detail in → **ESRS 2 IRO-1**. In order to be able to identify all relevant sources for greenhouse gas emissions, Vonovia carries out a comprehensive assessment of the relevant business activities and scopes of GHG accounting at regular intervals in accordance with the GHG Protocol and the criteria set out by the Science Based Targets initiative (SBTi). In case a new business is launched or acquired an assessment of greenhouse gases to be included is exercised. The Scope 3 categories were screened for any changes in their materiality in the reporting year.

Material impacts, risks, and opportunities

Within the scope of our materiality assessment, we identified six **material impacts, risks and opportunities (IROs)** related to the topic of climate change:

> Negative contribution to the global increase in greenhouse gas emissions
> Positive effect on greenhouse gas reduction through modernization as part of the core business
> Earnings potential as a result of the energy-efficient modernization of the housing stock/increase in modernization volume
> Positive contribution to the energy transition
> Contributing to negative effects of climate change through new construction and densification
> Positive effects through mitigation of consequences of climate change

We currently expect our actual material impact **"negative contribution to the global increase in greenhouse gas emissions"** to have an influence on our business model, strategy and value chain in the short term. Vonovia's business activities, in particular property rental and management, including new construction and densification, cause GHG emissions due to the supply of heat and warm water, as well as through building materials and construction activities. Some of the GHG emissions are generated in Vonovia's own buildings, while others result from the generation of power or district heating in the energy sector. GHG emissions in (new) construction activities are associated with the manufacture of building materials and the use of construction machinery and vehicles. These emissions contribute to the global greenhouse gas effect and to global warming, which, in turn, has far-reaching consequences for human beings and the environment in the long run. Vonovia has developed, and is implementing, a climate strategy to reduce this negative contribution.

We currently expect our actual material impact **"positive effect on greenhouse gas reduction through modernization as part of the core business"** to have an influence on our business model, strategy and value chain in the short term. Ever since the company was established, Vonovia's business activities have involved maintaining and modernizing its housing stock in order to ensure that its properties can be rented out in the long term. This also results in continuous improvements in energy-efficiency status to comply with state-of-the-art standards, which has a positive effect in the form of reduced GHG emissions. Part of the reduction relates directly to the buildings concerned, while another involves an indirect effect thanks to lower energy demand and reduced demand for district heating and electricity, both of which generate emissions. This reduction in emissions lowers the global greenhouse gas effect and global warming, thereby also mitigating the long-term far-reaching consequences for human beings and the environment.

We currently expect our material opportunity **"earnings potential as a result of the energy-efficient modernization of the housing stock/increase in modernization volume"** to have an influence on our business model, strategy and value chain in the long term. Increasing the financial modernization volume allows us to increase rental income by passing on modernization costs. This opportunity relates to our own operations in Germany. The opportunity could have a potentially significant positive effect on Vonovia's financial performance in the medium term.

We currently expect our actual material impact **"positive contribution to the energy transition"** to have an influence on our business model, strategy and value chain in the short term. Part of Vonovia's current and future business activities involves expanding the capacity to generate electricity from photovoltaic modules installed on the roofs of its own housing stock. The electricity generated is used to operate heat pumps in the building and is also offered to tenants as tenant electricity. Any electricity that is not used for either of these two purposes is fed into the grid, helping to boost the share of renewable energies in the German electricity mix. This contribution to the energy transition lowers the global greenhouse gas effect and global warming, thereby also mitigating the long-term far-reaching consequences for human beings and the environment.

We currently expect our actual material impact **"contributing to negative effects of climate change through new construction and densification"** to have an influence on our business model, strategy and value chain in the short term. Part of Vonovia's current and future business activities involves building new residential properties and performing densification measures in existing neighborhoods. This promotes the expected local consequences of climate change, such as local heat islands or reduced precipitation drainage. This can affect both the environment and human beings in the immediate vicinity. Vonovia could incur higher operating costs for its buildings or the residential environment.

We currently expect our actual material impact **"positive effects through mitigation of consequences of climate change"** to have an influence on our business model, strategy and value chain in the short term. Part of Vonovia's current and future business activities involves further developing its neighborhoods, both buildings and the residential environment. Neighborhood development typically also involves unsealing areas, creating seepage areas, installing landscaped roofs and balconies, and taking other measures to create shade. This lessens the expected local consequences of climate change, such as local heat islands or reduced precipitation drainage. This affects both the environment and human beings in the immediate vicinity. The positive impact has a positive effect on our business model, as it leads to an increase in the value of our properties and higher levels of customer satisfaction.

E1-2 – Policies Related to Climate Change Mitigation and Adaptation

Climate Change Mitigation and Energy

When it comes to managing its material impacts in connection with the subtopics of climate change mitigation and energy, as well as the associated risks and opportunities, Vonovia has a concept in place that comprises three levers from the transition plan (climate pathway):

> Energy savings through energy-efficient modernization of the building envelope
> Increasing the share of renewable energies in the neighborhood
> Comprehensive transformation of the energy sector

The climate pathway is based on the principle of closely interlinking economic viability and the reduction of emissions. This principle is illustrated in the decarbonization tool (DCT) prioritization mechanism. The DCT reflects all relevant ecological and commercial aspects of the housing stock and determines how the refurbishments of individual buildings should be prioritized over time, which is then aggregated into an overall plan. The result of this prioritization is then set out in more specific detail in the plans for energy-efficient refurbishment and the energy concepts. In doing so, we adopt a holistic view at neighborhood level, examining both the modernization of the building envelope and the conversion of the energy supply to climate-friendly systems in their wider context. Our approach is shaped by the concept of sequential development. This means that, depending on the buildings' initial condition with respect to energy efficiency, the measures to enhance the individual buildings and advance towards the 2045 targets set in the climate pathway are staggered in some cases.

With regard to its Development business, Vonovia's strategy is to use its new construction activities to create urgently needed new and affordable homes with optimized energy efficiency profiles and a large proportion of renewable energy use. BUWOG has a sustainability strategy for development. Guides, specifications and tools have been developed in 14 focus areas to address the full range of sustainability aspects in new construction. These include optimized heat supply in the neighborhood, the use of ecological building materials and designs for open spaces. The strategy is based on the use of the German efficiency house standard or the basic criteria of Austria's "klimaaktiv" initiative. The average primary energy demand (non-renewable) of newly constructed buildings, in relation to rental area, is the most important non-financial performance indicator in development.

The integration of these policies into our corporate management is achieved via the Sustainability Performance Index (SPI), which includes the subindicators CO_2 intensity of the housing stock in Germany and average primary energy demand of newly constructed housing. Specific targets for all SPI indicators are defined during the budgeting and mid-term planning processes. These are closely linked to investment planning and are approved by the Management Board. The forecasting process is used to monitor target achievement. Measures to achieve the targets are implemented through dedicated investment programs and action plans in the relevant business and specialist units. For a detailed explanation of the SPI, see → **ESRS 2 GOV-3**. It is implemented by the Controlling and Sustainability departments. The subindicators and the SPI, as well as the progress made, are described in detail in the Annual Report, the ESG Factbook and on **Vonovia's website**.

The general aim of the transition plan is to achieve a greenhouse gas-neutral housing stock in Germany. The concept of the climate pathway and its incorporation into the Sustainability Performance Index cover the impacts and opportunities relating to the subtopics of climate change mitigation and energy.

The climate pathway refers to the housing stock in Germany. It looks at greenhouse gas emissions for the supply of heat and warm water (Scope 1 and 2) as well as the upstream chain involving the energy sources used in this regard (Scope 3.3). The climate pathway and its three levers were approved by the Management Board.

Climate Change Adaptation

Regarding the management of its material impacts in connection with the subtopic of climate change adaptation, Vonovia pursues a policy founded on a neighborhood-based, holistic development approach, known as urban quarters (for a definition of the term and further details on the related policy, see the chapter → **"Company-Specific Disclosures: Neighborhood Development"**). The principle is that the neighborhood (or urban quarter) serves as the central management level at which the company's business model and strategy are manifested. The neighborhood approach allows us to develop socially and ecologically sustainable places for people to live together, improving our tenants' quality of living in the process. This also includes adapting neighborhoods to deal with the expected effects of climate change, such as an increase in average temperature or extreme weather events.

Segmentation by urban quarters based on the definition above is only used for the German market segment at present. This means that 77% of the strategic portfolio is covered by the neighborhood concept. Which equates to 770 neighborhoods. Neighborhood-based approaches are also pursued in Sweden and Austria, but based on different segmentation principles. The Management Board is responsible both for the decision to structure the portfolio and for the resulting segmentation into urban quarters and urban clusters. All measures resulting from this decision for a specific neighborhood area are planned and reviewed in the respective regional business areas before they are implemented, working in collaboration with the departments for investment, climate-neutral housing stock and corporate development.

E1-3 – Actions and Resources Related to Climate Change Policies

Vonovia implemented the following measures in the reporting year to address the policies described in → **E1-2** and the material impacts and opportunities described in that section:

CO_2 Reduction in the Real Estate Portfolio

Energy-efficiency modernization to improve energy efficiency is an essential pillar of Vonovia's climate pathway. Using our decarbonization tool (DCT), an overall plan is prepared featuring an individual energy refurbishment and energy concept solution plan for each specific building. The energy efficiency measures, in particular insulating facades, cellar ceilings and lofts, and replacing windows, are implemented as part of the Upgrade Buildings investment program. In order to make energy-efficient building refurbishment even more cost-effective in the medium and long term, we continued to forge ahead further with serial refurbishment in the reporting year. Over the next few years, we will be making much greater use of this approach.

Another measure involves the digitalization of heat supply. In the reporting year, more than 2,200 gas-fired heating systems had already been connected to a digital solution developed in collaboration with the start-up Othermo, which detects heating system failures in real time and supports optimized adjustments to the system technology. This system offers the potential to save around 15% in energy and CO_2, with direct benefits for our tenants.

Another aspect of implementing the climate pathway is increasing **energy generation from renewable sources**. This includes the electrification of heat generation through our heat pump initiative. Based on a series of pilot projects and the knowledge gained from them regarding the use of the technology in existing apartment buildings, the initiative is now being extended to include other regions. In addition to the installation of the air-to-water heat pumps, the focus was also on replacing radiators wherever this was necessary in order to further reduce the supply temperature to enable efficient heat pump operation. A pilot project in the reporting year also tested an "EnerCube," a compact heat pump center that combines all of the necessary components in an external module, supplies several buildings and can be installed outside the buildings in a short space of time. Based on the successful pilot, the implementation of the EnerCube will be intensified.

Vonovia is also continuing the program it launched back in 2021 to expand electricity generation using photovoltaics. The focus is on ensuring that the electricity generated is used directly in the neighborhood – by our tenants and to operate heat pumps. The installation of these systems is therefore also closely interlinked with the heat pump initiative and the modernization program.

Our own energy supply company Vonovia Energie Service GmbH (VESG) provides our customers with electricity from renewable energies. Communal areas are already supplied with certified green electricity. Our objective is to maximize the share of energy we produce ourselves for the benefit of our customers and the environment, and also to use it for our housing-related services, e. g., e-mobility. By providing green energy that has been generated in the neighborhood or certified, we are supplying over 46,000 households with reasonably priced electricity and helping them to reduce greenhouse gas emissions. In this context we have concluded two power purchase agreements for around 38 million kWh. The electricity is generated by 15 wind turbines, which reduces approximately 28,800 tons of CO_2 equivalents.

At the end of reporting year, Vonovia owned 3,627 photovoltaic systems with an installed output of 134.8 MWp. This outstripped the target of 133.1 MWp. We will continue to forge ahead with the expansion of photovoltaics over the next few years: We aim to have installed around 400 MWp of capacity by 2028 and up to 700 MWp in the long term. We are aiming for additional capacity of 80 MWp in the 2025 fiscal year.

A further key lever for our climate pathway is the supply of sufficient quantities of **CO_2-free district heating** and electricity by the energy sector. This requires that the energy sector reaches the targets set by policymakers for phasing out coal and increasing the share of renewable energies in energy or electricity generation. We consider the mandatory municipal heating planning process to be an important step towards this goal. This can provide long-term planning security with respect to the availability of district heating within the municipalities. The German Heat Planning Act (Wärmeplanungsgesetz) also features mandatory targets for the decarbonization of heating networks.

One good example in practice is the Bochum heat transition project ("Wärmewende Bochum") that Vonovia is involved in. One key element of this project involves adopting an integrated view of heat and electricity generation that takes all stakeholders in the municipality into account. District heating is always an important lever for us where it is economically viable to connect additional properties to a district heating network while making consistent progress in decarbonizing heat generation by utilities companies. As a result, Vonovia is examining the decarbonization strategies of the most important district heating providers and, based on these conclusions, drawing up potential courses of action for incorporating them into its long-term neighborhood strategy.

The ability to implement the measures described depends on the availability and allocation of the corresponding investment funds and access to funding at affordable capital costs.

Like the climate pathway, the measures described refer to the housing stock in Germany and, as a result, largely to Vonovia's own operations. As the climate pathway also includes GHG emissions from the upstream chain involving the energy sources used, the measures also relate to part of the upstream value chain. Part of the downstream value chain is also included, as the expansion of photovoltaic capacity in conjunction with tenant electricity models also reduces our tenants' GHG emissions.

The measures to implement the three levers in the climate pathway (the Upgrade Buildings investment program and the elements it involves, such as modernization of the building envelope; heat pump initiative, digitalization of heat supply) are designed to be permanent until the overarching target for 2045 has been achieved.

The CapEx spent on the measures described in the reporting year consists of the investments within the Upgrade Buildings energy-efficiency modernization and heating replacement program, including investments in photovoltaic power generation capacity, and amounts to € 1,162 million. This equates to 96.3% of total CapEx in the reporting year.

Annual CapEx of around € 400–500 million a year has been earmarked for the implementation of all measures in the transition plan. In the reporting year, Vonovia expected the CO_2 intensity of its housing stock in Germany to increase slightly by +0.3 kg CO_2e/m^2 to 32.0 kg COe2e/m^2 of rental area. The savings achieved came to -0.5 kgCO_2e/m^2, bringing the CO_2 intensity at the end of the reporting year to 31.2 kgCO_2e/m^2 (previous year: 31.7 kg CO_2e/m^2).

CapEx of € 1,162 million and OpEx of € 409 million were spent on implementing the climate protection measures in the reporting year.

Climate Change Adaptation

Vonovia systematically analyzes the relevant climate risks, which are mapped in an IT tool using the relevant climate scenarios developed by the IPCC (Intergovernmental Panel on Climate Change), assessing the impact on our portfolio. During this process we also take into account the particular characteristics of the respective buildings and neighborhoods, such as existing sun protection or the degree of surface sealing.

Climate change adaptation is also taken into account in the planning guidelines for sustainable residential environment, which describe various components that can contribute, for example, to reducing heating in the neighborhood or improving drainage options. These guidelines must be taken into account as a mandatory requirement when planning open spaces in new neighborhoods.

We are taking various measures to make our existing neighborhoods more climate-resilient. These include, for example, the targeted planting of climate change-resistant tree species, the unsealing of parking areas and the establishment of seepage areas, as well as the creation of landscaped roofs.

E1-4 – Targets Related to Climate Change Mitigation and Adaptation

The climate change mitigation policies described in → E1-2 and → E1-3 and the measures implemented to realize them aim to achieve a greenhouse gas-neutral housing stock by 2045 with a **CO_2 intensity** of less than 5 kg of CO_2 equivalents per m² of rental area, and to take suitable measures to compensate for any remaining emissions that cannot be avoided. By 2030, our housing stock is to have a CO_2 intensity of less than 25 kg CO_2e/m^2. Both targets relate to Scope 1, Scope 2 (market-based) and Scope 3.3 of the housing stock in Germany. This is a specific absolute target for the relevant target year, measured in kg CO_2e per m² of rental area, meaning that the reference year is always the current year. The target is based on the German Federal Climate Change Act (Klimaschutzgesetz) and was developed with the involvement of Fraunhofer ISE. It is also based on the KNDE 2045 scenario of Agora Energiewende with regard to the development of the energy sector. Minor changes in the housing stock due to sales or new construction measures have also already been reflected in the assumptions. No changes have been included with regard to demand, the regulatory environment or available technologies.

The target is based on the overall plan that was prepared using the decarbonization tool. This plan rests on the assumption that the current legislation will remain unchanged and that the technological options available will remain constant. The assumption has also been made that the investment funds for modernization measures will be put to optimum use in line with the applicable internal return requirements. For emissions that arise indirectly from the purchase of district heating and electricity, a continuous decrease in nationwide CO_2 intensity (location-based) is assumed over the target period, based on Agora Energiewende's climate-neutral Germany scenario. A similar trend is also assumed for the specific emissions (market-based) of the individual district heating suppliers. Regarding emissions from general electricity and electricity for heating (heat pumps and direct electricity-based heating), it has been assumed that the electricity will be supplied by power generated by the buildings themselves, as well as that the purchase of electricity from renewable sources will continue based on a Power Purchase Agreement (PPA) or in combination with guarantees of origin, resulting in an overall emission factor of zero.

Vonovia has also set itself the target of reducing absolute Scope 1 and 2 greenhouse gas emissions by 42% by 2030 compared to the base year 2021. This applies to the GHG emissions from operation of the housing stock in Germany, Sweden and Austria, which together account for around 97% of the Vonovia Group's total Scope 1 and Scope 2 GHG emissions (based on the base year 2021). Vonovia is also committed to reducing absolute Scope 3 greenhouse gas emissions from the categories "Fuel and energy-related activities," "Use of sold products" and "Downstream leased assets" by 25% by 2030. The GHG emissions in the Scope 3 categories included in this target cover around 80% of the total Scope 3 emissions in the base year.

The target for absolute GHG reduction by 2030 for the German housing stock is based on the same assumptions as the target for CO_2 intensity. As far as the housing stock in Sweden and Austria is concerned, assumptions were also made regarding a reduction in the emissions intensity of electricity and district heating over the target period. In Sweden, the assumptions regarding the development of the GHG intensity of district heating are based specifically on the targets of district heating suppliers. In the case of Austria, the assumptions regarding the development of emissions from district heating and electricity are based on the scenarios of the Environment Agency Austria. The assumptions made regarding changes in the housing stock, demand and available technologies match those applied to the CO_2 intensity target.

The target for reducing absolute GHG emissions by 2030 is consistent with the requirements set out by the Science Based Targets initiative (SBTi) for alignment with the 1.5 degree target set in the Paris Agreement. In respect of the absolute GHG reduction targets to be met by 2030, the Science Based Targets initiative (SBTi) confirmed in March 2024 that the near-term targets set and submitted by Vonovia are in line with the 1.5-degree goal of the Paris Agreement.

Another target involves reducing the **average primary energy demand** (non-renewable share) of newly constructed buildings to less than 25 kWh/m² of usable building area by 2030. This target refers to all newly constructed buildings in Germany, Sweden and Austria, both to-sell and to-hold, with the exception of vertical expansion and purely commercial buildings. This is a specific absolute target for the relevant target year, measured in kWh per m² of usable building area, meaning that the reference year is always the current year. In the reporting year the average primary energy demand came to 22.0 kWh/m².

External stakeholders were not directly involved in setting the targets. Various departments were involved in-house.

Target achievement is monitored on an ongoing basis. CO_2 intensity and the average primary energy demand are part of the quarterly forecasting process, which illustrates the expected target achievement level throughout the year. The absolute GHG reduction target is monitored through the annual calculation of GHG emissions as part of the reporting process.

As GHG emissions are calculated based on the energy demand and consumption values shown in energy certificates at Vonovia, the values in the base year are robust in relation to external factors such as fluctuating weather conditions. They are representative because energy certificates are available for more than 92% of the housing stock. For the remainder of the buildings, energy consumption was extrapolated based on the year of construction using empirical values for comparable buildings from Vonovia's own housing stock.

GHG Emission Reduction Targets

	Base year 2021			2024			Target 2030	Target 2045
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total		
GHG emissions Scope 1 and 2 market-based (metric tons CO_2e; housing stock DE, SE, AT)	973,911	–	973,911	811,344	–	811,344	-42%	–
of which Scope 3 GHG emissions (metric tons CO_2e; categories 3.3 + 3.11 + 3.13)	767,187	–	767,187	746,491	–	746,491	-25%	–
GHG emissions housing stock Germany (in kg CO_2e/m^2 rental area)	38.4	–	38.4	31.2	–	31.2	< 25	< 5

Regarding the target for absolute GHG emissions, 62% are attributable in the base year to Scope 1 and 38 % to Scope 2 (market-based method). Regarding GHG intensity in the German housing stock, 47% are attributable in the base year to Scope 1, 42% to Scope 2 (market-based method) and 11% to Scope 3.3.

Vonovia is aiming to offset the unavoidable emissions remaining in 2045 by taking suitable measures that the company is still to define, achieving a CO_2 intensity of net zero.

E1-5 – Energy Consumption and Mix

Energy Consumption and Mix

	2023			2024		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
(1) Fuel consumption from coal and coal products (MWh)	12,544	–	12,544	11,064	–	11,064
(2) Fuel consumption from crude oil and petroleum products (MWh)	193,282	1,153	194,435	117,684	1,069	118,752
(3) Fuel consumption from natural gas (MWh)	2,452,196	43,994	2,496,190	2,498,007	40,792	2,538,800
(4) Fuel consumption from other fossil sources (MWh)	–	–	–	–	–	–
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	2,193,844	12,316	2,206,159	1,607,646	10,214	1,617,861
(6) Total fossil energy consumption (MWh) (Sum of lines 1 to 5)	**4,851,866**	**57,462**	**4,909,328**	**4,234,401**	**52,076**	**4,286,477**
Share of fossil sources in total energy consumption (in %)	**89.67%**	**87.15%**	**89.64%**	**80.69%**	**85.18%**	**80.74%**
(7) Consumption from nuclear sources (MWh)	**27,698**	**829**	**28,527**	**59,196**	**183**	**59,379**
Share of consumption from nuclear sources in total energy consumption (in %)	**0.51%**	**1.26%**	**0.52%**	**1.13%**	**0.30%**	**1.12%**
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biological origin, biogas, renewable hydrogen, renewable sources, etc.) (MWh)	9,665	538	10,203	2,492	498	2,991
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	549,095	7,934	557,030	1,010,682	8,561	1,019,242
(10) Consumption of self-generated non-fuel renewable energy (MWh)	202	–	202	296	–	296
(11) Total renewable energy consumption (MWh) (Sum of lines 8 to 10)	**558,962**	**8,472**	**567,434**	**1,013,469**	**9,059**	**1,022,528**
Share of renewable sources in total energy consumption (in %)	**10.33%**	**12.85%**	**10.36%**	**19.31%**	**14.82%**	**19.26%**
Total energy consumption (MWh) (Sum of lines 6 and 11)	**5,410,828**	**65,934**	**5,476,762**	**5,247,870**	**61,135**	**5,309,005**

Vonovia's energy production relates to the generation of electricity using photovoltaic modules. Vonovia generated 20,410 MWh of electrical energy from photovoltaics in the reporting year.

Energy Intensity per Net Revenue

	2023			2024			% 2024/2023
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Total
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/€)	888	247	861	741	159	711	82.64%

The real estate sector was applied as a climate-intensive sector for the purposes of determining energy intensity.

Net Revenue for the Calculation of Energy Intensity (€ million)

	2023			2024		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Net revenue from activities in high climate impact sectors used to calculate energy intensity	6,096	267	6,363	7,080	384	7,464
Net revenue (other)	–	–	–	–	–	–
Total net revenue (financial statements)	**6,096**	**267**	**6,363**	**7,080**	**384**	**7,464**

E1-6 – Gross Scopes 1, 2, 3 and Total GHG Emissions

Gross GHG Emissions, Scopes 1,2 and 3

	Base year 2021	2023		
	Total	Continuing operations	Discontinued operations	Total
Scope 1 GHG Emissions				
Gross Scope 1 GHG total emissions (t CO_2e)	–	508,141	9,196	517,337
Percentage of Scope 1 GHG emissions from regulated emission trading systems (in %)	–	–	–	–
Scope 2 GHG Emissions				
Gross location-based Scope 2 GHG emissions (t CO_2e)	–	393,615	6,808	400,423
Gross market-based Scope 2 GHG emissions (t CO_2e)	–	323,144	6,808	329,952
Significant Scope 3 GHG Emissions				
Total gross indirect (Scope 3) GHG emissions (t CO_2e)	–	964,906	2,815	967,721
1 Purchased goods and services	–	81,021	- [3]	81,021
2 Capital goods	–	72,361	- [3]	72,361
3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	–	210,026	2,815	212,841
4 Upstream transportation and distribution [1]	–	–	–	–
5 Waste generated in operations [1]	–	–	–	–
6 Business traveling [1]	–	–	–	–
7 Employee commuting [1]	–	–	–	–
8 Upstream leased assets [1]	–	–	–	–
9 Downstream transportation [1]	–	–	–	–
10 Processing of sold products [1]	–	–	–	–
11 Use of sold products	–	13,974	- [4]	13,974
12 End-of-life treatment of sold products [1]	–	–	–	–
13 Downstream leased assets	–	587,523	- [4]	587,523
14 Franchises [1]	–	–	–	–
15 Investments [1]	–	–	–	–
Total GHG Emissions				
Total GHG emissions (location-based) (t CO_2e)	–	1,866,662	18,820	1,885,482
Total GHG emissions (market-based) (t CO_2e)	–	1,796,191	18,820	1,815,011

1) Not significant.
2) The combined GHG reduction targets for 2030 and 2045 can be found in section E1-4.
3) Not reported due to quantitative insignificance.
4) Not applicable.

Greenhouse gases included in the calculation: CO_2 equivalents (greenhouse gases regulated in the Kyoto Protocol CO_2, CH_4, N_2O, SF_6, HFC and HFC).

Sources of emission factors: GEMIS 5.0, Defra, Federal Ministry of Environment Germany, Federal Ministry of Environment Austria, Covenant of Mayors for Climate and Energy, and Swedenergy (Swedish non-profit organization).

As actual measured values for the relevant reporting year are not available at the required time, we calculate the emissions on the basis of the valid energy performance certificates of the individual buildings. The energy consumption of those buildings that do not have energy performance certificates is extrapolated based on the age of the building and corresponding average values based on the rest of the portfolio.

To calculate the emissions from the combustion of fossil fuels and location-based emissions in Scopes 1, 2 and 3.3, the CO_2e factors from version 5.1 of the GEMIS database were used. GEMIS (Global Emission Model for Integrated Sys-

			Retrospective	Milestones and target year [2]		
		2024	% 2024/2023			
Continuing operations	Discontinued operations	Total	Total	2025	2030	Annual % target/ Base year
539,867	8,527	548,394	106.00%	–	–	
–	–	–	–	–	–	
335,518	5,498	341,016	85.16%	–	–	
296,965	5,498	302,463	91.67%	–	–	
1,054,582	2,817	1,057,399	109.27%	–	–	
170,748	– [3]	170,748	210.74%	–	–	
132,075	– [3]	132,075	182.52%	–	–	
205,634	2,817	208,451	97.94%	–	–	
–	–	–	–	–	–	
–	–	–	–	–	–	
–	–	–	–	–	–	
–	–	–	–	–	–	
–	–	–	–	–	–	
–	–	–	–	–	–	
–	–	–	–	–	–	
48,557	– [4]	48,557	347.48%	–	–	
–	–	–	–	–	–	
497,568	– [4]	497,568	84.69%	–	–	
–	–	–	–	–	–	
–	–	–	–	–	–	
1,929,967	16,842	1,946,809	103.25%	–	–	
1,891,414	16,842	1,908,255	105.14%	–	–	

tems) is an internationally recognized model for determining energy and material flows with an integrated database. The model calculates life cycles for all processes and scenarios, i.e., it takes into consideration all material steps from primary energy/raw material extraction to effective energy/material provision and also includes the auxiliary energy and cost of materials to produce energy plants and transport systems.

Vonovia does not have any GHG emissions that are subject to regulated emission trading systems.

Market-based emission factors were used to determine Scope 2 emissions from district heating where these were available in qualified form. Otherwise, location-based emission factors were used. In the 2024 fiscal year, market-based emission factors accounted for 62% in relation to district heating supply. An emission factor of zero was used to determine Scope 2 emissions from electricity consumption (market-based), as the corresponding energy volumes are sourced from green electricity. In 2024, 85% of the green electricity was covered by guarantees of origin, while 15%

was sourced through a power purchase agreement (PPA, for electricity from renewable wind energy).

The GHG emissions (Scope 1 and 2) indicated include all fully consolidated companies. Emissions from companies in which Vonovia holds a minority interest are to be allocated to Scope 3.15 Investments in accordance with the GHG Protocol. This category has not been classified as significant.

Scope 3 greenhouse gas emissions were mainly calculated based on emission factors from recognized databases. Primary data from suppliers or other partners in the value chain was not used.

Vonovia has defined the following Scope 3 categories as **significant**:

> Scope 3.1 Purchased goods and services: GHG emissions from the production and installation of building materials and materials for maintenance, energy-efficient modernization, "Optimize Apartments" measures and heating system replacement. GHG emissions are calculated using emission factors created by external experts on the basis of typical measures taken by various companies in the housing industry. The emissions were calculated by multiplying the corresponding units of the measures implemented (modernized m² of living area) by the relevant emission factors.

> Scope 3.2 Capital goods: GHG emissions from the production of building materials used for the new buildings completed in the fiscal year in question. The GHG emissions are calculated using emission factors based on the building construction type as prepared by external experts as part of a comprehensive life cycle assessment for a model building. Total emissions were calculated by multiplying the gross floor space completed by the emission factors for the corresponding construction type.

> Scope 3.3 Fuel and energy-related emissions (not Scope 1+2): GHG emissions from the upstream chain of energy sources not reported as Scope 1 or Scope 2 emissions (e.g., for the extraction and transportation of fuels or the production and transportation of electricity and district heating) – both for the wholly owned housing stock and for apartments owned by Vonovia that belong to a residential property owners' association (WEG) (their Scope 1 and 2 emissions are reported as Scope 3.13 emissions).

> Scope 3.11 Use of sold products: GHG emissions from the operation of newly constructed residential units sold in the relevant fiscal year (provision of heat and warm water) over a lifespan of 50 years (in line with the recommendation of the Association of German Housing and Real Estate Companies (GdW)). Declining GHG intensity of district heating and electricity is assumed over the course of the property's useful life. This matches the assumed trend for the company's own portfolio.

> Scope 3.13 Downstream leased assets: GHG emissions generated from household electricity used by tenants in their homes for electrical appliances (excluding general electricity or electricity required for heat and warm water). The corresponding electricity consumption is estimated based on a method developed at sector level, since real data is not available to the landlord. User electricity for commercial units was extrapolated based on average values for types of use. The national emission factor for electricity is used to calculate emissions (location-based), as are GHG emissions resulting from the supply of heating and warm water to rental units that are owned by Vonovia and belong to a residential property owners' association (WEG).

The following Scope 3 categories have been classified as **insignificant**:

> Scope 3.4 Upstream transportation and distribution: partly included in categories 3.1. and 3.2, emission level not material
> Scope 3.5 Waste: emission level not material
> Scope 3.6 Business travel: emission level not material
> Scope 3.7 Employee commuting: emission level not material
> Scope 3.8 Upstream leased assets: n/a
> Scope 3.9 Downstream transportation and distribution: Vonovia does not sell any products that are transported
> Scope 3.10 Processing of sold projects: Vonovia does not sell any products that are processed further
> Scope 3.12 End-of-life treatment of sold products: emission level not material
> Scope 3.14 Franchises: n/a
> Scope 3.15 Investment: emission level not material

Vonovia does not currently have or finance any projects of its own aimed at decomposing or storing greenhouse gases, nor does it contribute to such projects in the upstream or downstream value chain. We are currently assessing which appropriate measures will be implemented in the future to achieve net-zero emissions.

Vonovia does not use any in-house CO_2 pricing system. External statutory CO_2 prices are included in the internal financial feasibility calculations.

GHG Intensity per Net Revenue

	2023			2024			% 2024/2023
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Total
Total GHG emissions (location-based) per net revenue (t CO_2e/€)	306	70	296	273	44	261	88.0%
Total GHG emissions (market-based) per net revenue (t CO_2e/€)	295	70	285	267	44	256	89.6%

Net Revenue for the Calculation of Greenhouse Gas Intensity (€ million)

	2023			2024		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Net revenue used to calculate GHG intensity	6,096	267	6,363	7,080	384	7,464
Net revenue (other)	–	–	–	–	–	–
Total net revenue (financial statements)	**6,096**	**267**	**6,363**	**7,080**	**384**	**7,464**

ESRS S1 Own Workforce

ESRS 2 SBM-3 – Material Impacts, Risks and Opportunities and Their Interaction with Strategy and Business Model

Material Impacts, Risks, and Opportunities

Within the scope of our materiality assessment, we identified **five material impacts, risks and opportunities (IROs)** related to our own workforce:

> Promotion of employees' professional development
> Employee dissatisfaction due to lack of co-determination
> Employee satisfaction through co-determination
> Promotion of diversity in the workforce
> Financial opportunity through appeal as an employer

In order to successfully implement Vonovia's business strategy and model in all business areas (see → ESRS 2 SBM-1), a broad-based workforce comprising highly skilled employees is a must.

The actual **positive impact of "promotion of employees' professional development"** relates to Vonovia's own operations and involves creating long-term career opportunities by offering various training and career paths as well as further training opportunities for Vonovia's employees. Well-trained employees in both the technical trades and in commercial positions for our core business of property management and rental, as well as for the construction and renovation of residential properties, are crucial for our business model, especially in light of innovations in business operations with regard to the energy and heating revolution, and new regulatory requirements. Training and skills requirements are also emerging due to social megatrends, such as new construction to alleviate the shortage of housing, measures to optimize our housing stock through modernization and senior-friendly conversion, as well as the need to reduce CO_2 emissions in our portfolio. Therefore, we continuously take measures to expand the training opportunities open to our employees and adapt them to reflect new circumstances. This means that Vonovia can use its actions to make a key contribution to the positive impacts. This impact is directly linked to our strategy. We have thus established a comprehensive training and development approach as a central component of our HR strategy. First, our efforts serve to increase expertise and knowledge as well as to foster an exchange of experience among employees, which gives them more opportunities for advancement. Second, employees are more satisfied and stay with the company longer. This makes Vonovia more attractive as an employer overall. What is more, our customers benefit from improved service quality thanks to better trained employees. We currently expect to see an impact on our business model, strategy and value chain in the short term.

The actual **negative impact associated with "employee dissatisfaction due to lack of co-determination"** and the positive impact associated with **"employee satisfaction through co-determination"** relate to our own operations. If representation channels or feedback formats for employees are insufficient, opportunities for employee engagement are limited, making it more difficult for them to influence their own working conditions or employee rights. This can result in general dissatisfaction among employees and a higher staff turnover rate and thus negatively impact our business model, given the current general shortage of skilled workers. On the other hand, satisfied employees who can exercise sufficient participation rights within in the company result in lower staff turnover. This makes retaining skilled employees essential for our business model. If social dialogue in the workforce, as well as general information for, and representation of, the workforce regarding employee rights, are strengthened by works council members and regular survey formats, employee satisfaction can be increased and staff turnover counteracted. Vonovia has identified the risk of dissatisfaction due to a lack of co-determination opportunities within its own workforce and thus the importance of co-determination within its own ranks. This is why co-determination is prioritized as a topic in the overarching HR strategy, and why opportunities for social dialogue are firmly established in the corresponding works council structures and in various annual feedback formats. With this in mind, we take measures on an ongoing basis to give our employees opportunities for co-determination and to expand these further.

On the one hand, underestimating or not doing enough to promote employee participation formats, opportunities to have a say and an appreciative and transparent feedback culture can have a direct impact on our employees, e.g., in the form of lower motivation and higher levels of staff turnover. On the other hand, a sufficient range of different employee engagement formats, opportunities to have a say and an appreciative and transparent feedback culture can have a direct impact on our employees, e.g., in the form of increased motivation and efficiency. This means that Vonovia can use its actions to exert a significant influence over both the negative and positive effects of any resulting dissatisfaction/satisfaction among our employees. This impact, whatever its direction, can result either from a lack of co-determination opportunities at Vonovia or from the fact that there are sufficient opportunities for co-determination. The adverse and positive impacts are directly linked to our strategy, as they are directly integrated into our HR strategy through the strong establishment of our works council structures and the focus on employee retention as a key component. Through these measures, as well as measures to grant our employees opportunities and formats for co-determination, employee satisfaction can be positively influenced. We currently expect both the positive and negative impacts, to have an effect on our business model, strategy and value chain in the short term.

The actual **positive impact "Promotion of diversity in the workforce"** relates to our own operations. We employ staff from various professional and age groups, with varying lengths of service, with different sexual orientations, affiliations, backgrounds and religions, and employees with and without disabilities. Thus, we see diversity as an important part of our corporate culture and have made it a firm component of our corporate mission statement. Vonovia's various business areas, spanning different countries and urban areas, thus call for a diverse workforce, both professionally and personally, and comprehensive diversity management. This makes promoting these very aspects essential for our business model. As a result, we take measures on an ongoing basis, for example to ensure equal pay for equal work, in order to promote diversity and equal opportunities. This means that diversity contributes to our company's success and has been even more of a priority as an independent component of our HR strategy since the end of the previous fiscal year, as well as in the current fiscal year. Proactive moves to promote a corporate culture that is free from discrimination, internal diversity targets and the public communication of related actions and measures have a direct impact on our employees, e.g., in the form of a positive team and corporate climate. This bolsters employee satisfaction, encourages stronger identification with the employer brand and translates into lower staff turnover. Promoting diversity and positioning ourselves as an attractive employer will become even more important going forward as the shortage of skilled workers becomes more pronounced, as these very workers are crucial to the continuation of our rental business and the associated service quality. Our HR strategy and the related measures are thus directly aimed at promoting diversity in the workforce and, more generally, at strengthening loyalty to the company. As a result, the positive impact is directly linked to our business strategy and the measures developed as a result are, in turn, explicitly integrated into our HR strategy. This means that Vonovia can make a key contribution to this positive impact through its measures to promote diversity. We currently expect to see an impact on our business model, strategy and value chain in the short term.

If a successful HR strategy can be implemented, the impacts described above will produce a significant **financial opportunity associated with a high level of appeal as an employer**. This is reflected, among other things, in lower transaction costs due to staff turnover and in the long-term retention of existing employees. Against the backdrop of the shortage of skilled workers, a higher degree of appeal as an employer can, in turn, have a positive impact on the implementation of a company's own business strategy and the further development of innovative business models.

Our "financial opportunity through employer attractiveness" relates to our own business operations. By securing jobs in the long term and creating fair working conditions, Vonovia stands out as an attractive employer. Positioning ourselves as an attractive employer means that we are able to retain employees, as we compete with other companies on the labor market. At the same time, a differentiated and efficient recruitment strategy as well as measures to strengthen the employer brand and reputation can have a positive impact on the recruitment of new skilled employees. This can increase the level of professionalism and innovation potential in the workforce, improve service quality and feed into higher levels of customer satisfaction as a result. This financial opportunity is, in turn, associated with higher revenue expectations. By taking the measures described above, Vonovia can help to reduce staff turnover and, in doing so, reduce transaction costs by increasing employee satisfaction and making them more likely to stay with our company. Vonovia can also boost its own innovative strength and competitive standing by recruiting additional qualified specialists. As a result, we expect to see a positive impact on our financial position, financial performance and cash flows. By continuing to successfully offer our customers state-of-the-art and target group-specific services as well as affordable and climate-friendly homes in the future, we can contribute to Vonovia's stable organic business growth in the medium term. The period spanning the current or following reporting year is too short to allow us to pinpoint any major positive financial effects on Vonovia's financial position owing to the company's increased appeal as an employer.

No significant changes were made to our measures to address our material impacts or our material opportunity in the fiscal year under review, and no such changes are currently planned.

Resilience of Our Business Model

In order to assess the resilience of our business model in terms of its ability to cope with the material impact of the shortage of skilled workers on Vonovia's business activities by increasing our attractiveness as an employer, we regularly monitor the development of our key performance indicator "employee satisfaction," as a subindicator of the SPI using partial and comprehensive annual surveys (for more details on the SPI model, please refer to → ESRS 2 GOV-3; for information on the targets, see → S1-5). The development of this key indicator shows that employee satisfaction at Vonovia remains at a constant level (details on the development of the SPI indicators can be found in → S1-5). As part of the half-yearly analysis of our corporate risks carried out by Risk Management, the shortage of skilled workers is listed as a risk with regard to our own workforce, although the amount of loss is currently estimated to be low, as is the probability of occurrence. We can therefore conclude that our current measures strengthen the resilience of our business model with regard to the workforce, and ensure that no material risks emerge for our business model.

Target Groups

All individuals in Vonovia's workforce who could be affected by the company's material impacts are covered by the disclosures made in accordance with → ESRS 2 and are therefore included in them. This also includes current business areas as well as the discontinued Care segment.

Vonovia's employees can be split into two categories: employees working in the technical trades and employees with commercial and administrative roles. Only individuals employed by Vonovia are included in the analysis of the workforce affected by those impacts that have been identified as material. Self-employed workers, non-salaried employees and workers provided by third-party companies may be involved in Vonovia's core business in Germany in both a commercial/administrative and technical/trades-based role. However, our strategic concepts and measures in response to the impacts are primarily applicable to our in-house employees who are directly employed by Vonovia. As they have fixed employment contracts with Vonovia, they are legally bound by our employment agreements and conditions and have access to our company user infrastructure.

The impacts described, on the one hand, from the general shortage of skilled workers and on the other, from potentially insufficient equal treatment, and affect the two groups of employees as follows: Tasks that are central to our value chain – from caretaker work and green space maintenance to the implementation of modernization work – are largely carried out by our own technical and trades employees. Across all industries, there is a trend toward fewer young people opting to complete an apprenticeship or pursuing a career in the skilled trades. This trend is also having an impact on trades in the construction and modernization sector in the form of an ever-shorter supply of skilled workers. Despite a targeted insourcing strategy aimed at ensuring the availability of skilled tradespeople and technical workers on construction sites, the shortage of skilled workers is having a significant impact on Vonovia's ability to recruit up-and-coming young talents in the skilled trades. According to the micro census, around 30% of the population having worked in 2021 will exceed the retirement age by 2036. We will therefore only be able to prevent quality restrictions, mounting workloads and, as a result, dissatisfied employees who end up leaving the company, if we manage to position ourselves as an attractive employer. We can achieve this by systematically approaching motivated potential candidates and arousing their interest in a position with Vonovia through targeted measures. Internal high-potential candidates are identified by their manager as part of the annual appraisal process (annual appraisal including performance and potential assessment). Once the assessments have been validated in the context of HR retreats, selected employees are then invited to participate in programs, such as the Female Leadership Program.

Our commercial and administrative employees work in particular in administration, customer service and portfolio management in our business areas. As we place particular emphasis on fast and reliable customer service, we have our own customer service centers in Essen, Dresden and Berlin, where over 1,000 employees deal with our customers' concerns on a daily basis and in several languages. These areas of activity are also being impacted by demographic change, meaning that we expect to see a shortage of qualified staff here, too, in the future.

The material negative impact that has been identified in relation to “employee dissatisfaction due to lack of co-determination” can be due to both systemic and company-specific factors.

> **Systemic:** A systemic lack of co-determination and the resulting dissatisfaction can be caused by limited statutory requirements for the representation of interests or the enforcement of employee rights, meaning that the company cannot achieve the satisfactory co-determination of working conditions for its own employees.

> **Individual:** Failure to give appropriate regard to employee perspectives on the part of the direct management level or the management of the Group as a whole, as well as deprioritization of the interests of the company’s own employees in the Group’s business activities (including, for example, possible failure to safeguard freedom of association as well as a potentially inadequate feedback culture regarding working conditions in the Group as a whole or in parts of the Group).

The positive impact of **promotion of employees’ professional development** results from the creation of new jobs, occupations and trainee careers due to innovations in business operations (energy and heating revolution) as well as strategic collaborations and partnerships to attract new talent and trainees. These activities relate, in particular, to the trades and technical areas, such as the installation of photovoltaic modules, the expansion of the energy business, and energy and building technology, but also to commercial staff. In the commercial workforce, for example, new positions need to be created in the areas of sustainability and reporting, scheduling of measures as part of the “Optimize Apartments” program, and recycling and waste management, and employees need to be recruited or trained accordingly. At the same time, we see it as our responsibility to prepare young, talented individuals for their future careers in a whole range of occupational areas to the best of our abilities and, at the same time, convince them to stay with the company.

The **diversity** of our workforce is favored by the supraregional administration, management, new construction and conversion of properties in various regions of Germany, Austria, and Sweden. All of the different occupations at Vonovia and the employees working in these areas represent a wide range of different social, economic, cultural and ethnic backgrounds as well as religious, gender and political identities, which Vonovia continues to promote through its open and tolerant corporate culture. In order to enhance this shared culture of diversity, we also take diversity criteria into account when recruiting new staff. At the same time, we communicate our measures to support diversity to the public. This impact affects Vonovia’s entire workforce, although the trades/technical segment predominantly comprises male employees. Achieving a more balanced gender split – particularly, but not exclusively, in technical occupations – has therefore been firmly established as a component of Vonovia’s HR strategy.

Vonovia has identified **employee satisfaction** through co-determination as another positive impact. In general, growing social and capital market demands on companies with regard to employee engagement are resulting in more complex requirements and needs on the part of Vonovia’s workforce. There is also a need for more extensive co-determination opportunities due to the increasing competition faced when it comes to recruiting skilled workers (employee market). Vonovia offers various engagement formats and opportunities to have a say, as well as promoting an appreciative and transparent feedback culture, in order to meet these requirements and contribute to our HR strategy of retaining employees and fostering employee loyalty, which can only be successful if employees are highly satisfied.

The various activities in Vonovia’s fields of business – such as modernization, development and construction activities, technical upgrades of energy and heating systems, but also the Care segment – are faced with the same shortage of skilled workers that every industry is confronted with. At the same time, rising costs further upstream for materials and commodities that are urgently needed in the construction and modernization industry, disrupted supply chains, less favorable subsidy conditions or lengthy approval and project procedures for construction projects are other factors that can have a negative impact on working conditions such as remuneration, the social benefits on offer, job security and the general working atmosphere for employees. Securing existing jobs with appropriate remuneration that is competitive in the industry, and creating a positive working environment, for example by establishing an open feedback culture and granting co-determination opportunities, can open up a significant financial opportunity for the company: Effective **measures to boost the appeal as an employer** (also through further training and qualification formats, work-life balance measures, a transparent remuneration policy and modern employee benefits) have the potential to allow Vonovia to keep existing employees with the company in the long term and further increase the success of our recruitment strategy when it comes to attracting potential employees, while at the same time promoting innovation potential within the company in the long term. This contributes to the development of a forward-looking, robust HR strategy that can be used to develop a sustainable approach to the above-mentioned risks.

As part of the **transition plans to reduce any negative impact on the environment** and achieve environmentally friendly and greenhouse gas-neutral activities, there is an opportunity for Vonovia's employees to explore new (training) occupations, fields of activity and training areas. Our measures to achieve a greenhouse gas-neutral housing stock by 2045 include the refurbishment of building structures/envelopes and the installation of photovoltaic modules and heat pumps, which require the appropriate technical expertise in the trades for installation and maintenance. Commercial employees also require expertise in areas such as sustainability strategy, innovation management, digitalization, occupational safety and HR, which will also call for corresponding changes to existing job profiles and the creation of new functions.

The transition plans could, however, have an impact in terms of increased risk potential for the employees concerned in connection with their work with or on new technologies. Ambitious transition plans combined with a shortage of skilled workers in the areas concerned could also create a heavy workload for employees in these areas.

In the latest version of our **Declaration of Respect for Human Rights**, which was approved by the responsible Compliance unit in the spring of 2024 and has entered into force, we specifically highlight the relevance of global human rights standards to us. This Declaration also applies to our subsidiaries. Neither we, nor any of our partners, tolerate forced or child labor under any circumstances. We also make sure to comply with all relevant legislation in Germany, Austria and Sweden. We make sure that all changes to the law are reflected in our processes. Our **Code of Conduct** provides clear expectations for how the company and its employees are expected to behave.

We strive for full transparency in our compliance with human rights and all relevant standards along the entire supply chain. Our stakeholders, too, increasingly expect this transparency – from raw material extraction to sales. We therefore oblige external partners and service providers to comply with the following requirements:

> The **Business Partner Code**
> The General Terms and Conditions of Purchasing
> Vonovia SE's general terms and conditions for building services
> Vonovia SE's general terms and conditions for planning services
> Individual agreements as part of our structured supplier management

In the context of the overall statutory framework set out above and thanks to the precautions taken, no cases of forced labor or child labor have come to light at any of our business locations in Germany, Austria or Sweden, or in any area of activity within our value chain. Given the preventive measures taken, we do not anticipate any elevated risk of forced labor or child labor.

Vonovia has identified **employee dissatisfaction due to lack of co-determination** as a material negative impact. Employees working in the Care segment have been identified as a particularly vulnerable group within the company, as these employees are not included in the annual employee satisfaction survey.

Vonovia has only identified one material opportunity (and no material risk): the financial opportunity to **position itself as an employer with appeal.** This does not affect any specific group of people within Vonovia's workforce, but represents a financial opportunity for the company in connection with the entire workforce. The implications of the shortage of skilled workers, which can result directly from a lack of attractiveness as an employer, also do not depend on any specific group of people, but rather affect Vonovia's workforce as a whole due to its systematic spread across all industries and occupational areas.

S1-1 – Policies Related to Own Workforce

Working Conditions (Shortage of Skilled Workers)

As part of the materiality assessment, Vonovia identified material impacts and a financial opportunity with regard to the issues of the "Working Conditions / Shortage of Skilled Workers" and "Equal Treatment." Both subtopics are embedded in, and addressed by, our long-term HR strategy. This supports Vonovia's new business strategy, which aims to offer state-of-the-art, customer-centric products and services. This strategy will be realized through future-oriented HR management, which is to be implemented in the company.

Vonovia has identified a material financial opportunity related to achieving a **high level of appeal as an employer** in order to counter the prevailing **shortage of skilled workers**. This opportunity is directly linked to the material impacts of "promotion of employees' professional development" and "employee (dis)satisfaction due to (lack of) co-determination". Dissatisfaction can arise in this regard due to inadequate representation channels/opportunities, such as works councils and employee representative structures, as well as due to limited feedback opportunities and opportunities for employees to have their say (consultation and co-determination). This can create risks with regard to working conditions, such as inadequate wages or remuneration conditions, excessive workloads for employees due to inflexible working hours regulations or limited work-life balance opportunities. These impacts can ultimately affect Vonovia's appeal as an employer, which can, in turn, translate into increased staff turnover or make it more difficult to recruit new hires, further intensifying the negative effects of the shortage of skilled workers.

Our **HR strategy** addresses these identified effects described above, as well as the opportunities, through its various subcomponents. The strategy was approved at Management Board level and is implemented, monitored and managed centrally throughout the Group by the HR department. This also includes all current business areas, including the Care segment, as well as the business areas in Austria and Sweden. The overarching objectives of this strategy are to secure the long-term success of Vonovia's business and the associated jobs and, as a result, to attract qualified employees to Vonovia and keep them with the company in the long term. This overarching strategic concept for HR has been integrated into our corporate management via the **Sustainability Performance Index (SPI)**, which includes, among another four, two **subindicators: employee satisfaction and the proportion of women in management positions at the first and second level below the Management Board**. For detailed information on the SPI and the tracking of targets, refer to → ESRS 2 GOV-3 and → S1-4 and → S1-5. In our quest to achieve these goals, we are using **recruitment**, targeted HR resource planning and the insourcing of skilled workers in technical areas and the trades to counteract the shortage of skilled workers and demographic change. Part of the concept also involves **promoting the development of skilled workers and employees and retaining them at the company (talent management)**. At the same time, we are working on our **organizational development** and on establishing an **innovative, open and dynamic corporate culture.** This includes short, medium and long-term implementation and management phases embedded in a steering cycle at Management Board and Supervisory Board level that is supported by an overarching internal strategy process and is monitored by both this entity and the HR department with regard to the progress made. Vonovia's new business strategy is to be bolstered by corresponding strategic HR modules in three "horizons" running in tandem: Initially, this entails prioritizing and addressing immediate requirements, such as remuneration and recruitment issues, as well as the topic of equality and equal opportunities (first horizon). In the medium term, the aim is then to gradually strengthen the employer brand and adapt employer branding to reflect HR resource planning, roll out talent and performance management and provide existing employees with even more targeted training, support and development opportunities as they progress on their individual career paths (second horizon). In addition, strategic recruitment is to be used to attract further qualified specialists for new roles in the company's core business, for example in procurement, sales, modernization and development, in order to provide HR support to Vonovia's growth strategy (third horizon). In the long term, our HR strategy will focus on further developing and further establishing those aspects that promote leadership and corporate culture, in particular moves to promote gender equality and equality of opportunity within the company, as well as creating links with leadership concepts.

The HR strategy is presented and made available as part of the steering cycle and in the corresponding implementation phases at management level. The responsible managers are tasked with implementing the measures derived from the strategic components referred to above in their business areas. Affected employees are also informed about relevant strategic developments, changes and innovations relating to their jobs before they are implemented at regular works council meetings and via the available information channels, such as the intranet and Management Board emails.

Equal Treatment and Opportunities for All

Vonovia uses the **Code of Conduct**, as the basis for the material positive impact and the associated strategy for "Promoting Workforce Diversity," as a central guideline for behavior that is consistent with the Vonovia Group's values and regulations. The Code of Conduct sets out provisions governing aspects such as conduct, preventing corruption, conflicts of interest, information and data protection, discrimination, environmental protection and protecting company property. It applies to all Vonovia employees in Germany and has also been adopted in Austria and Sweden, with modifications to take account of country and organization-specific differences. The correct implementation of the Group policy is reviewed by Internal Audit in line with a risk-based approach. In addition, reports of non-compliance (e.g., in suspected cases of discrimination or violence in the workplace) are submitted using the relevant whistleblowing channels (see → S1-3) and, if the facts are confirmed, sanctions are imposed based on formalized processes. The content and specific sub-dimensions – particularly with regard to preventing discriminatory or violent behavior in the workplace – are made available to all employees, managers and members of the Management Board in a mandatory training session. Our established grievance and reporting mechanisms ensure that any violations of the **Code of Conduct** are systematically investigated and that appropriate sanctions imposed, helping to contain and combat any cases of discrimination that arise. Operational responsibility for the implementation, monitoring and further development of this concept is shared between the HR, Legal, Compliance, Corporate Communications and Internal Audit departments. Ultimate responsibility lies with the Management Board.

The European legal framework in which Vonovia operates with its business model is strictly regulated and overseen in the markets in Germany, Austria and Sweden. This applies in particular to fundamentally enshrined human rights, to which Vonovia attaches great importance, irrespective of the legal framework. Compliance with, and the fostering of, these rights is reflected in our ethos and mission statement. We adapt our guidelines to changing conditions as needed on a case-by-case business. Due to the Supply Chain Due Diligence Act and the announced European regulation, the way in which supply chains are structured and the due diligence obligations associated with this are of increasing importance to the company.

In our **Declaration of Respect for Human Rights**, which applies throughout the Group, we communicate our clear conviction for a pluralistic democratic society and zero tolerance of human rights violations and our commitment to respect human rights in all aspects of our business. We adhere to the core labor standards of the International Labour Organization (ILO), the UN Guiding Principles on Business and Human Rights and the principles of the UN Global Compact, which we committed to in 2020. Our **Code of Conduct** also takes account of our stance regarding respect for human rights.

Vonovia's business model includes the construction, maintenance and modernization of homes. From a human rights perspective, compliance with labor and social standards on construction sites in the course of these activities is of particular relevance. Some trade/construction activities in Germany are carried out by the company's own technical service – and therefore by our employees. This lessens both dependency on the services of external construction companies and – thanks to the measures established in the company's own business area – the risk of non-compliance with labor and social standards.

A due diligence process to avoid scenarios in which business activities have negative impacts on people and the environment forms the core of compliance with the minimum safeguards. Taking the OECD Guidelines as a basis, Vonovia has implemented all of the recommended due diligence steps. In the reporting year, we conducted a human rights and environmental risk analysis for our own business and the supply chain.

To address risks identified in relation to topics, such as fair working conditions (adequate remuneration and social protection), freedom of association or anti-discrimination and equal treatment, we develop measures that we regularly review for appropriateness and effectiveness. As part of the German Supply Chain Due Diligence Act (LKSG), which came into effect in 2023, we held a kick off workshop for employees in the Procurement department last year. In addition, in 2023 we introduced an e-learning program to raise awareness of our human rights due diligence obligations among our employees. This was also freely accessible to all our employees with access to the Vonovia Academy during the reporting year. We initiated a comprehensive supplier survey in 2023 to further boost transparency regarding activities in the supply chain and dialogue with our business partners. This survey was conducted again during the reporting year, and appropriate follow-up measures were derived from the results. We answer human rights-related questions from our business partners via the mailbox **humanrights@vonovia.de**, among other channels.

Vonovia has set up various procedures that allow reports on potential abuses (such as human rights violations) by both internal and external parties, including anonymous reports. We conduct in-depth investigations into indications of human rights violations within our own business or in the supply chain that come to our attention via the various reporting channels (see S1- 3).

As Vonovia operates in geographical areas (Germany, Austria and Sweden) where child labor, human trafficking and forced labor are prohibited and punishable by law, these issues are considered to entail low risks for the company based on a due diligence analysis. Consequently, these issues are not the main focus of Vonovia's HR strategy. Vonovia complies stringently with the statutory provisions that apply in its business areas and explicitly rules out these forms of human rights violations by means of corresponding Group policies. As a result, there is no risk of human trafficking, forced labor or child labor at Vonovia or in its value chain. Nevertheless, we carry out regular risk analyses, and ad hoc risk analyses if required, for our own business and for our supply chain. We describe our approach to risk analysis and the risk areas in our Declaration of Respect for Human Rights, which we update on a regular basis.

The company uses its professional health and safety management policy to minimize potential hazards and promote a working atmosphere that effectively protects all employees from health risks in the workplace. We design working processes and structures that are conducive to good health and offer preventive health care programs as part of our corporate approach to health management.

Our Group guideline on occupational safety defines the occupational safety standard that applies throughout the Group. The company undertakes to assess health hazards in the workplace and to implement the necessary safeguards based on this assessment. The guideline thus serves to protect employees from possible risks and hazards, as they go about their individual, day-to-day work as well as to prevent potential hazards in advance to the greatest extent possible. It defines the associated responsibilities and duties at Vonovia. The resulting instructions help managers to live up to their occupational safety responsibilities. In line with our Group policies, the Management Board is informed once a year about all occupational health and safety measures and the accident figures for the previous year.

Vonovia's HR strategy, which explicitly includes preventing discrimination, covers the following grounds for discrimination: ethnic origin, skin color, gender, sexual orientation, gender identity, disability, age, religion, political opinion, national origin or social background, as well as other forms of discrimination covered by EU and national law.

A general ban on discrimination against people with disabilities is enshrined in Article 3 (3) of Germany's constitution, the Basic Law (Grundgesetz), and in the Federal Participation Act (Bundesteilhabegesetz). This ban is substantiated by the objective of enabling participation and self-determination for people with disabilities, including in areas relevant to the labor market.

The German General Act on Equal Treatment (AGG) provides a framework for access to advertised jobs through the prohibition of discrimination under labor law. As a result, it also influences the management of recruitment and hiring processes, working conditions and the area of continuing professional development at Vonovia by virtue of the ban on discrimination under labor law. The Federal Disability Equality Act (BEinstG) in Austria, which provides special security of tenure for people with disabilities, and the Swedish Anti-discrimination Act (Diskrimineringslag), apply in a comparable framework and impose a ban on discrimination that covers the employees of Vonovia's subsidiaries. In addition to a strict ban on discrimination, Vonovia, as a private-sector company, is obliged to implement appropriate strategies to promote the employment of individuals with disabilities in its own operations. These are set out in a corresponding Group works agreement (the "Inclusion Agreement") between the Group Works Council and the Group with regard to various areas of application (e.g., integration and employment of people with disabilities, management training, workstation design and professional development). The various Group companies (e.g., the holding company, customer service, engineering, etc.) also have dedicated representatives for severely disabled employees who are on hand to answer formal or work-related questions. If cases of discrimination arise, individuals with disabilities can use our reporting channels (e.g., AGG mailbox, hotline, ombudsperson), which are used to record and investigate suspected cases and take appropriate action, if a case of discrimination or harassment is confirmed (see also → G1-3).

S1-2 – Processes for Engaging with Own Workforce and Workers‘ Representatives about Impacts

Through an annual **employee satisfaction survey** conducted via an online questionnaire, we provide our workforce with a platform for dialogue and a space to give anonymous feedback – also in subsequent team workshops – allowing employees to share their views on working conditions, collaboration and company culture. This approach specifically addresses the management of significant negative impacts, such as “employee dissatisfaction due to lack of co-determination,” while also contributing to the positive impact of “employee satisfaction through co-determination.” Additionally, it ties into the material “financial opportunity from employer attractiveness” by enabling employees to actively shape their working conditions and voice their opinions. The underlying questionnaire is developed and regularly updated with the support of an external service provider. Our target is to achieve a participation rate of at least 70% for interim surveys, which were last conducted in the 2022 fiscal year. This year, we alternated with the “Pulse Check” survey format, a partial survey conducted every two years, achieving a participation rate of 77%. These formats aim to communicate to all employees that they have open channels for dialogue with their employer. Following the full survey conducted in 2023, department-specific workshops involving the first and second management levels below the Management Board evaluated the survey’s immediate results. This was followed by an intensive review and the derivation of targeted follow-up measures for the next two fiscal years (2024 and 2025), positively contributing to our strategy and objectives for enhancing employee satisfaction. In the current fiscal year, the follow-up process was reviewed as part of the partial survey.

Annual and systematic **feedback discussions** foster a culture of continuous improvement, appreciation and mutual trust. In addition to annual performance reviews, employees participate in a summer feedback session. During this session, employees provide direct feedback to their managers via a questionnaire integrated into the Success Factors platform – a cloud-based SAP software that supports personnel management processes, including talent management, human resources management, recruiting, onboarding, performance assessment, and training. This feedback focuses on leadership behavior and team collaboration, aiming to identify areas for improvement. Employees have the opportunity to submit written feedback anonymously and voluntarily based on Vonovia’s leadership principles, a framework for modern, sustainable and value-based leadership practices. Following this, the entire team and the respective manager hold a meeting to jointly agree on actions to strengthen collaboration.

Employee representatives, understood as works councils under the Works Constitution Act (BetrVG), are included in the sustainability statement. At Vonovia, the Works Council of Vonovia SE serves as the representative body, with regular updates provided to the Group Works Council. The Vonovia SE Works Council includes employee representatives from Germany and Austria. Due to differing legal regulations, the Swedish subsidiary’s employees have not yet established employee representation. The Vonovia SE Works Council is involved annually in the analysis and evaluation of sustainability-related impacts, risks and opportunities (IROs) associated with ESRS S1, given their specialized expertise in this area. Meeting frequency is determined as needed. The Works Council is also informed about changes to reporting content due to new materiality assessments and the results of the auditor’s review of the sustainability statement. Additionally, the Works Council plays an explicit role in the annual data collection for the qualitative reporting content of ESRS S1. Germany continues its program of appointed representatives for young people and trainees and the severely disabled.

Responsibility for engaging with employee representatives and incorporating their input into company policies lies with the Chief Human Resources Officer (CHRO) and the Head of HR at Vonovia.

Vonovia and the Vonovia SE Works Council have adopted a company-wide **Code of Conduct** that explicitly includes respect for human rights. The Code of Conduct allows the Group Works Council to negotiate with the Management Board on its interpretation and application. It also provides consultation options with compliance officers or representatives from departments such as Internal Audit or Human Resources. This ensures that employee perspectives are consistently considered.

Vonovia evaluates the effectiveness of collaboration with its employees through the annual employee satisfaction survey, as effective co-determination directly impacts employee satisfaction. While collaboration with the Works Council is not formally assessed, senior managers on the first and second levels below the Management Board were surveyed in the reporting year and the previous year regarding their satisfaction with Works Council management.

S1-3 – Processes to Remediate Negative Impacts and Channels for Own Workforce to Raise Concerns

Vonovia strives to create fair and transparent working conditions, while offering employees avenues to address individual workplace concerns anonymously and in compliance with data protection regulations. Employees can engage with representatives, such as works councils, or seek mediation in conflict situations. The Group's decentralized **works council structure** provides employees with designated contact persons who hold advisory office hours. No significant negative impacts in the form of dissatisfaction due to a lack of co-determination were reported during the reporting year. The annual employee satisfaction survey showed a 79% approval rate across the Group, a one percentage point (+ 1 pp) increase compared to the previous year. In the partial survey, employees could evaluate the statement, "Overall, I would say that Vonovia is a very good employer". Feedback from the sub-indicator, "I can give my manager open feedback," revealed no perceived lack of opportunities for co-determination or identified need for action in this area.

Vonovia has implemented a comprehensive **complaint management system**, which includes channels for reporting potential cases of corruption, discrimination and human rights violations. Further details are provided in → G1-3. In addition to the reporting channels described in → G1-3, reports of potential or actual misconduct can be directed to agg@vonovia.de, the responsible ombudsperson, or a hotline managed by an external law firm, which is also available to employees. The Labor Relations/Labor Law team handles access to the AGG mailbox and case-specific processing is carried out by this team, HR Business Partners or Compliance employees.

Future **employee satisfaction surveys** will include a question regarding awareness of Vonovia's reporting channels. If most employees are aware of these channels, it will demonstrate their effectiveness – through the direct involvement of our workforce – in enabling the reporting of potential or actual misconduct by employees.

Anonymous reporting channels are communicated to employees and business partners through training and the company website. Reports, particularly those that could reveal the identity of the reporting individual, are treated confidentially and handled exclusively by selected and specially trained staff. Further details are provided in → G1-3. We ensure that our employees are familiar with and trust these channels by actively communicating about them and using them regularly.

S1-4 – Taking Action on Material Impacts on Own Workforce, and Approaches to Managing Material Risks and Pursuing Material Opportunities Related to Own Workforce, and Effectiveness of those Actions

To implement strategies for addressing topics such as **"working conditions / shortage of skilled workers"** and the associated material impacts and opportunities, including "financial opportunity through appeal as an employer" "promotion of employees' professional development" and "employee (dis)satisfaction due to (lack of) co-determination," we take the following measures. These measures are determined based on the evaluations of our employee satisfaction survey, which allows employees to provide open feedback on topics like **co-determination**, development opportunities and Vonovia's overall attractiveness as an employer. During the partial survey conducted in the reporting year, employees had the opportunity to evaluate the follow-up process to the employee satisfaction survey from the prior year's survey, particularly in the category of necessary improvement measures. The evaluation included feedback on whether employees were informed by their managers about the improvement measures derived from the prior year's survey and whether they were given the opportunity to collaboratively define those measures. Additionally, the survey assessed the perceived implementation level and the resulting positive changes across the

Group and at the team level. The survey results show that 87% of employees participated in developing improvement measures within their work environment, and 50% agreed that these measures brought positive changes to their teams.

As a measure to achieve high **employee satisfaction** and employer attractiveness, as well as to reduce employee turnover, we offer the majority of our workforce permanent employment contracts. Over 88% of our employees across the Group held such contracts during the reporting year. We continue to avoid outsourcing jobs abroad and limit temporary employment to exceptional cases. Additionally, only regular employment relationships exist within the Group; we do not employ seasonal workers or pseudo self-employed individuals. Through initiatives like qualitative surveys, turnover analyses and employee satisfaction surveys, we ensure that our established measures remain effective and appropriate. These efforts enhance Vonovia's image as a secure and trustworthy employer, increasing our ability to attract and retain skilled workers long-term. As these measures are ongoing, no fixed completion date has been established.

In the reporting year, more than 85% of Vonovia employees across the Group were covered by **collective agreements.** Collective agreements, renegotiated regularly, ensure adequate wages and salaries while safeguarding workers' interests. To maintain stable wages and purchasing power, we introduced a package for Vonovia employees at the start of 2023 that included an inflation compensation bonus of up to € 3,000, paid in monthly installments over 24 months, and income-dependent salary increases (ranging from 1.5% to 3.5% based on decreasing annual gross base salaries). The increase in remuneration came into force in 2023. The majority of Vonovia's and Deutsche Wohnen's workforce in Germany are eligible for these benefits. All of Vonovia's and Deutsche Wohnen's workforce in Germany, including trainees, apprentices, temporary staff and part-time workers, are eligible for these benefits. During this process, we focused on income groups that are particularly badly affected by rising prices. Initially set to expire at the end of 2024, the inflation compensation bonus will be incorporated into gross monthly salaries starting January 1, 2025. The income-dependent salary increase will also continue indefinitely.

We are particularly reliant on filling our vacancies with individuals from the available applicant pools who meet our requirements and match the relevant skill profiles. This is why our comprehensive package of measures for successful **recruitment** continued to focus on the further development of our application and recruitment process, our training concept, the recruitment of specialists from abroad, and the targeted further training of skilled technical workers and auxiliary staff. We are implementing these measures for current business areas in Germany. Given the ongoing shortage of skilled workers, no end date for these measures has been set. Instead, we aim to continuously develop our processes. In 2023, we launched a revamp of our employer branding strategy and our image as an employer, and conducted broad-based analyses using industry benchmarks and stakeholder interviews in order to further develop our employer brand in a targeted manner. The first set of focal topics were elaborated and corresponding target group-oriented measures developed in the reporting year. These initiatives will be operationalized in 2025, with the employer brand development continuing beyond 2025. Given the tight labor market, we aim to keep our employee turnover as low as possible. In 2024, employee turnover was 16.7%, which corresponds to a decrease of 2.5 percentage points compared to the previous year. To combat the skills shortage, while promoting workforce diversity, we recruited skilled workers from Colombia for roles in electrical installation, landscaping, photovoltaic system expansion and technical services in Germany (excluding the Care segment).

The **effectiveness** of the strategies and measures described in → S1-1 and → S1-4 to address the shortage of skilled labor is tracked in recruitment as **follows**:

We align our recruitment efforts to ensure that the number of new hires remains at least at the same level as the previous year. In the current reporting year, we hired 2,075 new employees for the current business areas (2023: 1,998). For 2024, one of our goals was to bring additional skilled workers from Colombia into employment at Vonovia. Currently, 65 people from Colombia (2023: 45) were employed at Vonovia sites in Hamburg, Bremen, Hanover, Braunschweig, Bielefeld, Stuttgart, Kiel, Lübeck, Dortmund and Berlin, 20 of whom were hired in the reporting year. The new employees will support, among other functions, the expansion of photovoltaic systems within Vonovia's technical service in the future. The continuation of this program and the increase in recruitment numbers highlight the success of the cooperation project with the German Federal Employment Agency, which addresses the shortage of technical specialists at Vonovia.

We are committed to fostering a trusting and constructive exchange between management and employees in all of Vonovia's business units through channels like works councils. Our employees are also free to form trade unions and exercise their statutory right to **freedom of association**. This is ensured through works agreements specific to the various Vonovia companies, guaranteeing co-determination rights and preemptively addressing potential dissatisfaction. Feedback from employees on relevant subindicators (evaluation of the ability to provide feedback to managers) in the biannual comprehensive employee satisfaction survey allows us to detect emerging dissatisfaction with co-determination and assess the adequacy of our measures. If necessary, adjustments are made based on the findings. In the current fiscal year, only a partial survey was conducted to evaluate general satisfaction with the follow-up process from the 2023 survey and with Vonovia as an employer. These measures help manage the negative impact of potential dissatisfaction due to a lack of co-determination. Simultaneously, they strengthen employee rights through extensive information and representation, fostering a sense of inclusion in decision-making.

For further details on the employee satisfaction survey, as well as the effectiveness and achievement of our related strategies and measures, refer to section → **S1-5** .

Regular works council meetings, open to all employees, provide updates on important regulatory matters and new developments. Ensuring freedom of association is an ongoing measure with no defined endpoint.

As a company that offers a large number of traineeships, Vonovia invested heavily in the **structured development of its young employees during the reporting year.** We view apprentices as future employees, who must be prepared for the demands of the future workplace. To support and **create ideal training conditions**, we began expanding our vocational training opportunities in Berlin in 2024 by establishing a craft academy focused on vocational training and education. Once completed, the academy will be equipped in line with state-of-the-art technical and digital standards, and is to serve as a blueprint for the opening of further training sites based on the same model. The building is scheduled for completion in 2025, after which the training program at this location will be permanently established.

The **effectiveness** of the strategies and measures described in → **S1-1** and → **S1-4** to address the shortage of skilled labor is tracked in training as follows:

We measure the success of our training program and Vonovia's attractiveness as a training provider based on training numbers and the training rate. We again achieved this target, increasing the number of trainees in our current business areas from 630 in 2023 to 662 in 2024. This value corresponds to a training rate of approximately 5.6% (current business areas in Germany).

Digitalization is playing an increasingly important role in our traineeship approach. We have implemented digital learning platforms, such as the Ulmer Learning Portal for gardener apprentices. In addition, we worked on expanding our training software and digital learning management systems for Germany (excluding the Care segment) during the reporting year. Completion of these expansions is planned for 2025. Beyond this, we will continue to optimize and standardize our training processes and plan to introduce a Young Talent Program in 2025.

To achieve high employee satisfaction and **promote professional development**, suggestions from the employee survey were incorporated into the immediate design of new offerings and digital learning formats as part of the Vonovia Academy's expansion during the reporting year. The Vonovia Academy centrally organizes the entire range of training, qualification and development formats for employees in Germany (excluding the Care segment) into an online catalog. Our traineeship offerings aim to build and expand the skills and knowledge of employees, focusing on specific roles, functions and needs. In the reporting year, new learning formats in energy-related topics and additional development packages were added to the training catalog. In addition to traditional formats like e-learning, online, hybrid and in-person training, we also offer materials for on-the-job learning and peer learning. Thanks to the wide range of development measures available, our employees are able to complete targeted professional, methodological and personal training and obtain professional certifications or qualifications. This is an ongoing measure with no defined endpoint. By aligning selected initiatives with specific business areas and roles, we ensured that training offerings were tailored to needs during the reporting year. On-demand and e-learning programs, such as digital training within our leadership development program, as well as additional programs for our employees, aim to make upskilling at Vonovia an even more flexible and personalized experience in the future. For example, managers can discuss ideas and receive advice from professional coaches on specific aspects and challenges associated with change processes. During the reporting year, new training courses, curated learning content and guidelines were continually being added to the wide range of programs in Germany (excluding the Care segment) to ensure that current and future requirements are met. This is an ongoing measure with no defined endpoint. As part of our extensive development program for managers, core competencies covering all aspects of good leadership and basic knowledge on innovation topics (e.g., on integrating sustainable action into one's own area of responsibility) are to be taught in line with the new leadership philosophy.

To support **flexible working models** and environments tailored to employees' individual needs, our HR processes also support more flexible working models through remote work, made possible thanks to a works agreement, and the gradual expansion and further development of digital processes at Vonovia. These works agreements apply to administrative staff at Vonovia Holding, Customer Service, Technical Service, Residential Environment Service, BUWOG Immobilien Treuhand and BUWOG. In the current reporting year, our holding company employees once again had the option of working flexible hours between 6:30 a.m. and 10:00 p.m. The digital processes include a wide range of functionalities that are already firmly established across the Group, such as reporting absences due to illness via an app or digitally recording working hours. These tools allow employees in departments with mobile work agreements to work remotely during the reporting year. These activities enhance Vonovia's image as a secure and trustworthy employer, increasing our ability to attract and retain skilled workers long-term. In order to further develop future collaboration in modern working environments in the reporting year, Vonovia launched the "New Work @ Vonovia" project, which focuses on the corporate headquarters in Bochum and aims to offer our employees an attractive working environment that meets their individual needs. The initiative encompasses four focal topics, some of which were rolled out during the fiscal year, setting the framework for further measures, including the structuring of various working models, state-of-the-art workplace design currently being piloted on one floor at the company headquarters in Bochum, digital tools and technologies, and training concepts for managers and employees alike. Some networking formats were implemented during the reporting year, such as the Female Leadership Forum and the Vonovia Women's Network. Following the successful completion of the pilot measures, the initiative is set to expand to other locations. Since this is a long-term initiative, no end date has been established.

To better **support work-life balance**, Vonovia also offered benefits beyond monetary remuneration to employees in Germany during the reporting year. These include offers, such as Jobrad bike leasing, our company pension scheme, vacation apartments, and various partnerships with sports and fitness providers as well as advisory services and mobile working models. During the reporting year, Vonovia established a new nationwide fitness partnership, with Wellhub, for its employees in Germany (excluding the Care segment), offering extensive services. These benefits are ongoing and available to our employees on an ongoing basis, which is why there is no end date or time limit. The effectiveness of these measures is ensured through the employee satisfaction survey, which allows employees to provide feedback and suggest improvements. A subindicator from the full survey conducted the previous year assessed employees' perspectives on the compatibility of work and family life and will be surveyed again in 2025. In 2023, approval for this sub-indicator was at 81%.

To implement strategies regarding **"equal treatment"** and the associated material impact of "promotion of diversity in the workforce," Vonovia undertakes the following measures. These measures are determined based on our goal of increasing the proportion of women in management positions at the first and second levels below the Management Board to 30% by 2026, as well as from suggestions received through our employee satisfaction survey. This includes open feedback opportunities and improvement suggestions in the comprehensive survey's questionnaire. Additional measures are identified and evaluated with the involvement of external experts, and they are implemented following thorough assessment. If an increased number of discrimination cases are reported through our complaint channels, this also prompts adjustments to our measures.

As part of its commitment to a discrimination-free working environment, Vonovia has implemented a comprehensive **complaint management system**, which was operational across the Group during the reporting year (see section → S1-3). For example, affected employees can report incidents of discrimination through the whistleblowing hotline – a web-based reporting system – or to an appointed ombudsperson. The ombudsperson is selected and appointed by the Compliance Committee.

In Austria, a works agreement addressing discrimination, sexual harassment and bullying in the workplace has been in effect at BUWOG since spring 2024. This agreement defines discrimination and harassment in the workplace and establishes mechanisms for reporting and addressing incidents to prevent and respond to incidents of discrimination effectively. Since measures to prevent discrimination are part of a continuous process and are regularly adapted to current circumstances, no specific timeline for completion exists.

For further details, as well as the effectiveness and achievement of our strategies and measures described in **S1-1** and → S1-4, see section → S1-3 and → G1-3.

We are continuously implementing further measures in this context – without a fixed completion date – and adapting our actions to changing conditions. Vonovia regularly updates its **training programs for discrimination-free behavior** and continues to promote flexible working hours to enable life-stage-oriented scheduling for employees. Since 2023, employees in Germany (excluding the Care segment) have had access to free e-learning on "Recognizing and reducing biases and stereotypes." This training remains available without a set end date. In order to more firmly anchor the issue of diversity at the strategic level of the company, Vonovia offers a voluntary leadership development program focused on topics like unconscious bias. Simultaneously, diversity has been established as a key criterion in the leadership roadmap.

We believe that **increasing equality of opportunity in the company** is particularly important. In Austria, we were awarded the equalitA certification for the internal promotion of equality of opportunity in 2021 and it remains valid in this reporting year. In Germany (excluding the Care segment), three new programs were launched to promote equality of opportunity: the Women's Network, the Female Leadership Forum and a mentoring program for high-potential female employees. The Women's Network attracted 193 participants in the reporting year, while 135 women joined the Female Leadership Forum's distribution list. The mentoring program is still in the initiation phase, so participant data is not yet available. As three formats were introduced in the reporting year, comparable figures from the previous year are unavailable. Since measures to promote women are part of a continuous process and are regularly adapted to current circumstances, no specific timeline for completion exists.

The **effectiveness** of the strategies and measures described in → **S1-1** and → **S1-4** to address the shortage of skilled labor is tracked in diversity as follows:

The effectiveness of our strategies and measures to promote diversity is monitored using the SPI sub-indicator "Proportion of women in management positions". For further details, refer to section → **S1-5**. Additionally, the regular collection of data on gender pay gaps (see **S1-16**) provides overarching insights into the success of our measures to harmonize remuneration models.

In addition, the gradual harmonization of social benefits aims to ensure corresponding **equal rights for all employees** in their respective countries of employment. For example, our employee share program is also in place in Austria. Following the introduction of a new, standardized retirement pension scheme in 2021, this offer was also available to most Vonovia employees in Germany during the reporting year (excluding the Care segment). This excludes executive employees and other employees who have been with the company less than six months. **Work-life balance** is a particularly important focus for Vonovia, which is why all leadership roles are advertised with part-time options. BUWOG in Austria also provides various offerings to support employees in balancing family and work responsibilities. For example, BUWOG made caring for family a priority in the reporting year, offering employees in Austria information through events and the "Because We Care" app. Since the app has no usage restrictions, this measure will continue into the coming year. In 2023, BUWOG also successfully achieved recertification as a family-friendly company by the Austrian Federal Ministry for Labor, Family and Youth. This recertification, valid for three years, remains in effect in 2024 and will continue until the next recertification in the 2026 fiscal year.

Overall, we consider our current measures adequate for reducing our significant negative impacts and contributing to our material positive impacts. Negative impacts from our measures would be reflected in our employee satisfaction survey or through our grievance mechanisms. Based on the results and feedback from these measures (see sections → **S1-3**, → **S1-4** and → **G1-3** for more information), no such negative impacts have been identified. Our regular, Group-wide review of impacts, opportunities and risks related to our workforce and other material business activities within our value chain ensures early identification of potential future negative impacts and appropriate responses (for more details, see → **ESRS 2 SBM-2** and → **SBM-3**).

Negative impacts from the transition to a more environmentally friendly, greenhouse gas-neutral economy on our workforce could arise if the shortage of skilled labor leads to employee overload due to increased workloads. Other potential impacts include the transformation of specific business areas due to new climate protection regulations, such as German federal funding for efficient buildings (BEG), or emerging market technologies that affect our business processes. This could result in an increased need for recruitment, training and education to implement, manage and further develop new technologies in our core business. The business-related necessity for energy-efficient renovations and new construction to reduce greenhouse gas emissions creates a high demand for skilled workers in both technical and administrative fields. We mitigate these impacts by providing further training for employees in these areas, encouraging long-term retention at Vonovia and recruiting new skilled workers. Our efforts to position ourselves as an attractive employer help us retain and attract talent. At the same time, these industry-specific factors could negatively impact employment in certain business areas (e.g., modernization and development) at Vonovia.

Managing these material impacts involves the CHRO and the Head of HR at the highest level. With regard to the management of identified impacts, we have implemented structural measures in the HR department. The topics of remuneration and equal opportunities are specifically addressed and systematically pursued by the relevant organizational units within the department.

S1-5 – Targets Related to Managing Material Negative Impacts, Advancing Positive Impacts, and Managing Material Risks and Opportunities

Working Conditions (Shortage of Skilled Workers)

To maintain our appeal as an employer at least at the same level as the previous year and as such to counteract the negative effects of the shortage of skilled workers and retain employees at Vonovia in the long term, we pursue the overarching goal of **consistently high employee satisfaction**. Employee satisfaction is also one of the six management-relevant subindicators of the Group-wide Sustainability Performance Index (SPI). Employee satisfaction is directly derived from the promotion of professional development and the co-determination opportunities available to our employees. This metric directly addresses our key IROs:

> Promotion of employees' professional development
> Employee dissatisfaction due to lack of co-determination
> Employee satisfaction through co-determination
> Financial opportunity through appeal as an employer

The satisfaction score relates to the entire Group and is based on the aggregated approval rating, the so-called Retention Index, in the employee survey (agreement with the overarching question: "All in all, I can say that this is a great place to work."), which is conducted across the Group every fall. Since the methodological structure of the survey is tailored specifically to Vonovia's personnel measures and employee structure, the consolidated approval rating can only be compared to a limited extent with survey methods used by other companies. The SPI targets are set within the framework of five-year planning for each sub-indicator. Target achievement is determined at the end of the year based on the actual values achieved. For **2030**, we are pursuing the medium-term goal of achieving and maintaining an **approval rating of at least 77%**. The baseline value for progress measurement is the previous year, with the current reporting year serving as the baseline year. No changes were made to our targets during the reporting period. This means that the actual value of employee satisfaction improvement in the reporting year corresponds to the planned value. Since this is a sub-indicator of the SPI (for further information, see → ESRS 2 GOV-3), it is monitored directly by the Management Board.

Equal Treatment and Opportunities for All

Regarding the objective of achieving gender equality and empowering women within the company, we have set the target of increasing and maintaining the **proportion of women in management positions** at the first and second levels below the Management Board to at least **30%** by **2030**. This metric applies to the entire Group and is directly linked to our significant opportunity of "promoting ofdiversity in the workforce". As another subindicator incorporated into the SPI, the proportion of women in leadership positions is subject to the five-year planning target value. The baseline value for progress measurement is the previous year, with the current reporting year serving as the baseline year. In the reporting year, our proportion of women in management positions stood at 25.8%. Compared to the previous year, we were able to increase this by 1.6 percentage points. This means that the actual value for the reporting year corresponds to the planned value. We consider it realistic that we will be able to achieve the medium-term target of at least 30% by 2030. Since this is a sub-indicator of the SPI, it is monitored directly through reporting to the Management Board.

Both targets directly reflect the goal of our policy formalized within our overarching HR strategy, which is to:

> secure the long-term success of Vonovia's business and the associated jobs and, as a result, to retain skilled employees at Vonovia over the long term and
> develop and establish an innovative, open, and dynamic corporate culture that promotes equal treatment and opportunities over the long term.

Further Explanations of the S1 Indicators

The systematic **monitoring** of the personnel strategy **objectives** we have set is carried out using two indicators which, together with four other indicators, are incorporated into our central internal management metric, the Sustainability Performance Index (SPI):

> Proportion of women in management positions (first and second level below the Management Board)
> Employee satisfaction

The inclusion of these two indicators in the internal **SPI metric** underscores the strategic relevance of employee retention and the promotion of workforce diversity (for a detailed description of the SPI, see → ESRS 2 GOV-3).

When setting the target for the indicator of women in management positions, we were guided by the representation of women in the Group as a whole (excluding the Care segment). The definition of this key figure, along with employee satisfaction, is carried out within the framework of the Management Board's five-year planning. The target definition of the SPI subindicator "Proportion of women in management positions (first and second management levels below the Management Board)" differs from the calculation basis and the reported actual values of the diversity parameters in S1-9. The Care segment is excluded from the target definition of the subindicator. For detailed information on the definition of the SPI subindicators, see → ESRS 2 GOV-3.

Employee satisfaction is monitored through the annual employee satisfaction survey. Since the methodological structure of the survey is tailored specifically to Vonovia's personnel measures and employee structure, the consolidated approval rating can only be compared to a limited extent with survey methods used by other companies. The satisfaction score increased (+10 pp) from 69% compared to the last partial survey in 2022 by 10 percentage points, reaching 79% approval, and saw a one percentage point (+1 pp) increase compared to the previous full survey in 2023. With this year's result, we have exceeded our target value for 2024.

S1-6 – Characteristics of the Undertaking's Employees

Characteristics of the Company's Employees

	2023			2024		
Number of Employees	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Employees by gender						
Male	8,482	875	9,357	8,571	935	9,506
Female	3,464	2,931	6,395	3,485	2,977	6,462
Other	–	–	–	–	–	–
Not reported	–	–	–	–	–	–
Total number of Employees	11,946	3,806	15,752	12,056	3,912	15,968

Characteristics of the Company's Employees

	2023			2024		
Number of Employees	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Employees by country						
Germany	11,029	3,806	14,835	11,164	3,912	15,076
Austria	370	–	370	367	–	367
Sweden	547	–	547	525	–	525

Characteristics of the Company's Employees

	2023				2024			
	Male	Female	Other	Total	Male	Female	Other	Total
Number of employees								
Continuing operations	8,482	3,464	–	11,946	8,571	3,485	–	12,056
Discontinued operations	875	2,931	–	3,806	935	2,977	–	3,912
Total	9,357	6,395	–	15,752	9,506	6,462	–	15,968
Number of permanent employees								
Continuing operations	7,650	3,083	–	10,733	7,661	3,095	–	10,756
Discontinued operations	717	2,513	–	3,230	774	2,608	–	3,382
Total	8,367	5,596	–	13,963	8,435	5,703	–	14,138
Number of temporary employees								
Continuing operations	832	381	–	1,213	910	390	–	1,300
Discontinued operations	158	418	–	576	161	369	–	530
Total	990	799	–	1,789	1,071	759	–	1,830
Number of non-guaranteed hours employees								
Continuing operations	–	–	–	–	–	–	–	–
Discontinued operations	–	–	–	–	–	–	–	–
Total	–	–	–	–	–	–	–	–
Number of full-time employees								
Continuing operations	7,982	2,498	–	10,480	8,071	2,454	–	10,525
Discontinued operations	562	1,257	–	1,819	584	1,261	–	1,845
Total	8,544	3,755	–	12,299	8,655	3,715	–	12,370
Number of part-time employees								
Continuing operations	500	966	–	1,466	500	1,031	–	1,531
Discontinued operations	313	1,674	–	1,987	351	1,716	–	2,067
Total	813	2,640	–	3,453	851	2,747	–	3,598

Employee Turnover

	2023			2024		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Number of employees who have left the undertaking during the reporting period	2,229	836	3,065	1,953	756	2,709
Employee turnover in the reporting period in %	19.2	23.8	20.3	16.7	21.0	17.7

For the disclosure of data on employee characteristics, we use headcount instead of full-time equivalents. The number of employees is determined according to the counting method of the German Commercial Code (HGB). This includes part-time employees and excludes the Supervisory Board, the Management Board, trainees, and employees whose employment relationship is suspended due to phased retirement arrangements or parental leave.

The HGB counting method has also been applied to employees in Austria and Sweden.

Due to subsequent adjustments in headcount under HGB, the number of employees as of December 31, 2023, differs from the total disclosed in the previous year for Germany and Austria.

For employee turnover, all exits are considered based on HGB counting, excluding temporary workers, working students and employees in marginal employment. We apply the definition of the European Public Real Estate Association (EPRA) for calculating turnover: exits during the fiscal year (excluding integration-related exits) / number of employees as of December 31, 2024 x 100%. We do not use average values, but rather a reporting date assessment as of December 31, 2024.

Vonovia employees typically work under standard employment contracts, meaning full-time employees are hired on permanent contracts. In Germany, Austria and Sweden, employees have a legal entitlement to part-time work, and part-time requests must be considered. As a result, the part-time rate is driven by individual employee needs rather than HR strategy.

The same data collection method as in → S1-6 is applied for the disclosure of employee figures in other sections of this business report.

S1-7 – Characteristics of Non-Employees in the Undertaking's Own Workforce

Vonovia employs a total of 63 non-employees (2023: 117), primarily in the "employment placement and temporary staffing according to NACE Code N78 (temporary agency workers)" sector. The company does not employ **self-employed** contractors.

The fluctuations as against the previous reporting period are due to different project requirements. The number of temporary agency workers remained stable during the year.

Discontinued business areas represent an exception, where non-employees are employed for specific days, leading to significant intra-year fluctuations.

The counting method for non-employees follows the approach used in → S1-6 of this standard, based on HGB headcount disclosures as of December 31, 2024.

Vonovia primarily deploys temporary agency workers to handle workload peaks in project contexts or short-term surges in demand. They do not replace regular employment relationships, and their numbers generally remain below 1% of the total workforce.

Their numbers generally remain below 1% of the total workforce. Fluctuations result from varying project needs.

S1-8 – Collective Bargaining Coverage and Social Dialogue

Collective agreements cover 85% of Vonovia employees. Some employees at Vonovia Germany (excluding the Care segment) are subject to multiple agreements, including a collective agreement for the establishment of works councils and a wage agreement.

Employee representation within the framework of social dialogue covers 85% of Vonovia employees.

An agreement with employees provides for the representation of a Societas Europaea (SE) works council. The highest representative body of the employees is the Group works council. An SE works council was also set up at the level of Vonovia SE.

Collective Bargaining Coverage and Social Dialogue

	2023								
	Collective Bargaining Coverage						Social dialogue		
	Employees – EEA (for countries with >50 empl. representing >10% total empl.)			Employees – Non-EEA (estimate for regions with >50 empl. representing >10% total empl.)			Workplace representation (EEA only) (for countries with >50 empl. representing >10% total empl.)		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Coverage rate									
0–19%									
20–39%									
40–59%		Germany						Germany	
60–79%									
80–100%	Germany		Germany				Germany		Germany

S1-9 – Diversity Metrics

Diversity Metrics

	2023				2024			
Number of Employees	Continuing operations	Discontinued operations	Total	In %	Continuing operations	Discontinued operations	Total	In %
Gender distribution at top management [1]								
Male	178	16	194	71.1	173	13	186	68.6
Female	58	21	79	28.9	60	25	85	31.4
Other	–	–	–	–	–	–	–	–
Age distribution of employees								
Under 30 years	1,558	421	1,979	12.6	1,621	474	2,095	13.1
Between 30 and 50 years	6,183	1,642	7,825	49.7	6,168	1,654	7,822	49.0
Over 50 years	4,205	1,743	5,948	37.8	4,267	1,784	6,051	37.9
Unknown	–	–	–	–	–	–	–	–

1) First and second levels below the Management Board.

S1-10 – Adequate Wages

Vonovia ensures adequate wages for all employees in line with applicable benchmark values.

The company adheres to the legally established minimum wage in Germany and the relevant collective agreements in Austria and Sweden, in accordance with Directive (EU) 2022/2041 of the European Parliament and Council.

	2024								
	Collective Bargaining Coverage						Social dialogue		
	Employees – EEA (for countries with >50 empl. representing >10% total empl.)			Employees – Non-EEA (estimate for regions with >50 empl. representing >10% total empl.)			Workplace representation (EEA only) (for countries with >50 empl. representing >10% total empl.)		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
		Germany						Germany	
	Germany		Germany				Germany		Germany

S1-11 – Social Protection

Legal requirements in the countries where the Group operates ensure full social protection for all Vonovia employees (100%). This coverage includes protection against loss of earnings due to illness, unemployment, occupational accidents, incapacity to work, parental leave, and retirement. The same coverage applies to non-employees at Vonovia.

S1-12 – Persons with Disabilities

Persons with Disabilities

	2023			2024		
in %	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Percentage of own employees with disabilities [1)]						
Male	3.2	6.4	3.5	3.3	5.1	3.5
Female	3.0	5.8	4.3	3.2	5.1	4.1
Other	–	–	–	–	–	–
Total	3.2	5.9	4.0	3.3	5.1	3.7

1) According to the social law definition for disabled status pursuant to SGB IX Chapter 2 in Germany or BEinstG, Art. II Chapter 2 in Austria (degree of disability of at least 50%). In Sweden, the collection of data regarding people with disabilities is not permitted for legal reasons. The figures refer to Germany and Austria, taking into account the total number of employees for both countries according to S1–6.50.

S1-13 – Training and Skills Development Metrics

Training and Skills Development Metrics

	2023				2024			
	Continuing operations	Discontinued operations	Total	In %	Continuing operations	Discontinued operations	Total	In %
Employees who have received a performance and career development review								
Male	3,068	136	3,204	34.2	2,915	165	3,080	32.4
Female	2,302	503	2,805	43.9	2,231	566	2,797	43.3
Other	–	–	–	–	–	–	–	–
Total	5,370	639	6,009	38.1	5,146	731	5,877	36.8
Percentage of target checks in %	84.1	39.6	75.1	–	93.0	44.4	81.8	–
Average number of training hours [1] per employee								
Male	13.3	3.2	12.4	–	5.5	4.4	5.4	–
Female	17.7	3.5	11.2	–	10.3	4.7	7.7	–
Other	–	–	–	–	–	–	–	–
Total	14.6	3.4	11.9	–	6.9	4.7	6.3	–

1) Includes only training/education recorded by the Vonovia Academy.

S1-15 – Work-Life Balance Metrics

Work-Life Balance Metrics

	2023			2024		
in %	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Percentage of employees entitled to family-related leave [1]	95.3	46.0	83.4	96.2	45.4	83.8
Percentage of eligible employees who have taken family-related leave						
Male	3.9	2.2	3.8	3.4	2.5	3.4
Female	7.3	2.3	5.9	7.0	1.0	5.3
Other	–	–	–	–	–	–

1) A legal entitlement exists in Austria and Sweden for all employees. No 100% entitlement to leave for family reasons exists in Germany, as there is no statutory right to paternity leave.

S1-16 – Remuneration Metrics (Pay Gaps and Total Compensation)

Remuneration Metrics (Pay Gaps and Total Compensation)

in %	2023			2024		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Total gender pay gap in % [1]	-5.7	-1.7	2.5	-6.7	0.6	-0.4
Ratio of the annual total remuneration of the highest-paid individual to the median annual total remuneration of all employees [2]	–	–	105.5	–	–	96.4

1) Calculation: (Hourly Pay male – Hourly Pay female)/Hourly Pay male.
2) Determination of the denominator according to HGB methodology. For employees without time tracking, actual working hours were estimated.

The gender pay gap measures the difference between the average earnings of female and male employees, regardless of job profile.

A particular feature of Vonovia's workforce is that the gender pay gap in the individual business areas favors female employees: in the continuing operations, men predominantly work in lower-paid technical and construction roles, while administrative roles, which offer higher remuneration, have a more balanced gender ratio. Consequently, the gender pay gap at Vonovia does not stem from discrimination against male employees, but rather from the inherent comparison of different occupational groups with varying educational backgrounds and job-specific remuneration levels.

In the Care segment (discontinued operations), there is virtually no gender pay gap. In this segment, significantly more women than men are employed overall.

The term "Overall" refers to the consolidated reporting of current business areas and care activities from a Group perspective. Due to the different wage levels and the varying gender distribution in the two industry sectors – real estate and care – the gender pay gap is balanced out at the overall Group level.

To calculate the average salary used in determining the gender pay gap, Vonovia considers the actual gross salary, where measurable, including elements such as benefits in kind, pension contributions, capital-forming benefits, and non-cash benefits such as company cars. This is assessed in relation to the actual paid working hours, which include paid absences, such as vacation and continued wage payments during illness.

S1-17 – Incidents, Complaints and Serious Disputes Related to Human Rights

In the fiscal year, 7 (2023: 4) incidents of discrimination, including harassment, were reported.

Additional complaints regarding human rights violations received via our whistleblowing channels amounted to 0 (2023: 4) during the fiscal year.

No significant fines, sanctions, or compensatory payments related to the above-mentioned incidents and complaints were incurred during the reporting year or the previous year. Consequently, our income statement does not include any expenses in this regard.

ESRS S4 Consumers and End-Users

ESRS 2 SBM-3 – Material Impacts, Risks and Opportunities and Their Interaction with Strategy and Business Model

Material Impacts, Risks, and Opportunities

Within the scope of our materiality assessment, we identified **five material impacts, risks and opportunities (IROs)** related to consumers and end-users:

> Housing tailored to tenants' needs
> Reduced tenant turnover through the creation of homes that meet people's needs
> Improved tenant satisfaction through enhanced accessibility and service quality
> Reduced tenant satisfaction due to limited accessibility and service quality
> Financial opportunity from increased tenant satisfaction and service quality

The actual **positive impact "housing tailored to tenants' needs"** affects both our core business and the downstream value chain. Creating homes that meet people's needs as they age can significantly increase the length of time that people with physical disabilities can stay in their own residences. This extended autonomy positively impacts their living conditions and health as they age. Targeted measures (e.g., accessible housing) enable us to retain existing tenant groups and attract new ones.

Due to demographic changes, the demand for accessible homes is projected to exceed the current supply in Germany by approximately 2 million units by 2035, a gap already noticeable today. As a result, we have integrated a product program for partially accessible modernizations into our investment strategy. Measures include, for example, installing slip-resistant flooring. Given the aging population, accessible partial modernizations and new constructions are long-term components of our strategy and business model (Value-Add and Development divisions).

We already see a significant influence of this material positive impact on our business model, strategy and value chain. This positive impact is closely tied to our strategy, as Vonovia contributes meaningfully to meeting the immense market demand through its accessible partial modernization program. As a result, the program for accessible partial modernizations is integrated into our strategy. Through our actions in this area, we are making a significant contribution to this positive impact. By adapting housing to be accessible, we enable people with physical limitations to stay in their homes much longer, allowing them to live more independently for extended periods. This approach has a direct impact on our tenants, improving their quality of life and fostering greater self-determination.

The associated **financial opportunity of "reduced tenant turnover through the creation of homes that meet people's needs"** extends to both our core business and the downstream value chain. Creating homes that meet people's needs can increase the length of time that older people with physical disabilities can stay in their own residences as well as generate additional rent increases.

This material opportunity has a positive impact on our business model, strategy and value chain. If the creation of homes that meet people's needs through low-threshold conversions or accessible partial modernizations, reduce tenant turnover and increase supply, turnover costs can be lowered, creating potential appeal to additional tenant groups, such as older individuals and tenants with physical limitations. The reduction of tenant turnover through the creation of homes that meet people's needs also has the potential to improve Vonovia's reputation. Demographic changes are driving a high demand for accessible, age-appropriate housing. This trend is expected to further increase demand in the future, positively contributing to our business model. Our measures, including low-threshold conversions and accessible partial modernizations (e.g., the installation of slip-resistant flooring and walk-in showers), are already integrated into our business model and strategy. These measures are actively contributing to the realization of this opportunity and will continue to be expanded in the future.

Currently, we have not identified any financial effects related to this opportunity that could significantly impact our financial position, earnings or cash flows in the next reporting period, nor do we foresee any material risks of adjustments to the carrying amounts of assets and liabilities in our financial statements.

The actual **positive impact of "improved tenant satisfaction through enhanced accessibility and service quality"** is closely linked to our core business. Regular engagement with tenants through surveys – especially concerning service and product quality – yields positive outcomes. A multilingual customer service team and local representatives ensure quick and direct communication, which enhances both service and product quality.

The **impact** can also be **negative,** leading to **"reduced tenant satisfaction due to limited accessibility and service quality."** Issues such as restricted access, long response or processing times at the central customer service center or the unavailability of caretakers or craftsmen can result in dissatisfaction.

As the rental of homes is our core business, tenant satisfaction has a significant influence on our business model and strategy. We measure tenant satisfaction quarterly and respond to negative trends with targeted measures at the regional and neighborhood levels. We continuously work on improving service quality and implement corresponding measures (see → **S4-4**).

We see this material impact as having a meaningful short-term influence on our business model, strategy and value chain. The impact is directly tied to our strategy, as tenant satisfaction is a key determinant of our company's success. Our extensive housing portfolio in urban areas, low vacancy rates, and diverse tenant needs require a high level of accessibility, service quality and responsiveness, supported by appropriately trained staff. Our measures play a critical role in determining whether this impact is positive or negative. For example, appropriately trained staff and sufficient personnel resources in customer and residential environment services and technical services contribute to positive outcomes, while a lack of these resources can contribute to negative ones. These measures directly affect individuals, particularly our tenants, whose satisfaction depends on the successful implementation of these efforts.

The negative impact can, in principle, affect all customers. It may occur sporadically, such as when the central customer service department or on-site staff is occasionally less accessible. However, it primarily relates to specific aspects of accessibility and service quality – operational processes – and does not disproportionately affect any particular customer group.

At the same time, there is also a "**financial opportunity from increased tenant satisfaction and service quality**". A straightforward, quick, and transparent exchange with customers, alongside improved service and product quality, can boost customer satisfaction, strengthen tenant retention, and contribute to a positive reputation. This higher customer satisfaction also serves as the foundation for selling complementary products and services.

We see this opportunity as having a meaningful influence on our business model, strategy and value chain. Consistently high service quality offers the potential to enhance customer satisfaction, which, in turn, promotes tenant retention and bolsters Vonovia's reputation. This results in lower vacancy rates for us and, consequently, stable long-term revenue. Our initiatives to improve service quality (e.g., employee training and extended service hours to ensure prompt customer support) are embedded in our business model and strategy. These measures are actively contributing to the realization of this opportunity and will continue to be expanded in the future.

In the short term, we anticipate a potential impact on our business model and value chain due to this opportunity. High levels of customer satisfaction and service quality enhance our reputation and our appeal as an employer. Lower tenant fluctuation also allows us to reduce our fluctuation costs and contribute to rental growth by expanding the supply of attractive housing.

The financial effects related to this opportunity that could significantly impact our financial position, earnings or cash flows in the next reporting period cannot currently be quantified, nor do we foresee any material risks of adjustments to the carrying amounts of assets and liabilities in our financial statements.

Resilience of Our Business Model

The resilience of Vonovia's strategy and business model is analyzed and evaluated annually as part of **risk management**. First-level executives below the Management Board are responsible for identifying and assessing risks within their areas during the semiannual risk inventory process. The risk management horizon and the evaluation period extend five years beyond the reporting year, with assessments focusing on net risks.

To evaluate the resilience of our business model in managing key impacts and leveraging significant opportunities, we continuously analyze trends in **tenant turnover** and **customer satisfaction**. This analysis has shown that our customer turnover remains consistently low and our customer satisfaction consistently high. Our management platform provides tenants with both a centralized customer service department and local contacts (e.g., caretakers, craftsmen, real estate managers, technicians and landlords), enabling us to address customer needs and mitigate potential dissatisfaction promptly. This ensures that our current measures strengthen the resilience of our business model, with no material risks identified. Additionally, ongoing housing shortages and high demand for age-appropriate housing in urban areas further reinforce the resilience of our business model.

Business Model Alignment

Apartment rental is our core business. This means that customer satisfaction and our ability to influence it positively or negatively through service quality and accessibility and the related financial opportunity are essential to our business model, which also emphasizes the legitimate interests of a private-sector enterprise. Demographic shifts and the resulting increased demand for (partially) modernized apartments (impact: "Homes that meet tenants' needs") directly affect our business model. This demand drives our new construction projects and efforts to modernize existing properties. These activities present a financial opportunity to reduce tenant turnover through "Reduced tenant turnover through the creation of homes that meet people's needs." Adapting our business model to these demands creates opportunities for future business success.

By managing our key impacts, we also directly influence the living conditions of current and potential tenants. Key impacts such as "Improved customer satisfaction through better accessibility and service quality," "Reduced customer satisfaction due to limited accessibility and service quality," and "Housing that meets tenants' needs" all stem directly from our business model. Accordingly, our strategies center on providing suitable and affordable housing for as many people as possible, building long-term tenant relationships through excellent services and attractive housing options – core elements of our policy.

Target Groups

Our core target group at Vonovia is our tenants in our homes in Germany, Austria, and Sweden. This includes potential rental applicants, buyers of apartments developed by Vonovia or BUWOG, and customers purchasing property-related services (e.g., green energy contracts, insurance and multimedia). The information provided in the ESRS S4 reporting framework generally applies to all (potential) tenants and buyers.

Our customers are not end users of products that could harm their health or increase the risk of chronic illness, nor are they recipients of services that might compromise their right to privacy, the protection of their personal data, their freedom of expression, or their right to non-discrimination. Moreover, they do not rely on detailed and accessible product or service-related information, such as manuals or labels, to avoid potentially harmful use. Similarly, our customers are not end users particularly vulnerable to privacy concerns or the effects of marketing and sales strategies, such as children or financially at-risk individuals. Regarding the impact area of "housing that meets tenants' needs," older or physically impaired tenants represent a specific customer group with distinct housing requirements. These needs arise primarily from physical limitations that typically occur with aging. However, we have not identified any significant IROs (impacts, risks, or opportunities) related to the health of this target group.

Our key negative impact, "Reduced tenant satisfaction due to limited accessibility and service quality," is not systemic but occurs in isolated customer incidents. These incidents may stem from temporary factors, such as short-term staff shortages, leading to a decline in service quality that affects only individual cases or a small portion of the overall customer base.

Our positive impact of "Housing that meets tenants' needs" is achieved primarily through the accessible expansion and renovation of homes for individuals with mobility limitations. This primarily benefits older tenants. Our positive impact of "Improved tenant satisfaction through enhanced accessibility and service quality" is realized through our centralized (multilingual and digital) and decentralized service structures, benefiting all of our tenants.

Significant opportunities exist in increased customer satisfaction and service quality, as well as in reduced tenant turnover through the creation of homes that meet people's needs, especially for older individuals. This enables us to positively influence our tenants' living conditions and satisfaction.

S4-1 – Policies Related to Consumers and End-Users

Customer Satisfaction

Customer satisfaction is instrumental in the success of a company. As such, we **aim to maintain consistently high customer satisfaction,** reflected in the positive development of the Customer Satisfaction Index (CSI), which is a sub-indicator of the SPI. For us, customer satisfaction is closely tied to tenants being happy with our service quality and the accessibility of our customer service. This includes IROs such as "improved customer satisfaction through better accessibility and service quality," "Reduced customer satisfaction due to limited accessibility and service quality," and the "Financial opportunity from increased customer satisfaction and service quality." In this regard, Vonovia has implemented a **central and digital property management platform**. This is an ERP-based application with company-specific configurations that enables the efficient and effective management of our housing portfolio (own business area) in Germany. This platform also forms the basis for the successful digitalization of our process chains. This fully end-to-end digitalized process offers significant energy advantages in terms of economies of scale, represents substantial cost benefits and serves as a key differentiating factor in the competitive market. Vonovia has adapted the expertise from this platform and its centralized and local property management processes for the property management business in Austria and Sweden, in line with the requirement profiles that apply in those markets. The implementation of this policy is overseen by the Management Board (CRO).

Housing Tailored to Tenants' Needs

Our aging society, a result of demographic change, means that our customers' needs are changing, too. The demand for senior-friendly housing is expected to outstrip supply in Germany by around two million by 2035. To address this, we have developed a **policy for creating age-appropriate housing** in Germany (a key business area), which is formalized through our investment program for accessible (partial) modernizations (IROs "Housing tailored to tenants' needs" and "Reduced tenant turnover through the creation of homes that meet people's needs"). This policy targets the accessible (partial) modernization of vacant apartments (during tenant transitions). Our goal under this policy is **to ensure that approximately 27% of apartments rented out annually in Germany by 2030 are accessible (partially) modernized** (see section → S4-5 regarding this target). This contributes to the availability of age-appropriate housing and is integrated into our overarching sustainability strategy through the SPI, specifically the "Proportion of accessible (partial) modernizations" sub-indicator. The approach also includes fully accessible new construction. The implementation of this policy is overseen by the Management Board (CRO and CDO). Our policies related to customer satisfaction and housing that meets tenants' needs, along with the associated goals, measures and indicators, primarily target our core business of property rental and management in Germany. These concepts explicitly exclude the care sector.

Anchored in the Management System

The integration of these policies into our corporate management occurs via the **Sustainability Performance Index (SPI)**, which includes the subindicators for the Customer Satisfaction Index (CSI) and the proportion of accessible (partial) modernizations in new rentals. The targets for these SPI sub-indicators are defined during the budgeting and mid-term planning processes and are linked to investment planning. Target achievement is monitored on a quarterly basis. Measures to achieve the targets are implemented through dedicated investment programs and action plans in the relevant business and specialist units. For a detailed explanation of the SPI, see → ESRS 2 GOV-3.

Respect for Human Rights

All human rights-related obligations and frameworks applicable to Vonovia also apply to our customers. In our **Declaration of Respect for Human Rights**, which is binding throughout the Group, we communicate our clear conviction for a pluralistic democratic society and zero tolerance of human rights violations along with our commitment to respect human rights in all aspects of our business. This includes the exclusion of discrimination of any kind, for example in the allocation of housing.

We adhere to the core labor standards of the International Labour Organization (ILO), the UN Guiding Principles on Business and Human Rights and the principles of the UN Global Compact, to which we committed in 2020.

Adhering to the **Declaration of Respect for Human Rights**, the ILO Core Labor Standards, the UN Guiding Principles on Business and Human Rights and the principles of the UN Global Compact are absolute priorities in implementing our concepts related to demand-driven housing and customer satisfaction. Please refer to → **ESRS 2 GOV-4** for more information on the monitoring process.

In the markets where we operate – Germany, Austria, and Sweden – there are also extensive legal protection mechanisms in tenancy law and social charters to safeguard tenants against human rights violations.

Consumers or end users are not directly involved in this process. However, tenants can report violations of human rights or suspected cases of discrimination through various channels (see → **G1-3**). Reported cases are followed up immediately, ensuring our customers are indirectly involved in monitoring compliance with the stated principles and guidelines.

Each report is thoroughly reviewed, and individual, proportionate measures are taken as needed. Further details about our whistleblower channels can be found in → **S4-3** and → **G1-3**.

Our business strategy for demand-driven housing and customer satisfaction aligns with the internationally recognized frameworks mentioned above, including the United Nations Guiding Principles on Business and Human Rights. **Respect for human rights** is the **highest priority** across all our business processes. Suspected cases of human rights violations or discrimination are promptly addressed. By handling rentals primarily through our own employees, who are directly bound to follow the stated principles and guidelines, rather than external brokers, we minimize the risk of non-compliance. No cases of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises related to tenants were reported during the reporting year.

S4-2 – Procedures for Engaging with Consumers and End-Users Regarding Impacts

Vonovia actively involves its customers in decision-making and activities through quarterly **customer surveys** conducted by an external service provider. The Customer Satisfaction Index (CSI), based on 25 individual questions, measures customer satisfaction. This index is specifically tailored to Vonovia and is therefore not comparable to other customer satisfaction analyses or indices. The CSI also evaluates the effectiveness of collaboration with customers, allowing them to provide positive or negative feedback, which we use to respond and adapt accordingly.

The surveys address topics such as service and product quality (e.g., apartment amenities, noise levels, safety and cleanliness in the residential environment and housing estates), brand perception, customer loyalty, and overall satisfaction. Feedback helps us refine customer care, respond to customer needs, and assess maintenance, modernization measures, and repair activities for buildings, outdoor areas, and neighborhoods. The results are then analyzed by all of our operational departments. Measures are then derived based on customer feedback, implemented and reviewed at the neighborhood level to further improve the quality of service and quality of life.

Ongoing **dialogue with tenant and consumer protection organizations** on an ad hoc basis are also particularly important to us so that we can address and respond to tenant interests in a consolidated and targeted manner. This process is focused not only on dialogue with the central top-level associations, the German Tenants' Association, the Austrian Tenants' Association and the Swedish Tenants' Union, but is also implemented at regional or local level with tenants' associations and neighborhood advisory councils in particular. Tenants can also communicate directly with Vonovia employees during tenant meetings, modernization meetings, or through on-site caretakers. The Management Board and our Corporate Communications team (Public Affairs) lead exchanges at the central level, while Vonovia's regional managers handle local contact. Interactions with political and administrative bodies also ensure customer concerns are brought to our attention.

We take as many requests and suggestions from tenants, cities and municipal authorities into account as possible when planning our neighborhood measures. We therefore inform them of our plans ahead of time, in addition to inviting them to discuss projects and take an active role in shaping them (for example, at information events, neighborhood walks, through our caretakers and neighborhood managers, participation mailboxes or tenant consultations).

In addition to engaging with tenant and consumer advocacy organizations, we maintain contact with welfare service providers and other charitable organizations and associations. Dialogue and resulting collaborations help us understand the concerns of specific groups, such as older people and those at risk of or experiencing homelessness, and translate these insights into tailored offerings. This applies especially to individuals with refugee backgrounds.

S4-3 – Processes to Remediate Negative Impacts and Channels for Consumers and End-Users to Raise Concerns

Customer concerns can vary widely, requiring either straightforward or more complex procedures to address them effectively.

Strict protocols and standard processes are in place to manage risks and ensure compliance with safety obligations, particularly to prevent health and safety hazards. If a customer concern involves a hazardous situation, immediate measures are taken, such as eliminating mold, addressing Legionella contamination or repairing water damage.

Most concerns relate to tenancy issues or the cleanliness and condition of buildings and their surroundings. Customer service or local representatives can resolve issues directly or refer them to the appropriate internal department for further action. These representatives are accessible via phone, tenant apps or in person. The primary tool for evaluating the effectiveness of our corrective measures and feedback channels is our customer satisfaction survey. This survey allows tenants to share positive and negative feedback, enabling us to assess and refine our processes based on their input.

All of our tenants also have access to our **whistleblower and complaints channels** (see → G1-3). Through a web-based whistleblower portal, for example, they can report employee misconduct.

In order to raise awareness of this among regional managers responsible for rental operations and to protect potential tenants, we developed the brochure “Fair play in new rentals” in the 2022 reporting year. It was sent with a letter explaining the background to all Vonovia landlords in Germany. The brochure also clarifies how to deal with demands for commission from third parties. It explains which channels can be used to report misconduct and who the correct contact is for questions and reports.

Staff handling complaints are bound by confidentiality and are the only ones with access to complaints and related communications. Data is stored only as long as necessary for its intended purpose. After reviewing reported incidents, individual, proportionate measures are taken on a case-by-case basis. The whistleblower system is easily accessible via the company’s **website**. By ensuring anonymity, the system protects individuals from retaliation. Regular use of the channels indicates that customers are aware of them and consider them to be reliable. This trust is supported by low-barrier access to whistleblower channels, which are available in eight languages through the website, email, phone, or in-person communication (see also → G1-3)

S4-4 – Taking Action on Material Impacts on Consumers and End-Users, and Approaches to Mitigating Material Risks and Pursuing Material Opportunities Related to Consumers and End-Users, and Effectiveness of Those Actions

Customer Satisfaction Measures

We continuously take steps to improve or maintain high levels of customer satisfaction and service quality across all locations. These actions address both the positive impact of “Improved tenant satisfaction through greater accessibility and service quality” and the negative impact of “Reduced tenant satisfaction due to limited accessibility and service quality,” while also supporting our financial opportunity to lower fluctuation and opportunity costs.

Key initiatives include **continuous service and product improvements, quick response and processing times within the customer service department, and enhanced accessibility**, such as expanding digital channels.

During this reporting year, a key measure in this area is once again our **centralized customer service centers, supported by decentralized local contacts** in Germany, ensure fast and reliable service, directly contributing to our goal of a high level of satisfaction. Our central, multilingual and long-term customer service centers in Essen, Dresden and Berlin act as the first port of call, whereas our caretakers, craftsmen and landlords look after the needs of tenants on location. This structure allows us to identify tenant dissatisfaction early and respond immediately as needed.

We also maintain a **comprehensive knowledge and training management program** to enhance customer satisfaction and mitigate dissatisfaction. We continued our focus on developing the skills of our employees throughout the Group as whole during the reporting year to meet the needs of our customers. The Training & Quality department collaborates here with HR to provide a comprehensive training catalog of around 70 training modules tailored to employees' learning needs. Regular dialogue formats ensure performance and quality. The aim is to be able to guarantee the same level of quality for the entire portfolio in Germany. A high level of service and quality in turn contributes to our overriding goal of a high level of satisfaction as part of the management policy on customer satisfaction.

Our digitalization policy during the reporting year included implementing **self-service functions** across the Group, with a particular focus on tenant apps. We can use these tenant apps as a particular example of how we map the full customer journey: from the apartment search process, including arranging viewing appointments, to the digital conclusion of contracts and all other issues affecting existing customers, such as ancillary expense bills, through to the concerns of customers moving out of our properties and former customers. The Mein Vonovia and DeuWo Digital apps have already been downloaded over 1.2 million times, with approximately 250,000 active users. The app portfolio also includes the BUWOG-Kunden app. While the initial launch of these tenant apps is complete, we continue to refine and expand their features, making this an ongoing process with no date set for final completion. The self-service functions, available year-round and 24/7, help reduce dissatisfaction caused by limited accessibility and contribute to improving customer satisfaction, directly supporting our overarching goal of providing a high level of customer satisfaction.

Additionally, we focus on **extensive supplemental communication** across the Group to achieve high customer satisfaction through enhanced service quality, also in the reporting year. For example, our website provides comprehensive, multilingual information on important housing-related topics, such as energy-saving tips for our tenants. These additional services and resources likewise play an essential role in achieving our goal of a high level of satisfaction as part of the management policy on customer satisfaction. As this involves ongoing communication about current topics, no specific completion date has been set for this initiative.

Measures for Homes That Meet Peoples' Needs

We are taking measures to address our positive impact of "Housing tailored to tenants' needs" and to take advantage of our significant opportunity of "Reduced tenant turnover through the creation of homes that meet people's needs."

In our portfolio, low-threshold structural measures as part of a (partial) modernization to create accessible spaces are often sufficient to significantly increase the level of living comfort in old age. For existing properties, minor structural modifications made possible because of a short-term vacancy of an apartment, such as the fitting of non-slip flooring and walk-in showers, or the widening of door frames, can significantly enhance living comfort, especially for older tenants. Homes that are completely barrier-free, according to German industry standard DIN 18040-2, are only necessary in very rare cases. As an additional measure, we have developed a **criteria catalog for construction measures** for barrier-free (partial) modernization. This catalog is applied following an assessment of existing properties to determine potential areas for reducing barriers and the scope of modifications. Additionally, portfolio tenants can request age-appropriate upgrades through our program "Age-appropriate modernizations in response to tenant requests." If a care level is determined, partial costs can be recovered by the respective health insurance.

As a further measure to address our impacts and opportunities, we plan to continue constructing **new buildings that are highly accessible and wheelchair-friendly in the reporting year**. The long-term measures for fully accessible new construction and conversion enable our tenants to remain in their own homes for longer and to live independently in old age. These measures contribute to achieving our **goal** under this policy of ensuring that approximately 27% of homes rented out annually in Germany by 2030 are accessible (partially) modernized (see section S4-5 regarding this target).

The refurbishment program relates to the German portfolio. In Austria and Sweden, the elimination of barriers is also taken into account in the relevant building regulations.

In addition to structural measures, the social infrastructure in the neighborhood also plays a key role. As a result, we have introduced further measures to address our impact on "Housing tailored to tenants' needs," such as **senior-friendly apartments, services and neighborhood meet-ups**, for example. These initiatives, implemented across the Group, have been in place during the reporting year and will continue indefinitely. These supportive measures further contribute to achieving our overriding goal within the management policy on housing tailored to tenants' needs.

Effectiveness of the Measures

The **insights from the customer satisfaction survey in Germany** provide the operational departments and management with a **fundamental basis** for decision-making on customer satisfaction. The results give us insight into the evaluation of our service quality, as well as the structural and living conditions of our tenants, and help us determine whether our measures—particularly concerning the negative impact of reduced customer satisfaction caused by limited accessibility and low service quality—are appropriate. They also address the impacts and opportunities of the two topics of "housing tailored to tenants' needs" and "customer satisfaction." The assessments of the satisfaction survey are discussed quarterly in the regional business areas on site and measures are developed at the neighborhood level. These surveys enable us to make adjustments to address negative impacts or introduce new measures, if necessary. At present, we do not consider additional measures in collaboration with potentially relevant parties to be necessary.

In Austria, we also use customer satisfaction surveys as a tool, primarily online for all new construction projects in Vienna and for 5–10% of the portfolio every year. The results are discussed directly with the departments in order to develop suggestions for improvement. Measures are always implemented using a feedback loop and include a report to management. Based on customer feedback and the optimization potential identified in the process of handling complaints, we also develop training courses for employees in Austria to enhance their skills in dealing with customers.

In Sweden, too, customer satisfaction is a fundamental benchmark for all business processes. Indicators such as the vacancy rate and tenant fluctuation support our analyses in this regard.

As our customer satisfaction survey is conducted quarterly, corrective actions for identified negative impacts on customer satisfaction due to limited accessibility and service quality can be implemented promptly, and their effectiveness is reviewed shortly thereafter (as part of the next survey).

As part of the customer surveys, analyses of response and processing times are also conducted. Our experience shows that accessibility, speed and transparency in service are decisive factors for achieving customer satisfaction. These analyses allow us to identify weaknesses in our service commitments and address them effectively.

Extensive Inputs

We provide **extensive personnel resources** to manage customer satisfaction and our key impacts such as "Improved customer satisfaction through better accessibility and service quality" and "Reduced customer satisfaction due to limited accessibility and service quality." Over 1,000 employees work in our customer service centers, and additional local staff, including caretakers, craftsmen, and landlords, directly contribute to managing these material impacts. This structure enables customers to directly assess how we manage these impacts, either on-site or through our customer service centers. We allocate **significant financial resources** to manage our considerable influence on "housing tailored to tenants' needs." In the fiscal year under review, for example, € 611.8 million was invested in modernization measures/our portfolio. An additional € 224.5 million was invested in new construction and € 764.7 million in maintenance. The total amount of € 1,601.0 million corresponds to the figures disclosed in the financial report. Investments at a similar level are planned for the coming fiscal year (see the → **Forecast Report**).

S4-5 Targets Related to Managing Material Negative Impacts, Advancing Positive Impacts, and Managing Material Risks and Opportunities

Homes That Meet Peoples' Needs

The core indicator for adapting apartments to meet the needs of an aging population is the **proportion of accessible (partially) modernized newly rented apartments in Germany**. This includes both measures in the event of a change of tenant and modernizations at the request of the tenant. We assess new rentals based on comparable portfolios and exclude newly constructed homes.

Our medium-term **goal for 2030 is to modernize around 27% of newly rented apartments every year so that they** meet the demands of an aging society. In previous years, we aimed to modernize around 30 % of the newly rented apartments each year. As the proportion of senior-friendly modernized apartments in the total portfolio increases each year, resulting in more apartments being newly rented without requiring further modernization, we have slightly adjusted our target in this regard until 2030. This quantified goal directly aligns with our policy objectives for housing tailored to tenant needs. The reference year for tracking progress on this and all other sub-indicators of the Sustainability Performance Index (SPI) is always the current year. The metric covers all modernization measures carried out as part of the relevant investment program during the reporting year. The criteria for "accessible" align with the product catalog of the German Development Bank (KfW). This KPI applies specifically to the German portfolio.

In 2023, due to limited investment capabilities, we were only able to implement accessible (partial) modernizations in approximately 6,550 apartments (17.5% of new rentals). However, in the 2024 fiscal year, we achieved our target once again, (partially) modernizing approximately 11,100 apartments to be accessible, representing 29.5% of new rentals in Germany. Since this is a sub-indicator of the SPI (for further information, see → ESRS 2 GOV-3), it is monitored directly by the Management Board.

Customer Satisfaction

The core indicator we use to measure customer satisfaction is the **CSI**. The satisfaction level we use as the basis for calculating the improvement is expressed as a percentage, while the change compared to the previous year is given in percentage points. This index is specifically tailored to Vonovia and is therefore not comparable to other customer satisfaction analyses or indices.

Our medium-term **goal for 2030 is to maintain our high level of satisfaction,** which we define as a satisfaction index above 73 %, and we aim to achieve this target annually. The target is derived from the peer benchmark provided by the external service provider conducting the satisfaction survey. This quantified goal directly aligns with our policy objectives for customer satisfaction. The reference year for tracking progress on this and all other sub-indicators of the Sustainability Performance Index (SPI) is always the current year. The KPI is derived from 25 questions included in customer surveys. These questionnaires remain unchanged over time to ensure comparability. Approximately 32,000 customers are surveyed each quarter. This KPI applies specifically to Germany.

In 2024, we increased customer satisfaction by 2.8 percentage points compared to the previous year, achieving a satisfaction score of 75.2%. Since this is a sub-indicator of the SPI (for further information, see ESRS 2 GOV-3), it is monitored directly by the Management Board.

Further Explanations of the S4 Indicators

Both indicators – the "proportion of accessible (partially) modernized apartments among new rentals in Germany" and "increase in customer satisfaction in Germany" – are part of our **Sustainability Performance Index (SPI)**. They are two of the six KPIs linked to remuneration in the sustainability area (see → ESRS 2 GOV-3).

The Management Board has set the SPI's individual indicator targets for 2030, which are closely tied to the company's five-year investment planning. The relevant key figures are recorded quarterly by Controlling and used in our external reporting and for communication with the capital market. Target achievement is determined at the end of the year based on the actual values achieved. For details about the SPI, refer to → ESRS 2 GOV-3. Scientific findings were not considered in setting the targets mentioned under ESRS S4. Additionally, consumers or end-users, or their representatives, were not directly involved in setting the sub-indicator targets of the SPI, tracking performance toward these targets, or identifying areas for improvement.

Entity-specific Disclosure “Neighborhood Development and Contribution to Infrastructure”

The social megatrends of climate change, urbanization and demographic change determine the framework conditions within which housing providers must develop their services and solutions. Whether it is a greenhouse gas-neutral housing stock, the provision of sufficient affordable housing in large metropolitan areas or services for an aging society – the requirements are wide-ranging and call for integrated solutions.

Thinking and acting in terms of neighborhoods is our answer to these crucial megatrends. It is also the approach we adopt to find solutions for the economic, environmental and social development of our urban housing portfolios, which are largely located in urban quarters. We understand a neighborhood– as per the definition of the Association of German Housing and Real Estate Companies (GdW) – as a visually coherent urban development structure that is seen by its residents as a distinct area and that represents an area for action in which the residential real estate company can make a difference and see positive effects. It comprises at least 150 apartments (see chapter entitled → **Portfolio in the Property Management Business**).

ESRS 2 SBM-3 – Material Impacts, Risks and Opportunities and Their Interaction with Strategy and Business Model

Material Impacts, Risks, and Opportunities

This actual positive impact associated with “increased quality of living for tenants through contribution to neighborhood development and infrastructure” relates to our customers and neighborhoods and, as a result, to our own business and the downstream value chain, which in this case is taken to mean other neighborhood users. It encompasses the effects of neighborhood development that is specifically geared to the needs of stakeholders as well as positive synergy effects resulting from better neighborhood infrastructure. This allows for a reduction in the anticipated costs – for example those associated with making neighborhoods greenhouse gas-neutral – and accelerates the sustainable development of our neighborhoods.

Our neighborhood development activities help us to develop socially and ecologically sustainable places for people to live together in central urban locations and in metropolitan areas, improving our tenants’ quality of living in the process. In the long run, this can result in a more needs-based or environmentally friendly portfolio, better infrastructure connections, greater diversity or a higher level of education/average income in the neighborhood.

The holistic neighborhood approach is mirrored in the company’s strategy and business model: around 77% of Vonovia’s strategic portfolio in Germany is located in around 770 contiguous neighborhoods. Vonovia’s investment and development programs tie in with this portfolio composition – particularly along our strategic climate pathway (see → **ESRS E1**). This makes the holistic neighborhood approach the management level for all ecological, infrastructure-related and social measures. The same also applies to our new construction and development activities. Consequently, this approach has – and indeed will continue to have – a significant influence over the company’s strategic direction. Our neighborhood development measures are a direct result of Vonovia’s business strategy and are consistent with the overarching goal of providing housing that meets the needs of all individuals.

The positive effects of neighborhood development projects can emerge both in the social, structural and direct supply infrastructure within a neighborhood – e.g., by upgrading the housing stock from an ecological perspective, designing new green spaces, creating or supporting communicative neighborhood centers and social and cultural services, strengthening neighborhood networks (e.g., by taking measures to foster integration) or connecting local suppliers and care facilities. Measures like these enhance the quality of life for our tenants and residents in the neighborhood, contributing to a high level of satisfaction, especially among our customers.

The observation period for this impact is limited to a short-term horizon, as it is influenced to a significant degree by the neighborhood-focused investments made in the fiscal year, or planned for the following year. A long-term positive impact can also, however, be expected if several effects related to improved quality of living at neighborhood level are interrelated and reinforce each other in a positive way.

The higher Vonovia’s share of homes in contiguous neighborhoods and the more extensive the measures initiated – e.g., energy-efficient modernization, photovoltaic expansion, upgrading the residential environment – the more direct and impactful the neighborhood infrastructure measures will be. As a result, Vonovia’s share of the positive impact is measured in terms of the scope and direct neighborhood relevance of the investments made and measures implemented in the neighborhoods concerned.

Resilience of Our Business Model

The resilience of Vonovia's strategy and business model is analyzed and evaluated annually as part of risk management. The risk management time horizon covers the medium term and is supplemented by the planning level to address short-term developments.

ESRS-1 (Annex A, AR2) / ESRS 2 (MDR-P) – Strategic Policies Related to Neighborhood Development and Contribution to Infrastructure

We see it as our mission to provide people with sustainable, affordable homes and a life in neighborhoods where they feel comfortable, safe and at home.

Thinking and acting in terms of neighborhoods serves as the central management level at which Vonovia's business model and strategy are manifested. Details on the overarching business model and our understanding of affordability can be found in section → ESRS 2 SBM-1.

The actual positive impact identified as part of our materiality assessment, "increased quality of living for tenants through contribution to neighborhood development and infrastructure," defines the level of action for corresponding strategic policies, which are explained below. The impact is reviewed annually by the portfolio management team to check its validity as part of the update to the IRO assessment.

The size of the overall portfolio and Vonovia's presence in neighborhoods in (major) cities and metropolitan areas enable a neighborhood-based, holistic development approach. Portfolio enhancement measures are implemented sequentially in a neighborhood context to develop socially and ecologically sustainable places for people to live together in central urban locations and in metropolitan areas, improving our tenants' quality of living in the process.

At the same time, the size of our portfolio and our local presence in neighborhoods enable us to drive forward the energy-efficient building refurbishment in line with our climate pathway, contribute to the energy revolution and actively drive the infrastructure transition, without losing sight of the need to ensure commercial viability that any private-sector company has to meet.

This approach also applies, in particular, to our new construction activities, which, to the greatest extent possible, are aligned with the neighborhood concept and are already designed as part of the planning process such that holistic measures can be applied.

The size of the portfolio – in tandem with the neighborhood approach – represents a key intangible resource for Vonovia. The neighborhood approach is embedded in various investment programs (including modernization, heating system replacement, photovoltaics, senior-friendly housing, maintenance) and is reflected systemically in the geographical categorization by urban quarters/clusters. Both the decarbonization tool (DKT, see chapter → ESRS E1) and the portfolio management investment calculator are based on the segmentation of the portfolio into neighborhoods.

Fundamental investment decisions are made at Management Board level (in particular the Chief Rental Officer), implemented on a decentralized basis in the regional business areas and monitored with regard to target achievement – in particular regarding compliance with the climate pathway. The strategic policies for the urban quarter/cluster approach and the investment programs have been formally documented in corresponding resolution documents. The latter can be categorized according to different types of investment, which vary depending on the individual circumstances of our neighborhoods and can involve energy-efficient modernization measures in existing buildings, apartment refurbishment measures to meet tenant needs, and the replacement of heating systems or the installation of photovoltaic modules.

Segmentation by urban quarters based on the definition above is only used for the German market segment at present. This means that 77% of the strategic portfolio is covered by the neighborhood concept (see chapter entitled → "Portfolio in the Property Management Business"). Neighborhood-based approaches are also pursued in Sweden and Austria, but based on different segmentation principles. While at the Austrian company BUWOG, measures in contiguous neighborhoods are taken when developing new construction projects, the segmentation of the existing portfolio in Sweden matches the division of regional neighborhood districts used by the police authorities there. The measures relate to our own business area and the downstream value chain. We take this to mean, in particular, the use of neighborhood services and measures by tenants and residents.

The Management Board (CRO) is responsible both for the decision to structure the portfolio and for the resulting segmentation into urban quarters and urban clusters. All measures resulting from this decision for a specific neighborhood area are planned and reviewed in the respective regional business areas before they are implemented, working in collaboration with the departments for investment, climate-neutral housing stock and corporate development.

ESRS 1 (Annex A, AR2) / ESRS2 (MDR-A / MDR-T / MDR-M) – Objectives, Actions Taken and Metrics Related to Neighborhood Development and Contribution to Infrastructure

In order to apply our strategic neighborhood concept with regard to the actual material impact associated with "increased quality of living for tenants through contribution to neighborhood development and infrastructure," the following targets have been set, and corresponding measures are being implemented and recorded using the following metrics:

Environmental and social aspects go hand in hand as part of our central, holistic neighborhood approach. Vonovia is equally committed to both aspects and to promoting social interaction in the local community. Measures to strengthen shared living and measures to drive the greenhouse gas-neutral transformation of the housing stock only become manageable, effective and efficient through the neighborhood approach. In the context of our multidimensional neighborhood development approach, various strategic components – chosen individually for each neighborhood – are used:

> **Energy-efficient building upgrades and the expansion of photovoltaics in our own properties:** Sequential energy-efficient upgrades to our own housing stock in line with our climate pathway, the use of innovative heating and electricity concepts (e.g., district heating grids), the expansion of renewable energy supply systems (especially using photovoltaics) and establishing smart links between these systems within the neighborhood are central elements of our climate strategy, which are particularly effective in the neighborhood thanks to the exploitation of synergy effects and economies of scale. Our neighborhood developments are designed to comply with clear climate change mitigation requirements as part of our climate pathway. Energy-efficient upgrades and the expansion of photovoltaics are ongoing measures that we are implementing on a large scale. In 2024, we once again stepped the pace of solar power expansion up considerably and lifted our capacity targets (see section → ESRS E1).

> **Expansion of neighborhood infrastructure (green and communal areas, playgrounds, establishment of local suppliers, educational and social facilities, ...):** Various neighborhood services are provided on location (e.g., by regional employees, real estate managers, neighborhood managers, caretakers and technicians), as are social and infrastructural measures – e.g., the establishment of needs-based supply services (supermarkets, medical practices, bakeries, etc.), new green spaces or communicative neighborhood centers (recreational areas). A large number of diverse measures are developed in order to meet the needs of the neighborhood concerned. The measures described here are to be understood as part of our permanent mission and in line with the needs of the relevant neighborhood. They include both measures taken in the past and in the reporting year and measures to be performed in the future.

> **Provision of premises for social facilities:** Freely accessible space that can be used by the public can be seen as a key criterion for neighborhoods that offer quality of living and, thanks to additional opportunities for networking and the diverse ways in which spaces can be used, increases the variety of services on offer and quality of life for all users (children and young people, families, older people or people with particular needs) in the immediate vicinity. This is why, in the 2024 fiscal year, we made 100,000 m² or 14.0% of our commercial space available for social and community purposes (e.g., senior citizens' centers, daycare centers, rooms for childcare, etc.). With our flexible "freiRaum" neighborhood concept, we also offer free, low-threshold locations for local initiatives and groups to allow people to get involved in social events and to network in our neighborhoods. Corresponding models are already in place in Dresden, Bremen and Hamburg and are designed to serve as a blueprint for the establishment of more central meeting spaces in various Vonovia neighborhoods.

> **Measures to promote state-of-the-art mobility concepts:** Our measures support the mobility transition towards lower-emissions (electric) mobility in our neighborhoods. When designing new construction projects, we pay attention to good public transport connections, focus increasingly on bicycle parking spaces and consider providing charging facilities for electric mobility right back at the planning stages. To date, we have installed around 30 neighborhood charging stations for electric mobility in our existing neighborhoods. For further expansion, implementation possibilities for approximately 100 additional locations were examined during the reporting year. 96 of these locations are currently under development, and we expect their completion over the course of 2025. Car and bike sharing services (including for electric vehicles) round off our offering. We are also focusing increasingly on cycling-related services. We are aiming to gradually connect our neighborhoods to municipal cycle path networks. With the establishment of the Group's own start-up NEARBYK in 2023, we are offering e-bikes for purchase or hire as well as service points for bike repairs and maintenance in response to growing customer demand for this type of mobility. The service will initially be tested for a period of 16 months at three locations in Essen, Dresden and Bremen. Freely accessible repair stations and

the rental of cargo bikes round off our range of services in selected other neighborhoods.

> **Customer surveys on tenant satisfaction with their immediate residential environment:** In our quarterly customer surveys, we ask our tenants to rate the local infrastructure (e.g., proximity to shopping facilities, schools, etc.), their subjective feeling of safety and the social environment in the neighborhood in which they live, in addition to a large number of other questions about their living and rental situation. We evaluate the responses at the neighborhood level wherever possible and incorporate the feedback into our actions. The average annual value of this subindicator for **"tenant satisfaction with the neighborhood environment"** has been reported as a new metric since this reporting phase to also allow us to quantify, evaluate and monitor the success of our actions to upgrade the neighborhood environment as a whole. The aim is to maintain this satisfaction figure at a consistently high level (> 80%) in the medium term.

These initiatives are planned to continue into the future.

Due to the varied nature and the number of measures tailored to meet individual neighborhood requirements, it is possible to describe concrete results for specific neighborhoods, but not at the level of the Group as a whole. As a result, we use three selected metrics (see below) as an approximation to describe the development of our neighborhood measures and their effectiveness at Group level in Germany.

The measures relate to the German market and focus on the clustering by neighborhoods (urban quarters) described above in our strategic portfolio. These clusters make up around 77% of Vonovia's housing stocks in Germany. We consider all measures that serve to upgrade urban quarters to be neighborhood activities. These measures relate to Vonovia's core business area and to the downstream value chain, focusing on tenants' and residents' utilization of the initiatives.

All measures in the neighborhood are aimed at improving the quality of living for residents in the medium to long term. While they can span different time periods, their effectiveness is generally intended to extend beyond the immediate duration of the measure (e.g., energy-efficient modernization, upgrading of green spaces, etc.). These actions are treated as ongoing responsibilities without fixed timelines for completion, given the detailed and granular nature of individual measures.

In the 2024 fiscal year, **we invested a total of € 510 million in our urban quarters in Germany**.

Faced with an investment climate **that remained challenging,** we performed more differentiated neighborhood development measures in the previous year, developing smaller packages of measures. We scrapped the originally independent "Neighborhood development" investment program to give us greater management flexibility, meaning that all other investment programs (for information on the detailed types of investment, see → **MDR-P**) are now also included in the neighborhood perspective. The key figure "investment volume for neighborhood development in Germany" that was reported in previous years has been replaced by what is now a broader perspective, and uses the same data collection approach that we use in the management report in the section → **Report on Economic Position/Financial performance** for expenditure on modernization work.

For 2025, we expect to invest approximately € 785 million in urban quarters.

Metric "Neighborhood Investments in Germany"
This metric is based on the approach set out in GRI (2016) 203-1, which reflects the status of the development of major infrastructure investments and services supported. It describes the investments in euros that Vonovia made in its strategic portfolio located in urban quarters in Germany as of the reporting date of December 31, 2024. It is calculated as the sum of investments made within this portfolio structure during the reporting year in building upgrades (measures for modernization of energy efficiency and heating), refurbishment of vacant apartments (partial or full modernizations of apartments for full accessibility), capitalized maintenance, new construction completed for our own portfolio (including added stories to existing buildings), and the expansion of photovoltaics. Based on this definition, Vonovia invested € 510 million in neighborhoods in Germany in 2024.

Metric "Tenant Satisfaction with the Neighborhood Environment (in Germany)"

"Tenant satisfaction with the neighborhood environment (in Germany)" comprises a subset of three questions from the CSI questionnaire for measuring customer satisfaction (see → S4-5). These are added up – with equal weightings – to produce a score. The figure is expressed as a percentage of the average annual value of all "rather good" or "very good" responses from the four CSI questionnaires in a given year. Only Vonovia tenants in Germany are included in the survey. The value for 2024 came in at 83.4%. As this indicator was newly introduced in the reporting year, there is no baseline value from the previous year.

Metric "Share of Socially Used Commercial Space (in Germany)"

This metric is derived from an analysis of the usage type of commercial units. It extracts data covering all types of use of commercial units actively rented out by Vonovia in Germany that were classified in advance as "social." These include types of use such as a neighborhood office, community meeting place, day-care center or use of a space for other educational purposes. These are expressed in relation – in terms of square meters of space – to all rented commercial units in Germany with confirmed usage type. Large commercial units are excluded from this metric. The metric is based on the approach taken in GRI (2016) 413-1, which shows the percentage of operations (in this case rented commercial units) with local community engagement. According to this calculation, 100,000 m² of commercial units were allocated to social facilities in 2024 as of the reporting date of December 31, 2024. This corresponds to 14.0% of all rented out commercial units in Germany. As this classification of commercial units was not introduced systematically until 2024, there is no reference value from the previous year.

Investments in neighborhoods make up the central framework for action in connection with the material sustainability aspect of "neighborhood development" and the associated impact: "Increased quality of living for tenants through contribution to neighborhood development and infrastructure." Vonovia has not set any targets for this metric due to the varied nature and number of the various individual measures, which are taken depending on the needs of the neighborhoods concerned. We consider the planned budget targets for the following year, however, to be a suitable approximation tool for investments in neighborhoods in Germany. Successful infrastructure projects and the resulting improved quality of living in cities and neighborhoods can be quantified most specifically – alongside other meaningful indicators – by the investments made in their development. As a result, we use the metric "neighborhood investments in Germany" to illustrate the progress made in neighborhood development.

As this was introduced as a new metric in the 2024 reporting year, no historical values are available. Vonovia plans to invest approximately € 785 million in neighborhoods in Germany in 2025. This planned value is derived from the percentage share of strategic urban quarters (77% of the German portfolio) in the planned total investments.

Company-specific Disclosure: "Living at Fair Prices"

ESRS 2 SBM-3 – Material Impacts, Risks and Opportunities and Their Interaction with Strategy and Business Model

Material Impacts, Risks, and Opportunities

Within the scope of our materiality assessment, we identified **three material impacts, risks and opportunities (IROs)** related to the company-specific topic of "Living at Fair Prices":

> Contribution to more affordable homes for tenants by adhering to regulatory frameworks
> Contribution to more affordable homes for tenants through new construction and development activities
> Financial risk due to changes in regulatory frameworks (rents and standards)

The tangible and positive impact **"contribution to more affordable homes for tenants through adhering to regulatory frameworks"** pertains to our core business area and outlines the effects of strictly adhering to regulatory frameworks (e.g., rent indices, standard local comparative rents, rent caps, price controls) on the reliability and stability of landlord-tenant relationships, thereby securing affordable homes.

Through additional measures for various customer segments – such as special regulations for elderly people, hardship management and the use of social managers, rent caps after refurbishment, offering publicly funded housing – we address low-income and vulnerable customer groups so that they can also remain in their apartments for as long as possible or continue to have access to affordable homes.

The rental of homes forms the core business of Vonovia. Rent adjustments aligned with rent indices are a necessary and common tool to meet the economic expectations of our investors while also creating room for investments and tailored rental offerings designed to appeal to the widest possible range of customers. Qualified rent indices are created using scientific methods, providing a fair representation of the rental housing market. Both landlords and tenants are involved in their creation and formally recognize the rent index afterward. For a stable and reliable housing market, such regulatory frameworks are thus essential to ensure security and continuity for tenants and landlords—without rendering necessary investments economically unviable. By complying with regulatory standards and requirements, Vonovia makes an important contribution to this stability. Even under changing framework conditions, we do not anticipate any significant changes to the business model or major adjustments to the strategy.

This allows us to ensure that our tenants can rely on the stability of rent developments in their homes. Our goal is to build long-term customer relationships and minimize turnover in our portfolio as much as possible. Through additional measures, such as offering price-controlled homes or individual support, we aim to further strengthen this safety net and make homes affordable for as many people as possible.

Our focus on a broad target group of tenants is a core component of our strategy and is reflected in our portfolio and the products we offer, which cater to our customers' requirements for modern home amenities. On average, rents at Vonovia in Germany rose by 3.8% during the reporting year, remaining below the increase in real wages, which stood at around 5.4% in 2024 (see chapter entitled → **"Portfolio in the Property Management Business"**).

The observation period for the impact focuses on a short-term horizon (reporting year + following year) as it is classified as tangible. Since rental agreements and the impacts of rental price developments also have an impact in the medium to long term, a corresponding follow-up effect can be expected for these tenants over periods, as well.

The measures implemented by Vonovia in the area of affordable homes are directly related to the positive impact described here. By shaping rental prices, we exert a direct influence on the perceived or actual affordability of homes.

This tangible and positive impact **"contribution to more affordable homes for tenants through new construction and development activities"** pertains to our core business area and describes the effects of creating new, demand-oriented and – in part – subsidized homes in neighborhoods (Development to hold). These activities help counteract the shortage of available homes and mitigate rising rents, particularly for existing tenants. This impact is tied to local markets where we can offer new construction to a variety of target groups. This impact is tied primarily to urban agglomerations characterized by high demand for homes.

As such, we view this as an opportunity for our company, which we aim to capitalize on and amplify through our development activities. The scale of this impact is heavily influenced by the company's ability to invest, which has continued to be constrained due to unfavorable interest rates and significant increases in construction costs. Over the past two years, we have responded by reducing construction activities, which we now plan to expand again.

By increasing the supply of homes through new construction, we aim to alleviate pressure on the rental market overall. This strategy reflects our commitment to catering to different customer segments, which is evident in our development approach. Generally, we apply mixed calculations and combine freely financed and price-controlled new home construction for our own portfolio (Development to hold) and for sale (Development to sell). We also remain focused on optimizing construction costs to provide sustainable, affordable homes for diverse target groups while introducing a share of subsidized homes to the market. The impacts of this are thus rooted in the company's strategy and business model. The observation period here also focuses on a short-term horizon (reporting year + following year) as the impact is classified as tangible. However, a long-term positive follow-up effect for tenants is also expected, as the business model – and especially our development activities – ensures continuity regarding the impact, which is anticipated to persist in the medium to long term. Through our development activities, we exert direct influence on this impact.

This medium-term **financial risk due to changes in regulatory frameworks (rents and standards)** relates to our core business area and describes the potential effects of **more stringent regulations** on rents (e.g., rent caps or rent controls) and other regulatory measures (e.g., standards for new construction and refurbishment, requirements of climate change mitigation) concerning the recoverability of investment expenses and ancillary costs for the company. Such changes could restrict Vonovia's flexibility in areas such as rental pricing and cost transfers.

While a stable and reliable regulatory framework for rents that provides sufficient leeway for economic operations can contribute to stable rental relationships, additional stringent restrictions on rental pricing options may narrow this flexibility. This constrains an economic rent-setting process and the necessary investment activities – for example, for climate change mitigation, contemporary standards, or new construction for various customer groups and mixed calculations. This, in turn, impacts the economic provision of affordable homes against the backdrop of rising construction standards.

No financial effects on the company's financial position, performance, or cash flows are identifiable or expected in the reporting year or the following year due to the risk described above. Consequently, there is no significant risk of adjustments to the carrying amounts of the assets and liabilities recognized in the corresponding financial statements.

Resilience of Our Business Model

The persistently **high demand for homes in urban agglomerations** is not expected to change within a foreseeable timeframe. Given this continuously strained market situation, large housing providers like Vonovia remain in the public interest and under scrutiny—any non-compliance with regulatory frameworks would likely result in heavier sanctions. At the same time, the low tenant turnover resulting from the high demand ensures stability and creates room for supplementary measures aimed at safeguarding the affordability of homes.

The business model remains robust in relation to the impact of "Contribution to more affordable homes for tenants through adherence to regulatory frameworks" and the risk of "Financial risk due to changes in regulatory frameworks (rents and standards)," given the consistently high housing shortage and the associated public focus on the company.

In the context of the impact "Contribution to more affordable homes for tenants through new construction and development activities," the past two years have demonstrated that a rapid rise in interest rates and construction costs significantly affects the implementation of the development business model. However, given the market situation, there are no signs that the business model fundamentally needs to be rethought.

The resilience of Vonovia's strategy and business model is analyzed and evaluated annually as part of risk management. The risk management time horizon covers the medium term and is supplemented by the planning level to address short-term developments.

ESRS 1 (Annex A, AR2) / ESRS 2 (MDR-P) – Strategic Policies Related to "Living at Fair Prices"

As a responsible company, Vonovia is committed to providing affordable homes that reflect demand and meet the basic need for housing. We express this in our Business Philosophy to transparently communicate our stance to our tenants and society. Our policy addresses two material impacts, which directly result in our material financial risk from changes in regulatory frameworks (rents and standards). We aim to offer long-term homes to as many people as possible. The challenge here lies in being able to offer a broad supply of housing at fair, transparent and market-oriented prices, even in a more challenging environment, while at the same time pursuing our climate objectives, which include a greenhouse gas-neutral housing stock by 2045.

Social responsibility and the transparency of our rents are decisive factors in this context. Through investments in core business activities – rental, refurbishment and new construction – we aim to ease the current housing market situation.

Compliance with regulatory requirements, such as rent indices and price-fixing agreements, in a highly regulated market, ensures reliability and stability in the landlord-tenant relationship. This is therefore an essential obligation for us, as highlighted under the impact "Contribution to more affordable homes for tenants through adherence to regulatory frameworks." However, we also recognize the potential risk of regulatory frameworks for rents and construction standards developing in an unfavorable direction for Vonovia, directly influencing the company's financial performance and operational flexibility. Despite this, we are in favor of regulatory intervention in the housing markets because we believe that it helps to ensure social balance and creates a stable business environment as a result. In our rental operations, we always observe the applicable country-specific legislation, monitoring compliance through our local regional organization and systematic support from our central portfolio management team.

Additional measures – such as special regulations for elderly people, hardship management and the use of social managers – enable us to support low-income and vulnerable customer groups so that they can also remain in their apartments for as long as possible or continue to have access to affordable homes.

The use of public subsidies helps us to make existing and new homes affordable for our tenants (see impact "Contribution to more affordable homes for tenants through new construction and development activities") while simultaneously implementing climate change mitigation measures. This contributes to a balanced tenant structure in our neighborhoods. We remain focused on optimizing construction costs and we have adopted the "Basic House" policy (see → ESRS E1 and → ESRS 2 SBM-1) to provide sustainable, affordable homes for diverse target groups while introducing a share of subsidized homes to the market. New projects, including those employing serial modular timber construction methods, are currently being implemented in cooperation with our joint venture partner, Gropyus.

Our commitment to social programs and the provision of social housing are further pillars of our approach. Cooperating closely with local authorities and involving stakeholders is essential for developing sustainable housing market solutions that meet people's needs.

Both the identified impacts and the associated risk are reviewed annually for their validity as part of the update to the IRO assessment. This process involves collaboration between portfolio management, the legal department and corporate communications (Public Affairs).

Our rental management policies and the handling of accompanying measures apply to the entire Group and focus on our core business area, namely, the rental process and the utilization of homes by tenants.

An exception is Sweden, where rents are generally set as part of a binding, consensual process involving negotiations between tenants' associations and landlords. Increases tend to occur annually and after refurbishment to a higher standard. In Sweden, the scope for regulatory intervention in rental pricing is narrower than in other markets, particularly Germany, resulting in less pronounced implementation of these policies there.

The Management Board makes the key decisions regarding the strategic direction of the rental business. Specifically, during modernization measures, we balance investments in climate change mitigation with the need for socially responsible cost-sharing arrangements for tenants. Following approval by the Management Board, the concrete planning and execution of measures are carried out by local landlords in the different regions. Regular exchanges of information between central and local teams ensure adherence to this approach.

Through our corporate principles and mission statement, which are publicly available on our website, as well as our communications and public relations efforts, we convey our core values externally. Additionally, our customer website provides direct access to information and contact options, such as those related to our social management initiatives. We determine tenant satisfaction regarding rent levels through customer surveys, which offer tenants the opportunity to highlight any issues. Similar surveys are conducted for new construction projects, allowing us to gather customer feedback at those locations on the product.

ESRS 1 (Annex A, AR2) / ESRS 2 (MDR-A / MDR-T / MDR-M) – Objectives, Actions Taken and Metrics Related to "Living at Fair Prices"

To apply our policies for providing affordable homes to as many people in society as possible, we have set the following targets, implemented relevant measures, and monitor progress using key performance indicators, all aligned with the material impacts of "Contribution to more affordable homes for tenants through adherence to regulatory frameworks" and "Contribution to more affordable homes for tenants through new construction and development activities," as well as the material risk of "Financial risk due to changes in regulatory frameworks (rents and standards)."

> Fair Rent Pricing: Our rental prices are based on local rent prices, and, if available, on certified rent indices. Our involvement in rent index commissions, including providing data, in numerous locations helps ensure their accuracy and fairness. We monitor compliance with all applicable regulatory frameworks through our central rental management team.

Across the Group, the average rent price came to € 8.01/m² (2023: € 7.74/m²) in the 2024 fiscal year, and in Germany to € 7.89/m² (2023: € 7.63/m²), which corresponds to an organic increase in rent of 4.1%.

Index-linked rents, i.e. rents linked to inflation, make up just around 1% of our lease agreements. The average rent excluding ancillary expenses in our portfolio remains below 30% of the average disposable household income of tenant households in Germany.

In Germany, the costs of energy-related refurbishments can be passed on in the net rent – within a specific framework. The government has limited companies' ability to pass on costs to € 3/m² (€ 2 in the case of rents under € 7/m²). The resulting increase in the rent is balanced out for the tenants through a reduction in heating costs. When passing on refurbishment costs, we are always mindful to ensure that the burden placed on our tenants is socially just and offer individual solutions as part of our social management system. That said, reasonable compromises must be made in favor of additional climate change mitigation measures. In the 2024 fiscal year, an average of € 1.25/m² in refurbishment costs was passed on (2023: € 1.32/m²).

> Publicly subsidized homes: Our business model ensures that we are always integrated into the urban society where we offer homes. Cities and municipalities are therefore our most important partners when it comes to the concrete design of our local residential offerings. In numerous cities and municipalities, we also offer subsidized and independently financed homes for people on low incomes – in Germany around 33,700 (2023: 38,000) of our homes are currently price-controlled – and are responding to specific challenges with services tailored to local needs.

The supplementary voluntary agreements that we conclude with cities and municipalities include, for example, provisions governing fair rental conditions, the construction of new apartments or the strengthening of municipal housing construction companies and joint neighborhood development.

We also offer price-controlled homes, in particular in Austria and Sweden. Almost 19,000 (>90%) apartments in Austria and 100% of our approximately 40,000 apartments in Sweden are price-controlled. In total, around 17% of our entire portfolio is therefore subject to rent caps.

The fundamental concept on which all agreements are based is Vonovia's desire to work in partnership with politicians and society to tackle municipal challenges and that the company takes specific local and social challenges present within cities into account within its planning.

> Creating homes to ease the rental market: Rising rental prices (due to factors like increased land costs or underutilized government instruments for housing promotion) and higher living expenses (such as energy costs or regulatory requirements) have made housing unaffordable for many people. This issue is further exacerbated by the transferring of refurbishment costs to tenants and an inadequate subsidy landscape. By creating new, demand-oriented and – in part – subsidized homes in neighborhoods, we are helping counteract the shortage of available homes and mitigate rising rents, particularly for existing tenants. Through our development subsidiary, BUWOG, Vonovia constructs homes for both portfolio retention and sale,

focusing on highly sought-after urban areas. A total of 3,747 (2023: 2,460) residential units were completed in this area in 2024, 1,276 (2023: 1,332) units for our own portfolio and 2,471 (2023: 1,128) units to be sold to third parties.

> Comprehensive hardship case and social management: We use comprehensive social management to guarantee living at fair prices and provide our tenants with a secure network. Our objective is to support people's ability to pay so that they can stay in their homes and their homes remain affordable. As such, we offer individual support measures ranging from rent deferments and payment in installments to assistance with housing allowance applications and relocation assistance. A team of social managers who have been trained to assist with such matters are on hand to help.

  As part of our hardship regulations, we apply uniform standards based on those of welfare associations in the event of refurbishment work. These standards were developed in 2021 in collaboration with the tenants' association and other residential real estate companies, and help to ensure greater reliability and transparency in cases of hardship. In recent years, we have been able to achieve a positive outcome in the vast majority of hardship claims and provide direct assistance to the affected tenants, for example by reducing or waiving the modernization allocation.

  Our vested rights for people aged over 70 are likewise still in place.

> Homes for Vulnerable Target Groups: People who are homeless or at risk of becoming homeless, as well as refugees, are a particularly vulnerable group in society when it comes to housing. Vonovia therefore makes these target groups a key focus of its social commitment efforts. As such, we continued to engage in a number of projects and measures in this area in the reporting year. Our "Housing First" approach ensures that homeless people are provided with a standard tenancy agreement with all of the normal rights and obligations, regardless of any mental or physical health conditions that they might have. It is only after this that they are offered help in order to get some stability into their lives. Vonovia provides homes for this purpose across Germany as part of numerous cooperative initiatives. This is also a focus of our support for refugees. By partnering directly with municipal administrations nationwide, we can quickly and efficiently provide housing for refugees, particularly from Ukraine.

These initiatives are planned to continue into the future.

The measures relate primarily to the German market, but also apply to some extent in Austria and Sweden. These measures relate specifically to Vonovia's core business area, focusing on tenants' utilization of the initiatives.

All measures aimed at fair rental pricing are designed to prevent excessive financial burdens on (potential) tenants in the short term. At the same time, their effectiveness is generally intended to extend beyond the immediate duration of the measure (e.g., hardship measures). These actions are treated as ongoing responsibilities. without fixed timelines for completion, given the detailed and granular nature of individual measures. However, their outcomes are regularly evaluated.

Measures for fair rental pricing do not lead to significant operational or capital expenditure. Instead, they tend to limit revenue, as potential margins are not fully realized.

An exception is the construction of new homes: development operating expenses came to € 41.7 million in the 2024 fiscal year (2023: € 39.6 million), representing 5.3% (2023: 17.5%) above the previous year's level (see chapter → **"Earnings performance – Development segment"**). Investments in new construction for the portfolio totaled € 224.5 million in the reporting year (2023: € 291.2 million, see chapter → **"Earnings performance – Rental segment"**). For 2025, we expect a significant increase in CapEx in the development segment (see chapter → **"Forecast report"**).

Metric "Average Rent per Square Meter"

This metric represents the average rent across all rented apartments in Germany, Austria and Sweden (see → **metrics**). Currency conversion for Sweden is based on the reference date of December 31, 2024. A separate figure covering all rented apartments is reported for Germany as it is Vonovia's core market. The average rent per square meter reflects the monthly contractual rent divided by the rented area. An average value is calculated across all rental properties, with the figure given in euros.

Metric "Number/Proportion of Price-controlled Apartments"

In Germany, rent restrictions typically apply to publicly subsidized apartments, subject to contractual or statutory cost-based rent limits. In Austria, price controls are based on the applicable rental model outlined in the lease agreement or unit classification. Price controls are generally tied to the organizational structure of the company at the time the apartment was built. In Sweden, base rents are negotiated annually with local tenants' associations. They must be reasonable and cost-based, leading to collective restrictions that classify all rents or apartments managed by Vonovia in Sweden as price-controlled. The metric "Number/proportion of price-controlled apartments" describes the total number of apartments classified as "price-controlled" within Vonovia's portfolio. To determine the percentage of price-controlled apartments, the number of such apartments is compared to the total portfolio.

Metric "Average Modernization Cost Allocation (in Germany)"

In Germany, the costs of energy-related refurbishments can be passed on in the net rent – within a specific framework. The government has limited companies' ability to pass on costs to € 3/m² (€2 in the case of rents under € 7/m²). As this cost allocation model does not exist in Austria and Sweden, the KPI applies only to the German portfolio. The metric "Average modernization cost allocation (in Germany)" represents the average rent increase per square meter for all modernized apartments in Germany during the reporting year, with the figure given in euros.

Vonovia has not established specific targets for the material sustainability aspects related to this topic. This is because compliance with regulatory standards is not a quantifiable metric but rather reflects the company's fundamental alignment and its dependency on the design of regulatory frameworks, over which the company has no direct influence.

The chosen metrics serve as a benchmark to demonstrate the nature of responsible rent setting, particularly in comparison to industry benchmarks.

Additionally, we consider the planned organic rent increase for the following year to be an appropriate approximation for a target metric. This increase aligns with customary local rents or rent indices. Central rental management monitors the development process and all regulatory requirements. For 2025, we anticipate an organic rent increase of 4.0% compared to the 2024 base year.

ESRS G1 – Business Conduct

ESRS 2 SBM-3 – Material Impacts, Risks and Opportunities and Their Interaction with Strategy and Business Model

Material Impacts, Risks, and Opportunities

Within the scope of our materiality assessment, we identified **two material impacts, risks and opportunities (IROs)** related to “business conduct”:

> Financial risk from corruption and bribery
> Positive impacts on employees through **Code of Conduct** and the development of a corresponding corporate culture

The **“financial risk from corruption and bribery”** also applies to our business areas. Financial risks, including liability and reputational risks, arising from violations of the Code of Conduct, the **Group Anti-Corruption Policy** or other legal requirements related to bribery and corruption, may include:

> Potential damages through fines or similar penalties
> Exclusion from tender procedures
> Negative press and reputational damage
> Adverse impact on employer branding
> Downgrades in ratings
> Loss of trust among stakeholders, including investors

We currently expect our material risks to have an influence on our business model, strategy and value chain in the medium term.

Significant cases of bribery and corruption, such as those resulting in reputational damage, loss of investor confidence, compensation claims, or rating downgrades, can negatively impact our financing strategy and liquidity by limiting our access to capital markets. This, in turn, can have adverse consequences for the financing and implementation of our new construction and development activities, ultimately affecting our (potential) tenants due to a reduced volume of new construction and modernization projects (business area). To mitigate these risks, we implement extensive preventive measures to combat bribery and corruption. For example, all employees in risk-sensitive roles are required to undergo annual training on bribery and corruption. Internal and external stakeholders can report suspected violations through whistleblowing channels (see → **G1-3** for details) and all reports are thoroughly investigated. Our Code of Conduct and **Business Partner Code** contain explicit provisions on bribery and corruption.

The actual positive impact of **“positive impacts on employees through the Code of Conduct and the creation of a corresponding corporate culture”** relates to the company’s own business area.

We currently expect our actual material impact to have an influence on our business model, strategy and value chain in the short term. This positive impact is closely linked to our strategy, as adherence to the Code of Conduct and the promotion of a corporate culture aligned with it can be directly shaped and influenced internally through strategic initiatives and targeted measures. Our efforts to foster a positive corporate culture and ensure that our Code of Conduct is consistently upheld play a significant role in driving these positive effects. Moreover, our corporate culture and Code of Conduct have direct impacts on people - specifically, our employees – who benefit from a culture of trust and respect, business conduct that considers the interests of all parties and strict adherence to legal requirements.

A strong corporate culture can enhance our appeal as an employer and help address the challenge of skilled labor shortages. A sufficient workforce in both technical and administrative areas is essential for our business model. To address the skilled labor shortage, we ensure attractive working conditions, which is an essential topic under → **ESRS S1**, including a modern leadership style that contributes to a positive working atmosphere. Our HR strategy and related measures directly support this goal.

Additional measures to enhance positive impacts on employees focus on promoting diversity and equality of opportunity within our workforce. Our HR strategy explicitly includes measures to promote equality of opportunity and our Code of Conduct strictly prohibits any form of discrimination. This demonstrates the direct interconnection between our corporate culture and human resources strategies.

In the medium term, we anticipate a potential impact on our business model and value chain by our financial risk of bribery and corruption. Currently, we have not identified any current financial effects that could significantly impact our financial position, financial performance or cash flows in the next reporting period, nor do we foresee any material risks of adjustments to the carrying amounts of assets and liabilities in our financial statements.

Resilience of Our Business Model

The resilience of Vonovia's strategy and business model is analyzed and evaluated annually as part of risk management. To evaluate the resilience of our business model in managing this material impact and risk, we continuously monitor potential violations of our **Code of Conduct** and the number of confirmed cases of corruption and bribery. Analyses from past reporting periods indicate that our systems for detecting bribery, corruption, and violations of the Code of Conduct remain effective in the short, medium, and long term. Reported violations are promptly investigated and, if necessary, sanctioned. In the event of a serious corruption or bribery incident, appropriate and effective measures are implemented, including internal investigations into each allegation. The necessary resources are immediately allocated by the Management Board. In 2023, a comprehensive internal investigation was conducted following a public prosecutor's investigation into former employees and subcontractors of Vonovia. We also take a preventive approach by raising awareness of compliance topics among employees through mandatory training on the Code of Conduct and other relevant policies. We continuously monitor legal developments to ensure our training programs and policies, such as the Code of Conduct and **Anti-Corruption Policy**, are promptly updated in response to any regulatory changes. Our annual risk analysis helps us identify compliance risks and implement mitigating measures. We can therefore conclude that our current measures strengthen the resilience of our business model and ensure that no material risks emerge for our business model.

G1-1 – Business Conduct Policies and Corporate Culture

Vonovia defines Corporate Governance as responsible, sustainability-driven business conduct and oversight based on trust and transparency. Corporate governance is an issue for Vonovia that includes every area of the company. The Management Board and the Supervisory Board have made a comprehensive commitment to the principles of corporate governance as set out in the German Corporate Governance Code.

These principles are the basis for the sustainable success of the company and therefore serve as guidelines for conduct in the company's daily management and business. Good corporate governance strengthens the trust of our shareholders, business partners, employees and the general public in Vonovia. It increases the company's transparency and strengthens the credibility of our group of undertakings. With balanced corporate governance, the Management Board and the Supervisory Board wish to safeguard Vonovia's competitiveness, strengthen the trust of the capital market and the general public in the company and sustainably increase the company's value.

Our **comprehensive set of policies and measures** aimed at preventing compliance violations in connection with corporate governance is consolidated within our **Compliance Management System (CMS)**. The CMS at Vonovia encompasses all policies, regulations and works agreements, such as the **Code of Conduct**. The CMS is based on three pillars: prevention, detection and response. The CMS is subject to a periodic audit, which is carried out by an external auditor. Preparations were made in the reporting year for the external CMS certification in the area of anti-corruption; the adequacy of the CMS is to be reviewed in the coming reporting year. This certification will confirm the adequacy and effectiveness of the CMS in anti-corruption efforts. At the top of our internal compliance framework is the **Group Anti-Corruption Policy,** which serves as a binding framework linking all policies and regulations to create a unified compliance structure.

The CMS applies without exception to all Group subsidiaries (including Care segment), ensuring that all business activities and processes comply with applicable laws, regulations and administrative requirements, as well as contractual obligations and internal corporate policies. Whenever legislation in Austria or Sweden conflicts with Group-wide rules, a different rule is adopted for the subgroup in the form of a national guideline. The ultimate responsibility for this lies with the respective managing directors.

Vonovia employs the following policies to manage the identified material risks and positive impacts and to promote corporate culture.

Operational responsibility for the implementation, monitoring and further development of the policies relating to corporate culture, bribery and corruption is shared between Human Resources, Legal, Compliance, Corporate Communications and Internal Audit departments. Ultimate responsibility lies with the Management Board. The Chief Compliance Officer, who leads the Compliance and Data Protection department, is responsible for identifying compliance risks, implementing appropriate preventive and detection measures and ensuring a suitable response to confirmed compliance risks.

Corporate Culture

Our approach to promoting corporate culture is outlined in our **Code of Conduct**. On the basis of the Code of Conduct, we define the ethical and legal framework within which we act, ensure commercial success and aim to achieve positive impacts on our employees through a positive working atmosphere and a trusting, constructive management style. It reflects our corporate values and applies to all employees at Vonovia. The focus is on dealing fairly with each other but also in particular on dealing fairly with our tenants, business partners and investors. That is also why we place such an emphasis on compliance with applicable legislation, without exception. Adhering to the legal framework conditions and regulations does not just apply to our own employees but also for the suppliers and service providers we work with.

We also communicate in our **Declaration of Respect for Human Rights**, which has the same status as a Group policy and which applies throughout the Group, our clear conviction for a pluralistic democratic society and zero tolerance of human rights violations and our commitment to respect human rights in all aspects of our business. We adhere to the core labor standards of the International Labour Organization (ILO), the UN Guiding Principles on Business and Human Rights and the principles of the UN Global Compact, which we committed to in 2020. Our Code of Conduct also takes account of our stance regarding respect for human rights.

Through our policy of "Positive impacts on employees through Code of Conduct and the development of a corresponding corporate culture," Vonovia aims to foster a corporate culture that supports continuous development and individual potential promotes diversity, and helps us attract and retain top talent. Our corporate culture ensures fair wages and considers principles such as respect and diversity as fundamental. We are also committed to creating a future-oriented, attractive and safe working environment that provides the foundation for our joint success and contributes to the satisfaction of our employees.

Our corporate culture is founded on transparent reporting and corporate communications, on corporate governance aimed at the interests of all stakeholders, on fair and open dealings between the Management Board, the Supervisory Board and employees as well as on compliance with the law. Employees are regularly trained on diversity topics (see → **S1-4** for details) to raise awareness of inclusion and equality of opportunity, with dedicated programs such as the Women's Network, Female Leadership Forum, and mentorship initiatives for high-potential female employees (see → **S1-4** for details). These measures are implemented across the Group on an ongoing basis. The three programs to promote equality of opportunity were initiated in the reporting year. Since these measures are part of a continuous process and are regularly adapted to current circumstances, no specific timeline for completion exists.

Another key measure for the promotion of corporate culture is the **Business Partner Code**, which outlines our expectations and requirements for suppliers, who are required to sign it. These requirements relate in particular to compliance with human rights – from legal conformity and the fulfillment of legal standards for working conditions to an assurance of freedom of association and the exclusion of child labor, forced labor and discrimination. Minerals, and particularly conflict minerals, are to be procured responsibly in accordance with OECD guidelines. We also expect our business partners to subject their own business partners at all stages in their supply chain to the obligation to comply with the same standards and principles. As part of the regular evaluation of our major suppliers and contractors via our partner portal, we strive to ensure that the criteria stated in the Business Partner Code are complied with. In the event of incidents and breaches, a structured management of measures is activated, which – once all other resources have been exhausted – may result in blocks on orders or the blocking of a particular supplier. We also use long-term cooperation in the spirit of partnership to build a close relationship of trust with our contractual partners. This is largely the responsibility of the procurement department and allows any misconduct to be addressed. In Germany and Austria, contractual conclusion is preceded by an automatic check against relevant sanctions lists, with the compliance department informed immediately in the event of a hit. In Austria, the procurement department reviews all new creditors and regularly reviews existing ones on a half-yearly basis as part of a compliance check that also includes an inspection of sanctions lists (via KSV1870). The procurement department in Austria also implemented a partner portal for suppliers and service providers in the reporting year. The portal is based on its German counterpart and has been adapted to reflect national standards. Vonovia's Business Partner Code of Conduct applies across the entire Group. However, local adaptations are permitted within the subsidiaries in Austria, Sweden and the Care segment if required by country-specific or operational considerations. Since this is an ongoing measure, no fixed completion timeline exists. Updates to the Business Partner Code are also made as needed, with an update during the fiscal year. In addition, the Group Compliance Policy, the Anti-Corruption Policy, the Anti-Money Laundering & Terrorist Financing Prevention Policy and the Whistleblowing Policy were reviewed and updated.

Corporate culture is a multifaceted topic that cannot be fully captured through singular or multiple quantitative targets, which is why we have not set **measurable, outcome-oriented targets**.

Nevertheless, two **quantitative indicators** of employee satisfaction and the proportion of women in leadership roles (both of which are sub-indicators of the SPI) serve as reference points for evaluating the effectiveness of our corporate culture policies and measures and their positive impact on employees through the Code of Conduct and the design of a corresponding corporate culture. A strong corporate culture contributes to high employee satisfaction, while a higher proportion of women in leadership roles demonstrates a culture that fosters diversity and attracts talent.

Vonovia aims to achieve its target of at least 77% employee satisfaction by 2030. The Management Board proposes these targets as part of the LTIP planning process, with validation by the Supervisory Board. Similarly, the target for the proportion of women in leadership roles (first and second levels below the Management Board) is targeted to reach at least 30% by 2030. Additional details can be found in → S1-5.

The Compliance Committee meets quarterly to discuss corporate culture, the current status of the Compliance Management System (CMS), and any necessary adjustments. New policies and measures are developed as needed.

Bribery and Corruption

Vonovia addresses significant financial risks, including liability and reputational risks related to bribery and corruption, through the Code of Conduct, the Human Rights Policy, the Compliance Guidelines, the Whistleblowing Policy, the Anti-Money Laundering & Terrorist Financing Prevention Policy and the Anti-Corruption Policy. These **policies** apply Group-wide but are adapted for organizational differences in the Care segment and regional variations in Austria and Sweden. The correct implementation of the Group policies is reviewed by Internal Audit in line with a risk-based approach.

These policies aim to prevent and combat bribery and corruption and mitigate potential negative impacts such as financial penalties, exclusion from tender procedures, reputational damage, employer brand deterioration, rating downgrades, stakeholder trust erosion, and increased costs for Vonovia's tenants, employees and business partners.

Vonovia's policies align with IDW PS 980 audit standards, which largely correspond to the United Nations Convention against Corruption. Our **objective** of preventing and combating bribery and corruption, as well as avoiding related incidents, is pursued through the **quantitative indicators** of the "number of convictions and the amount of fines for violation of anti-bribery and anti-corruption laws" and the "total number of confirmed cases of corruption and bribery," covering both our employees and business partners (for details, see → G1-4).

Vonovia has implemented several **measures** to support its anti-bribery and corruption objectives, including:

> Regular compliance self-assessments and the appointment of local compliance officers
> A robust whistleblowing system available to employees and external stakeholders (see → G1-3) and
> Extensive training programs, particularly for functions-at-risk.

In the reporting year, preparations were made for the introduction of annual **compliance self-assessments** in the individual departments within the Group. Starting in the 2025 fiscal year, the compliance risk analysis will be conducted annually (previously every two years) and will also cover Austria and Sweden on a recurring basis. In the 2024 fiscal year, a decentralized compliance structure was also implemented: In relevant business areas, individual employees are being trained as **local contacts** for compliance issues in order to be able to answer initial questions directly on location and provide quick and straightforward support. The Compliance and Data Protection department is training the local contacts, providing technical advice and is maintaining constant contact with them. This measure has no set completion date as it is an ongoing initiative.

Vonovia also established a comprehensive **complaints management system** that allows employees, customers, and business partners to report corruption and other misconduct. Reports are processed by a specially trained, independent team. Details are outlined in disclosure requirement → G1-3.

Regular Group-wide **training sessions** are the cornerstone for preventing misconduct before it happens. A comprehensive catalog of regular and mandatory training events is already firmly established and has been adapted for the various internal target groups. In Germany, all employees with access to a company digital device must complete an annual 60-minute training session covering the Code of Conduct. Employees without such devices receive the Code of Conduct as an annex to their employment contract. Care segment managers also receive specialized training on the Code of Conduct requirements. All employees at SYNVIA receive training on the contents of the Code of Conduct, with the duration of training sessions tailored to individual needs. In Sweden, all employees are informed about the contents of the Code of Conduct upon joining the company and whenever updates occur, and they are required to formally acknowledge it. They then participate in an annual compliance training session lasting 45 to 60 minutes, covering topics related to the Code of Conduct, bribery and corruption. In Austria, employees receive compliance training, including topics on the Code of Conduct and anti-bribery and corruption, during onboarding and on an annual basis thereafter, with sessions also lasting 45 to 60 minutes. During the reporting year, the first compliance training sessions were rolled out via the company's e-learning platform, Success Factors. Further details regarding the anti-corruption and anti-bribery training conducted in the fiscal year can be found under disclosure requirement → G1-3. In addition to training on the prevention of corruption and bribery, Vonovia provides employees with annual training on other compliance-related topics such as conflicts of interest, anti-corruption awareness, anti-money laundering and data protection. For employees in Germany, this includes training on the General Equal Treatment Act. These training programs are regularly updated to reflect changes in the Code of Conduct or legal requirements, ensuring their continued relevance. As such, no fixed timeline exists for the completion of this measure.

In Austria, Sweden and Vonovia Germany, functions that are most at risk of bribery and corruption include procurement, sales, development and management positions. At SYNVIA, all employees are classified as being in functions-at-risk, while in the Care segment, this classification applies to facility managers.

G1-3 – Detection of Corruption and Bribery

As a **measure** to implement our policy for managing the material risk of bribery and corruption, Vonovia (including SYNVIA) has implemented a comprehensive, Group-wide **complaints management system** (see also disclosure requirement → G1-1). SYNVIA was connected to Vonovia's whistleblower system during the reporting year. The Care segment has its own whistleblower system. In addition, access to Vonovia's whistleblower system was also expanded during the reporting year by setting up an additional category for the Care segment. Vonovia's Swedish subsidiary also operates its own whistleblowing system.

Reports of corruption and bribery can be submitted via the respective whistleblowing portals, which are available in six languages in addition to German and English. Stakeholders using the system can provide feedback through a satisfaction survey, ensuring its effectiveness. This reporting year, the portal again complements and extends the existing system of the independent ombudsman and has been integrated into the Business Partner Portal. The ombudsperson is selected and appointed by the Compliance Committee. There is also the option of contacting the compliance hotline via telephone or email, which Vonovia has set up at the external law firm GSK. Our employees can report potential or actual misconduct to the works council, the Human Resources department, or the compliance@vonovia.de email address. The effectiveness of the system is ensured through various accessible reporting channels, which were intentionally established to provide multiple options for submitting reports. In the 2023 compliance risk analysis, participants were surveyed on topics such as communication channels for compliance matters, familiarity with compliance processes, and the support provided. Positive feedback was received in all areas. Since the complaints management system is an ongoing measure, no completion date is set. The availability of both digital and analog reporting channels ensures that every employee has access to at least one reporting option. The technical and organizational accessibility of these channels is managed by the Group, with external support when necessary.

Staff handling complaints are bound by **confidentiality** and are the only ones with access to complaints and related communications. Complaints are reviewed exclusively by this authorized team. Information from the system is generally not shared with third parties, except when required for legal proceedings, regulatory investigations or compliance audits by external legal or accounting firms. Data is stored only as long as necessary for its intended purpose. Employees are informed about the available reporting channels through mandatory compliance training and the **corporate website**. Additional details on whistleblowing procedures are available in the intranet's compliance section and are published in employee newsletters, such as Die Profis. The risk analysis includes a question to managers asking whether they are aware of the reporting channels for suspected compliance cases. Future employee satisfaction surveys will also include a question regarding the awareness and trustworthiness of these reporting channels. The regular use of the channels and the corresponding feedback from the departments and the works council indicates that customers are aware of them and consider them to be reliable. After reviewing reported incidents, individual, proportionate measures are taken on a case-by-case basis.

The Chief Executive Officer (CEO) is responsible for implementation of the entire CMS, including all the policies and measures described. A Compliance Committee comprising the Chief Compliance Officer, compliance officers, the ombudsperson, representatives of the Internal Audit, Risk Management and HR Management departments, the works council and the companies outside of Germany meets on a quarterly basis updates the system in line with current requirements. In this context, the Chief Compliance Officer acts as a central contact point within the company for compliance matters and suspicions. The Chief Compliance Officer serves as the primary contact for compliance-related questions and concerns, maintaining independence by reporting directly to both the CEO and the Supervisory Board's Audit, Risk and Compliance Committee. In addition, the Chief Compliance Officer is not subject to instructions from other company departments. His activities are supported by the compliance officers and managers in the individual departments.

The Chief Compliance Officer reports directly to the Chief Executive Officer at least once a month. In addition, ad-hoc reporting is carried out for essential topics. The Management Board receives quarterly reports, while the Supervisory Board's Audit, Risk and Compliance Committee is informed semi-annually about compliance issues and corruption along with existing guidelines and processes on a quarterly basis. The compliance report provides information on suspected cases, measures and other compliance-relevant and data protection issues. If required, the entire Supervisory Board is informed.

Comprehensive information about Vonovia's Corporate Governance policies, including the **Group compliance policy**, is available on the **investor relations** section of the corporate website. An overview of all reporting channels for bribery and corruption concerns is also provided on the company's **public website**. Employees have access to the latest compliance information through the intranet, While business partners are informed of Vonovia's expectations via the **Business Partner Code**.

Vonovia has also introduced mandatory anti-corruption training as an additional measure to mitigate corruption and bribery risks. These trainings, typically conducted virtually, last between 45 and 60 minutes and cover legal requirements and practical case studies to help employees recognize and appropriately address potential fraud and corruption risks. In Germany, all employees are required to complete an annual 60-minute training session on corruption and fraud prevention, conflict of interest management and the **Code of Conduct**. Care segment managers also receive specialized training on the Code of Conduct requirements and on the topic of anti-corruption. All employees at SYNVIA receive training on the contents of the Code of Conduct, as well as anti-corruption, with the duration of training sessions tailored to individual needs. In Austria and Sweden, our employees receive annual compliance training covering anti-bribery and anti-corruption topics as part of a combined training program (for further details, see the explanations on Code of Conduct training under disclosure requirement → **G1-1**). In Sweden, these training sessions were introduced during the reporting period.

Functions-at-risk are also required to complete additional, mandatory, and individually tailored training: Sales employees undergo an annual 60-minute training session on anti-money laundering, while procurement employees receive specialized annual training sessions of the same duration focusing on corruption and anti-corruption laws. Another mandatory annual 60-minute training course for the entire management level is dedicated to the topic of corruption and detecting fraud. Employees in procurement, compliance and data protection, sustainability, certain business areas, and value-add, as well as all senior executives at the first management level and the Management Board, are also required to complete an annual 60-minute training session on the German Supply Chain Due Diligence Act. In the Care segment and at SYNVIA, all functions-at-risk are required to complete an annual anti-corruption training session lasting 45 to 60 minutes (see disclosure requirement → **G1-1** for details).

These training programs have been implemented across the Group primarily in previous fiscal years and are considered ongoing measures with no fixed completion date. However, for SYNVIA and the Care segment, the majority of these training sessions were introduced during the reporting year, and they have since been maintained.

Functions-at-risk are defined as those with specific exposure to corruption and bribery risks due to their job functions. These risks are mitigated through the assignment of relevant training. In the Group as a whole, around 68% of functions-at-risk completed the training sessions described above that they were required to complete. In Sweden, the corresponding training will be introduced in 2025.

The Management Board undergoes the same mandatory training as all Vonovia employees; the Supervisory Board is not required to participate in compliance or anti-corruption training.

G1-4 – Incidents of Corruption and Bribery

To assess the effectiveness and performance of our anti-corruption policies, Vonovia tracks the **number of legal convictions** related to corruption and bribery. In the fiscal year, the number of court convictions for bribery and corruption offenses was zero (2023: zero). During the fiscal year, no convictions were recorded, and consequently there were no fines for violation of anti-corruption and anti-bribery laws.

In line with our objective of maintaining the company free of corruption and bribery, we set an annual **quantitative and results-oriented target** of achieving zero legal convictions for corruption and bribery offenses, which applies to both our business areas and our business partners. Stakeholders were not involved in setting these targets. This quantified target directly aligns with our policy objectives for maintaining a corruption-free organization, and since no convictions for bribery and corruption occurred during the fiscal year, we have achieved our objective.

Ongoing investigations are not included in this metric. The Compliance and Data Protection department monitors compliance with applicable regulations across the Group and oversees any ongoing legal proceedings and related outcomes to ensure target achievement. In the event that Vonovia is subject to fines for bribery or corruption violations, the Compliance and Data Protection department immediately informs both the Management Board and the Supervisory Board. The department also receives monthly reports from subsidiaries in Sweden and Austria, while subsidiaries within the Care segment and SYNVIA provide ad-hoc or on-request reports.

Since no convictions were recorded during the reporting year, no corrective actions were necessary to address breaches of standards of anti-corruption and anti-bribery.

The number of **confirmed incidents of bribery and corruption,** both among our employees and business partners, was 2 in the fiscal year (2023: 1). Both incidents involved potential fraudulent actions related to collaboration with subcontractors. The 2023 incident involved certain (mostly former) operational-level employees in the technical area, who were involved in questionable transactions with subcontractors, causing damage to Vonovia. Vonovia immediately launched an extensive internal investigation with the support of the law firm Hengeler Mueller and the auditing firm Deloitte, which was concluded within the fiscal year. Additionally, corresponding further development measures of the ICS were implemented.

In line with our objective of maintaining a company free of corruption and bribery, we set an annual **quantitative target** of achieving zero confirmed corruption and bribery incidents. This applies to both our business operations and our business partners. Stakeholders were not involved in setting these targets. This quantified goal directly aligns with our policy objectives for maintaining a corruption-free organization; since two confirmed cases of bribery and corruption occurred during the fiscal year, we did not achieve our objective.

The metric refers to confirmed incidents submitted through the compliance mailbox or other whistleblowing channels, which were verified by the Compliance and Data Protection department through an internal investigation or confirmed by a legally binding court ruling.

Just as with the number of convictions, the Compliance and Data Protection department monitors compliance with applicable regulations across the Group and oversees any ongoing legal proceedings and related outcomes to ensure target achievement. In the event that Vonovia employees are convicted of corruption or bribery and subsequently receive a written warning or are dismissed, the Compliance and Data Protection department informs the Management Board. In the event that any of Vonovia's business partners has been convicted of corruption or bribery, the Compliance and Data Protection department also informs the Management Board. The department also receives monthly reports from subsidiaries in Sweden and Austria, while subsidiaries within the Care segment and SYNVIA provide ad-hoc or on-request reports. In cases of confirmed corruption involving business partners, the business relationship is terminated or not renewed.

The reported compliance-related concerns during the fiscal year were all minor, if confirmed at all. The only two exceptions are the previously confirmed incidents of bribery and corruption. In the fiscal year, own employees were dismissed or disciplined in the two previously reported confirmed incidents of corruption or bribery allegations.

No contracts with business partners were terminated or not renewed due to corruption or bribery-related violations during the reporting year.

No public legal proceedings were initiated against the company or its employees during the reporting period, and there are no cases from previous reporting years. Regarding the incident from 2023, a public prosecutor's investigation is ongoing, in which Vonovia is involved as the aggrieved party. A court proceeding has not yet begun.

Opportunities and Risks

Risk Management Structure and Instruments

The market environment and the overall statutory/regulatory conditions to which Vonovia is subject are constantly changing. Vonovia is adapting to this environment by developing its strategy and, within this context, its business activities on an ongoing basis. Vonovia also reacts to ESG influences from a wide variety of stakeholders by adjusting its corresponding ESG targets. These changes mean that additional opportunities and risks arise on a regular basis, and that the extent of existing opportunities and risks can change at any time.

As a result, Vonovia has implemented a comprehensive risk management system that ensures that all of the risks that are relevant to the company (and to the environment and society at large) can be identified, evaluated and managed. This reduces risk potential, secures the company's survival, supports its strategic further development and promotes responsible entrepreneurial action.

Risks are defined as possible events or developments that could have a negative impact on the company's expected economic development and, as a result, could lead to a negative deviation from the short-term plans (budget and forecasts) and the company's medium-term plans (five-year plan). Any deviations from the company's ESG objectives also pose risks to its economic development.

Opportunities are defined as possible events or developments that could have a positive impact on the company's expected economic development and, as a result, could lead to a positive deviation from the short-term plans (budget and forecasts) and the company's medium-term plans (five-year plan). Deviations from the company's ESG objectives can also give rise to opportunities. Opportunities are not quantified for internal management purposes.

5 Pillars of Risk Management at Vonovia

Management Board
(Strategy, Requirements/Goals, Control Environment, Monitoring)

1 Performance Management	2 Compliance Management	3 Risk Management System	4 Internal Control System	5 Internal Audit
Controlling > Budget > Forecast > Results	**Compliance Officer** > Guidelines, regulations > Contracts > Capital market compliance > Data protection	**Controlling** > Risk management process > Risk reporting	**IT** > Process documentation **Accounting** > Accounting-based internal control system	**Internal Audit** > Process-oriented audits > Risk-oriented audits
Operational Areas > Performance management > Technical integrity	**Operational Areas** > Ensuring compliance	**Operational Areas** > Risk identification and evaluation > Risk control	**Operational Areas** > Documentation of core processes > Control activities > Control self-assessment	**Operational Areas** > Process improvements

Vonovia's risk management system is based on an integrated five-pillar risk management approach.

(1) Performance Management

Detailed corporate planning and appropriate reporting on deviations in the operational and financial key figures from Controlling constitute the backbone of the early warning system used at the company. Analyses are made of the business performance compared with the plans approved by the Supervisory Board and the previous year. Furthermore, forecasts are prepared regularly which take appropriate account of the effect of any potential risks and opportunities on the development of business.

Reporting includes detailed monthly controlling reports for the Management Board and the Supervisory Board. The operational business is described in regular reports on key figures, some of which are drawn up on a weekly or daily basis. On the basis of these reports and the deviations that they highlight between the actual and target figures, countermeasures are initiated and implemented and then checked in subsequent reporting periods to ensure they are effective.

(2) Compliance Management

Compliance means that the company, its bodies and employees act in line with the applicable rules and regulations. For the Management Board, compliance with statutory law and the observance of internal guidelines are the basis of corporate management and culture. Compliance is to ensure the integrity of employees, customers and business partners and avoid possible negative consequences for the company (and for the environment and society at large).

The management and monitoring of Vonovia is based on the relevant statutory requirements, the Articles of Association and the rules of procedure for the Supervisory Board and the Management Board. They form the basis for the company's internal rules and guidelines, adherence to which is monitored by a central compliance management system and administered by a guideline management team that forms part of the Compliance & Data Protection department.

The guidelines describe clear organizational and monitoring structures with specified responsibilities and appropriately installed checks. The legally compliant behavior of all employees in the business processes is ensured by suitable control procedures and supervision by managers.

The company has also put in place a compliance management system based on IDW (Institute of Public Auditors in Germany) PS 980 and has created a central function, the Chief Compliance Officer, whose remit focuses on identifying compliance risks, taking suitable measures to avoid and detect these risks and taking appropriate action in response to compliance risks (compliance program). This individual also acts as the company's human rights officer.

In terms of specific content, the main features of the compliance management system are Vonovia's Code of Conduct, which focuses on ethical values and statutory requirements and reinforces the personal responsibility of employees, Vonovia's Compliance Guidelines and a Business Partner Code setting out requirements that the company's contractual partners have to meet. An external ombudsperson and a compliance hotline at the external law firm GSK Stockmann is available to answer questions on all compliance matters. These systems also feature an anonymous whistleblower hotline in six languages. All of the whistleblower channels are available not only to employees, but also to external groups, such as customers and business partners.

(3) Risk Management System

Vonovia's strategy has a sustainable and long-term focus. As a result, Vonovia pursues a conservative risk strategy in its business activities. This does not mean minimizing risks, but rather promoting entrepreneurial and responsible action and ensuring the necessary transparency with regard to any possible risks.

The risk management system supports all employees in their day-to-day work in accordance with Vonovia's mission statement. It ensures the early identification, assessment, management and monitoring of all risks within the Group that exceed the short-term financial risks dealt with by the Performance Management pillar and could pose a risk not only to the company's results of operations and net assets, but also to intangible assets.

The risk management system explicitly includes sustainability risks. In connection with the introduction of reporting in line with the European Sustainability Reporting Standards (ESRS), information was collected and evaluated, as part of the materiality assessment, on the impacts that the company's business activities have on people and the environment, as well as the sustainability-related risks and opportunities for the company, and this information was incorporated into the risk management process (see → ESRS2 IRO-1). This means that potential risks which might impair the value and/or development of the company, or have an impact on people and the environment, can be identified at an early stage. The risk management system takes account of early warning indicators that are specific to the environment and the company, as well as the observations and regional knowledge of our employees.

In organizational terms, risk management is assigned directly to the Management Board. It has overall responsibility and decides on the organizational structures and workflows of risk management and provision of resources. The operational management of the risk management system falls within the remit of the Head of Controlling, who is responsible for Risk Controlling. The Head of Controlling reports to the Chief Financial Officer (CFO). Risk Controlling initiates the software-supported, periodic risk management process and consolidates and validates the risks reported. It is also responsible for validating the risk management measures and monitoring their implementation. Risk Controlling works with the individual risk owners to define early warning indicators that are used to monitor actual developments with regard to certain risks.

The risk owners are the managers at the level directly below the Management Board. They are responsible for identifying, evaluating, managing, monitoring, documenting and communicating all risks in their sphere of responsibility. They are also responsible for recording and reporting all risks in the company's risk tool based on the defined reporting cycles.

Based on a half-yearly risk inventory taken in the first and third quarters of a fiscal year, Risk Controlling prepares a risk report for the Management Board and the Supervisory Board. It also simulates major risk developments and their impact on the corporate plans and objectives. The Management Board approves the documented risk management findings, takes account of them in steering the company and reports them to the Supervisory Board. The Audit Committee of the Supervisory Board monitors the effectiveness of the risk management system.

Should significant risks, i.e., risks with a considerable impact on economic development (risks entailing possible losses in Adjusted EBT of more than € 50 million or a possible balance sheet loss of more than € 600 million) occur unexpectedly, they are reported directly to the Management Board and the Supervisory Board on an ad hoc basis.

As part of the process involved in preparing the annual financial statements, the risks identified in the third quarter are reviewed by Risk Controlling to ensure they are up-to-date and – if necessary – updated, with newly identified risks being added. New risks can arise in the context of the budget and five-year planning process. These are coordinated and evaluated bilaterally between Risk Controlling and the responsible risk owners as part of the planning process.

Vonovia's risk management system includes a simulation model to calculate the company's risk-bearing capacity. As part of this analysis, risk management evaluates the interdependencies between major risks on an annual or ad hoc basis and defines the parameters for risk aggregation. A Monte Carlo simulation model based on the statistical distribution functions relevant to the risks is used to determine the company's overall risk position. The resulting overall risk position is compared to the company's risk-bearing capacity with regard to insolvency and overindebtedness. Extreme scenarios for selected major risks are also simulated as part of the corporate planning process. The effects on the company's performance indicators, as well as key figures related to financing, are always taken into account here. The results of the simulations are discussed with the Management Board. Planning and risk management are managed by the same area within Controlling.

The risk management system is updated and refined on a regular basis and is also adjusted to reflect changes at the company. The effectiveness of the risk management system is analyzed in regular audits.

The risk management system looks at all activities in the risk management process, i.e.,

> Risk identification
> Risk assessment
> Risk aggregation
> Risk control
> Risk monitoring

Based on the COSO Framework, a risk space with the following four main risk categories has been defined to facilitate risk identification: strategy, regulatory environment and overall statutory framework, operating business and financing (including accounting and tax). A structured risk catalog has been assigned to each of these categories.

When it comes to assessing risk, a distinction is made between risks with an impact on profit and loss and those affecting the balance sheet. Risks with an impact on profit and loss have a negative effect on the company's sustained earnings power and, as a result, on Adjusted EBITDA in the individual segments and Adjusted EBT. In general, these risks also have an impact on liquidity. Risks affecting the balance sheet do not impact Adjusted EBT, but they certainly do impact the assets and, in general, also profit for the period and the EPRA NTA. These risks can also not affect liquidity, e.g., because they only impact property values.

If possible, risk assessments are always to be performed in quantitative terms. As a general rule, the risk assessment should always be based on a worst-case scenario. If this is difficult or impossible to achieve, a qualitative assessment is to be performed using a detailed matrix. The expected amount of loss is classified to one of five categories, with the value thresholds for risks with an impact on profit being adjusted accordingly in line with the switch in the management system from Group FFO to Adjusted EBT:

Category	Class	Description	Impact on profit and loss*	Impact on statement of financial position*
Very high	5	Threatens the company's existence	Possible loss of > € 900 million in Adjusted EBT	Possible balance sheet loss of > € 12,000 million
High	4	Dangerous impact on business development, previous business situation cannot be restored in the medium term	Possible loss of € 450 million to € 900 million in Adjusted EBT	Possible balance sheet loss of € 6,000 million to € 12,000 million
Substantial	3	Temporarily impairs business development	Possible loss of € 180 million to € 450 million in Adjusted EBT	Possible balance sheet loss of € 2,400 million to € 6,000 million
Noticeable	2	Low impact, possibly leaving a mark on business development in one or more years	Possible loss of € 50 million to € 180 million in Adjusted EBT	Possible balance sheet loss of € 600 million to € 2,400 million
Low	1	Minor impact on business development	Possible loss of € 5 million to € 50 million in Adjusted EBT	Possible balance sheet loss of € 80 million to € 600 million

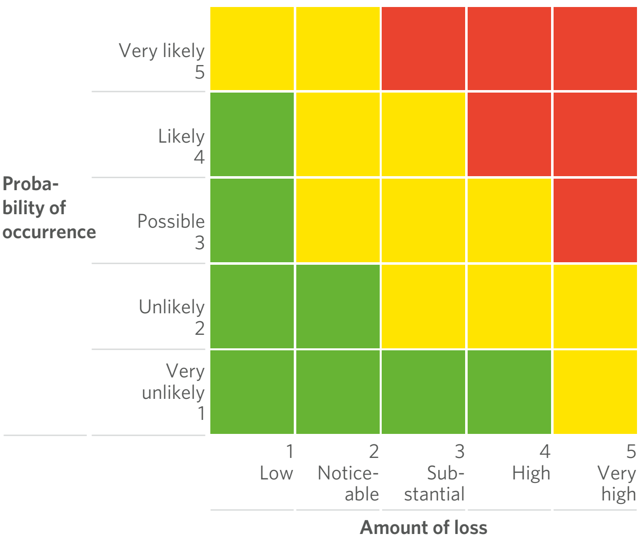
* Understood as the possible financial loss over five years in accordance with the medium-term planning horizon.

Five clusters have been defined for the expected probability of occurrence.

Category	Class	Definition	Probability
Very likely	5	It is to be assumed that the risk will materialize during the observation period.	> 95 %
Likely	4	The risk is likely to materialize during the observation period.	60–95 %
Possible	3	The risk could materialize during the observation period.	40–59 %
Unlikely	2	The risk is unlikely to materialize during the observation period.	5–39 %
Very unlikely	1	It is to be assumed that the risk will not materialize during the observation period.	< 5 %

The expected amount of loss and the probability of occurrence are classified within the set ranges before action (gross) and after action (net) for each risk, documented in a risk tool and transferred to a heatmap there. Risk reporting is based on the net assessment and the assignment of risks in the net heatmap, comprising five categories for both probability of occurrence and the amount of loss.

Net Heatmap



The term "top risks" refers to the risks assigned to the red and amber fields. These are reported to the Supervisory Board and published as part of the external reporting process. The risks assigned to the red fields are classified as threatening or endangering the company or its survival. The risks assigned to the amber fields are significant to the company. Red and amber risks are subject to intensive monitoring by the Management Board and the Supervisory Board. The risks assigned to the green fields are less significant to the current risk assessment.

As part of an active **risk control** process, the focus is on the major (red and amber) risks. Any necessary specific risk management measures were agreed and incorporated into a regular monitoring process to be conducted by Risk Controlling.

Regular **risk monitoring** by Risk Controlling ensures that risk management measures are implemented as planned.

(4) Internal Control System

The Internal Control System (ICS) comprises the basic principles, procedures and regulations aimed at supporting the effectiveness and cost-effectiveness of our business activities, ensuring due and proper, and reliable internal and external accounting, and ensuring compliance with the legal provisions that apply to the company.

All key processes at Vonovia are recorded and documented centrally with the help of a process management software solution. In addition to the relevant process steps, this documentation highlights key risks and controls in the interests of a process-oriented internal control system (ICS). It provides the binding basis for subsequent evaluations, audits and reporting to the executive bodies of Vonovia SE on the effectiveness of the ICS within the meaning of Section 107 (3) sentence 2 of the German Stock Corporation Act (AktG).

Overall responsibility for structuring and implementing the ICS lies with Vonovia's Management Board. The Management Board delegates this responsibility to process and control owners. The Internal Audit department provides support in the further technical development of the ICS in addition to performing its primary audit duties in full. Internal Audit is responsible for providing technical support for the documentation software, with administrative support being provided by IT.

The aim of the accounting-related internal control and risk management system is to ensure due and proper and legally compliant financial reporting pursuant to the relevant regulations. The accounting-related internal control and risk management system is embedded in the overarching Group-wide risk management system.

Organizationally, responsibility for preparing the financial statements lies with the department of the Chief Financial Officer (CFO) and, in particular, with the Accounting department. The Accounting department exercises the authority to lay down guidelines for the application of relevant accounting standards as well as for the content and timing of the steps in the financial statements preparation process.

From the organizational and systems side, the preparation of the financial statements for all companies included in the consolidated financial statements as well as the preparation of the consolidated financial statements themselves are performed in the central shared service centers, which ensures consistent and continual application of accounting principles in a uniform financial statement preparation process. Furthermore, through the shared service center functions it is ensured that both content and organizational changes in the requirements are incorporated in the financial statement preparation process.

The financial statements of the companies included in the consolidated financial statements – with the exception of individual service companies, the operating nursing care companies, the companies in Sweden and the investment in the Netherlands – are located in an IT SAP environment. They are subject largely to uniform charts of account, accounting guidelines, processes and process controls. The requirement of separation of functions and the dual-review principle are taken appropriate account of with preventive and also subsequent checks.

The corresponding service companies of the Deutsche Wohnen Group, the operating nursing care companies and the companies in Sweden, as well as the investment in the Netherlands, report their data as part of a structured IT-based data recording process.

The relevant financial statement data of the individual companies are made available to the SAP consolidation module via an integrated, automated interface with comprehensive validation rules for further processing and preparation of the consolidated financial statements. An authorization concept is in place granting access to the financial statements in line with the respective job profile of the employee.

Newly acquired companies are incorporated into the internal control environment as part of a structured integration process, which includes integration in terms of both IT systems and processes relating to financial statements.

Once the financial statements have been drawn up, the annual and consolidated financial statements, including the consolidated management report, are submitted to the Audit, Risk and Compliance Committee of the Supervisory Board. The Audit, Risk and Compliance Committee then makes a recommendation for the Supervisory Board to adopt or approve them. This examination may include discussion with the auditor and is subject to the auditor's report. The Audit, Risk and Compliance is continually involved in the establishment and refinement of the accounting-related internal control and risk management system.

(5) Internal Audit

The system and control environment, business processes and the internal control system (ICS) are audited on a regular basis by Vonovia's Group Audit department. In organizational terms, Group Audit reports to the Chief Executive Officer (CEO). The annual audit plan is based on a risk-oriented evaluation of all relevant audit areas of the Group (audit universe) and is approved by the Management Board and the Supervisory Board's Audit, Risk and Compliance Committee.

The audits conducted throughout the year focus on assessing the effectiveness of the control and risk management systems, identifying process improvements in order to minimize risks and ensuring the sustainability of Vonovia's business activities. Corresponding special ad hoc audits are also performed in consultation with the Management Board.

The internal reports are presented to the Management Board, the individuals responsible for the area reviewed and, in cases involving significant and serious findings, the risk manager and, where relevant, the compliance officer on a regular basis. The Audit, Risk and Compliance Committee receives a quarterly summary of the audit results and measures. The implementation status of the agreed measures is monitored on an ongoing basis after the relevant due dates and is reported to the Management Board and the Audit, Risk and Compliance Committee on a quarterly basis. A follow-up audit is conducted to ensure that any serious findings have been remedied.

Current Risk Assessment

A scheduled risk inventory was performed in both the first and second half of the 2024 fiscal year. The risk report was presented to the Management Board and the Audit Committee. The risk inventory for the second half of the year was adjusted/updated at the end of 2024. There were no unscheduled ad hoc risk reports in the 2024 fiscal year or up until the time at which the balance sheet was prepared.

Overall Assessment of the Risk Situation

A total of 115 (2023: 118) individual risks were identified for Vonovia at the end of 2024.

All in all, and based on the current assessment, there were no signs of any risks threatening or endangering Vonovia or its survival at the end of 2024. At the time this report was prepared, Vonovia's Management Board had not identified any risks associated with future business development that the company cannot suitably overcome, or which could jeopardize the position of Vonovia SE, a major company included in the scope of consolidation or the Group as a whole in terms of revenue, assets and/or finances.

The outcome of the risk-bearing capacity analysis performed in 2024 revealed that there is no current threat to Vonovia's survival over the five-year period. This means that there is no change as against the risk assessment performed at the end of 2023 overall.

The risks to be modeled were quantified and the interaction between individual top risks and selected green risks analyzed in detail at the end of 2024.

7 (2023: 10) amber risks to the company and 108 (2023: 108) other green risks were identified. Specifically, the picture that emerges for each risk category is as follows (prior-year figures in brackets):

Risk	Strategy	Operating business	Regulatory environment	Financing	Total
		3 (3)	0 (2)	4 (5)	7 (10)
	10 (10)	56 (56)	30 (31)	12 (11)	108 (108)
Total	**10 (10)**	**59 (59)**	**30 (33)**	**16 (16)**	**115 (118)**

Risks Related to Operating Business

In the operating business, we identified the 3 amber risks (2023: 3) explained below at the end of 2024.

The residential properties held in the Rental segment are subject to a regular valuation process. Details can be found in the notes to the consolidated financial statements in chapter → **[D27] Investment Properties**. Changing overall conditions on the real estate and capital markets mean that future market developments, such as inflation and a further increase in interest rates, could reduce the value of the properties further. Lower property values would push up the company's loan-to-value ratio (LTV), which could have a negative impact on its ability to raise capital. The balance sheet operating risk **"future market development leads to a drop in property values,"** which was already classed as an amber risk in 2023, was once again classified as an amber risk in 2024 with an expected amount of loss of € 2,400-6,000 million (2023: € 2,400-6,000 million) and an expected probability of occurrence of 5-39% (2023: 5-39%). In order to limit risk, Vonovia is committed to maintaining the current diversification of its portfolio.

The development in the supply of, and demand for, residential properties has a significant influence on the home prices that can be achieved and, as a result, a direct impact on both Adjusted EBITDA in the Recurring Sales segment and the success of Non Core sales. Another slight decline in real estate prices was recorded in the 2024 fiscal year. A scenario in which interest rates were to remain permanently high and/or increase further could lead to buyers no longer being able to finance the home prices asked for on the market. This could reduce demand and result in lower home prices, which could represent a risk with an impact on profit and loss for the Recurring Sales segment. The amber operating risk with an impact on profit and loss **"deteriorating residential property market situation with regard to apartment sales/buyer behavior"** was assessed, at the end of the reporting period, as having an expected amount of loss of € 450-900 million (2023: € 375-750 million) and an expected probability of occurrence of 5-39% (2023: 5-39%). In order to limit and monitor risk, regular reporting on sales volumes and prices and regular monitoring of target prices and sales volume targets by the portfolio controlling team has been implemented alongside a process for identifying ideal prices.

As regards the sale of our development projects, we have identified a risk that the sale and letting of newly built apartments will become more difficult to achieve, particularly as a result of significantly increased construction costs and, as a result, considerably higher sale prices or rents. We have adjusted our plans for investments in new builds accordingly. The operating risk with an impact on profit and loss **"Development sale risk"**, which was already classified as an amber risk in 2023, was assessed as having a potential amount of loss of € 180-450 million in 2024 (2023: € 150-375 million). The expected probability of occurrence was unchanged at 40-59%. In order to be able to respond to market changes early on, in-depth market studies and analyses are prepared at regular intervals and are analyzed in connection with reports prepared by renowned real estate experts. Any market changes that are identified are taken into account when analyzing the real estate portfolio, meaning that they have a significant impact on sales planning.

Risks Related to Regulatory Environment & Overall Statutory Framework

Changes in the regulatory environment and in the overall statutory framework could give rise to risks for all of Vonovia's business segments. 0 (2023: 2) key amber risk has been identified at present.

On November 13, 2024, the German cabinet adopted the amendment to the Hazardous Substances Ordinance (Gefahrstoffverordnung), which brings changes to the risk policy for carcinogenic hazardous substances and additional obligations for activities involving asbestos. The originally planned general suspicion of asbestos for all buildings completed before 1993 and the introduction of a fundamental duty of investigation for building owners have not been adopted. In summary, the risk has been reduced significantly by the amendment to this Ordinance. Any amendment to the Hazardous Substances Ordinance has a potential impact on all of Vonovia's technical processes (including small-scale repairs, vacant apartment refurbishment, major maintenance measures, modernization). A comprehensive risk mitigation project was launched in 2024 to consolidate the necessary process and system adjustments. These are being reviewed further now that the legislation has been passed. As a result, the risk associated with an **"Amendment to the Hazardous Substances Ordinance"** was downgraded overall from amber to green at the end of the 2024 reporting period. In qualitative terms, we continued to assess the risk as having a low (2023: substantial) amount of loss and a probability of occurrence of 60-95% (2023: 60-95%).

Changes to, or the application of, legal provisions that are beyond Vonovia's control, and inadequate documentation of management decisions can lead to legal disputes and give rise to the risk of material implications. The total number of legal disputes ongoing at Vonovia is small. In addition to cases related to the core Rental business, such as announced modernization projects or the appropriateness of ancillary expense bills, these include other operating, labor law and corporate law disputes, some of which are material, particularly in connection with transactions. At the end of the 2024 reporting period, the risk with an impact on profit and loss associated with **"Material impact of legal disputes"**, previously classified as an amber risk, was downgraded and assessed as having an expected loss amount of € 50-180 million (2023: € 150-375 million) and an expected probability of occurrence of 5-39% (2023: 5-39%). The lower amount of loss in 2024 as against the prior-year assessment is due to the inclusion of a judgment passed in a legal dispute with a social insurance provider. The updated assessment includes the risk with an amount of € 140.0 million (with a maximum risk of € 240.0 million) in the balance sheet.

Risks Related to Financing

With regard to financing, we identified the 4 amber risks (2023: 5) explained below at the end of 2024.

Restricted access to the bond market and a poorer rating could give rise to refinancing risks for Vonovia, meaning that too little liquidity might be available temporarily.

Vonovia implemented extensive refinancing measures successfully in the 2024 fiscal year. Ratings also met the company's expectations. Details can be found in the chapter → The Company and Its Shares in the management report. The risk with an impact on profit and loss **"Higher refinancing costs due to changes in risk profile"** was assessed as having an expected amount of loss of € 450-900 million (2023: € 375-750 million) and an expected probability of occurrence of 5-39% (2023: 5-39%). The probability of occurrence reflects developments on the real estate market, which has come under pressure due to supply problems, inflation and the associated higher refinancing interest rates. The active and timely management of refinancing maturities allows Vonovia to ensure a balanced maturity profile so as to avoid cluster risks. Vonovia continues to use all financing instruments that are used as standard on the market and has the internal expertise to place these instruments. This prevents any one-sided reliance on specific types of financing. Being awarded an investment-grade rating is the very top priority in all strategic decisions. As a result, we remain in close dialog with our rating agencies. In the very unlikely event that refinancing via the capital market is temporarily impossible, Vonovia can resort to existing available credit lines.

A further increase in capital market interest rates could give rise to risks for Vonovia's growth and result in planned investments being cut back, suspended or canceled completely. In addition, an increasing interest burden due to unfavorable interest rate developments could translate into lower growth or even a drop in Adjusted EBT. As the updated interest rates have again been taken into account for planning purposes, the financing risk with an impact on profit and loss classified as amber **"unfavorable interest rate developments"** remains in 2024 with an expected amount of loss of € 450-900 million based on the latest assessment (2023: € 375-750 million). The expected probability of occurrence remains unchanged at 5-39%. As well as diversifying borrowed capital instruments and maintaining a balanced maturity profile, risks are limited by ensuring a long-term average maturity/fixed-interest period of around 6 years. Debt reduction by freeing up liquidity is another measure used to limit risk.

Vonovia is obliged to report certain key figures and adhere to certain covenants in connection with bonds, secured loans and transactions. If these covenants are not adhered to or these reporting obligations are not fulfilled on time, Vonovia could be subject to payment obligations and additional negative effects on earnings could result from new financing arrangements. The amber financing risk with an impact on profit and loss associated with a "**failure to fulfill obligations (from bonds, secured loans, transactions)"** was assessed, at the end of the 2024 reporting period, as having an expected amount of loss of >€ 900 million (2023: >€ 750 million) and an expected probability of occurrence of <5% (2023: <5%). In order to counter this risk, Vonovia has implemented standardized processes for monitoring and managing its obligations.

The amendments to the German Real Estate Transfer Tax Act that came into force on July 1, 2021, lowering the participation threshold from 95% to 90% and increasing the observation period from five to ten years, could give rise to a subsequent liability to pay real estate transfer tax. The amber risk with an impact on profit and loss associated with an **"amendment to the German Real Estate Transfer Tax Act due to share deals"** was assessed, at the end of the reporting period, as having an expected amount of loss of >€ 900 million (2023: >€ 750 million) and an expected probability of occurrence of <5% (2023: <5%). In addition to monitoring court decisions and legislation on an ongoing basis, Vonovia also limits this risk by raising awareness among decision-makers in the context of share deals. This ensures the involvement of the internal Tax department, which then helps monitor the acquisition process.

Goodwill arose in the context of acquisitions in the past because the purchase price exceeded the value of the assets acquired less all liabilities. The balance sheet risk associated with "**goodwill"** is subjected to regular impairment testing, at least once a year. This involves comparing the recoverable amount with the carrying amount of the group of cash-generating units (CGUs). The recoverable amount of the group of CGUs is either its value in use or fair value less costs of sale, whichever is higher. If the carrying amount of a CGU is higher than the recoverable amount, impairment losses need to be recognized. This can have an impact on our covenants. Compared to the previous year, the headroom above which impairment losses would be recognized on existing goodwill has increased significantly. This is due, first of all, to a slightly lower cost of capital in a year-on-year comparison. Second, expectations regarding the free cash flows of the Value-add CGU have increased significantly over the planning period, mainly due to the implementation of the defined strategic initiatives in the Value-add segment. In the current assessment, the overall balance sheet risk is downgraded from an amber to a green risk, resulting in a lower probability of occurrence of 5-39% compared to the previous year (2023: 40-59%), while the expected amount of loss remains unchanged at € 600-2,400 million (2023: € 600-2,400 million). In order to counter this risk, an ongoing performance reporting system has been implemented to identify and monitor deviations from our plans. This allows us to take any corrective action required to be able to stick to our plans. Within this context, a dedicated synergy monitoring process also ensures that planned synergies from acquisition projects are actually leveraged.

At the end of 2024 (previous years in parentheses), the net risks identified can be summarized as follows:

Net Risks

Probability of occurrence over the next 5 years (in %)						
	>95					
	60-95	2 (1)		0 (1)		
	40-59	4 (6)	0 (1)	1 (1)		
	5-39	29 (28)	9 (8)	1 (2)	3 (3)	
	<5	44 (43)	14 (11)	3 (6)	3 (5)	2 (2)
Impact on profit and loss		5–50	50–180	180–450	450–900	>900
Impact on statement of financial position		80–600	600–2,400	2,400–6,000	6,000–12,000	>12,000
Qualitative		very low	low	substantial	high	very high
		Amount of loss over the next 5 years (in € million)				

Sustainability Risks

In addition to the amber risks set out above, Vonovia also reports on selected green risks that relate explicitly to sustainability in order to reflect the growing importance of this risk consideration:

Environmental Risks

The need to consider climate-related aspects is playing an increasingly important role in Vonovia's business model and strategy, in line with the mounting importance of climate issues in society at large. The resulting climate transition risks describe the effects that can arise for companies due to the process of transformation towards a sustainable economic system. Vonovia has set itself an intensity target equating to a roughly 35% reduction in GHG emissions in its German portfolio by 2030 compared to 2021, in order to achieve its climate objectives and meet the associated regulatory requirements. We are sticking to this climate target despite limited investments in modernization and new construction over the last year. As a result, we continue to consider the risk of **"non-compliance with our climate path"** as being associated with an amount of loss of € 5-50 million (2023: € 5-40 million) and a probability of occurrence of 5-39% (2023: 5-39%).

Risks could also emerge as a result of a **"Significant increase in the CO_2 price"**. While a rising CO_2 price has already been reflected in our planning, a further increase in the CO_2 price in view of the national and European climate neutrality targets could lead to higher costs than planned. We have assigned this risk an amount of loss of € 5-50 million (2023: € 5-40 million) and a probability of occurrence of 5-39% (2023: 40-59%).

In the reporting year, we defined a separate risk, **"Physical climate risks"**, which includes potential losses resulting from chronic or acute effects of increasing climate change. These include an ongoing rise in temperatures and an increase in extreme weather events, such as storms, hail, heavy rain and flooding. These potential losses were previously included in the **"Risk of business continuity in disasters/crisis situations"**. We have assessed this risk with an amount of loss of € 5-50 million and a probability of occurrence of 5-39%. To allow us to analyze and assess potential long-term implications of climate change (i.e., those extending beyond the usual risk management observation period of five years), we have developed a climate risk tool that maps the internationally recognized climate change scenarios developed by the Intergovernmental Panel on Climate Change (IPCC).

Transition risks and physical climate risks could potentially have a negative impact on the Group's net assets, financial position and results of operations and could make the estimates used in an accounting context less certain. We do not believe that climate change gives rise to any significant direct risks for the period covered by the risk management system at the moment, e.g., caused by extreme weather conditions such as heavy rain with the potential for floods. Based on our current knowledge of future developments, this will not have any impact on Vonovia's balance sheet. This relates, among other things, to the fair values of investment properties, useful lives and the value of assets and provisions for environmental risks, for which no significant need for adjustment emerges.

In the Value-add segment – particularly at our company Vonovia Energie-Service Gesellschaft mbH (VESG) – risks could arise if customer demand were to develop differently than expected, or if market prices were influenced by government intervention. We have assessed this **"price risk"** as being associated with an amount of loss of € 5-50 million (2023: € 5-40 million) and a probability of occurrence of <5 % (2023: <5%).

With regard to the planned **"expansion of renewable energies using photovoltaic systems,"** we have once again assessed the risks associated, for example, with rising costs, material availability or changes in regulation, as having a low (€ 5-50 million, 2023: € 5-40 million) amount of loss and a probability of occurrence of 5-39% (2023: 5-39%).

Social Risks

As a result of its insourcing strategy, qualified specialists are in high demand at Vonovia, particularly in comparison with its peers in the sector. Inability to fill vacant positions could lead to a lack of growth, restricted quality and lower levels of customer satisfaction, as well as rising costs due to the need to use subcontractors. Thanks to effective strategies for recruitment and staff retention, we assess the risk associated with a **"shortage of skilled workers"** as having a potential amount of loss of € 5-50 million (2023: € 5-40 million) and predict a probability of occurrence of 5-39% (2023: 5-39%).

"Failure to comply with statutory occupational health and safety and occupational safety management provisions" could have a long-term impact for Vonovia and its employees. We currently assess these risks as being associated with a noticeable (2023: substantial) amount of loss but believe that they are very unlikely to materialize with a probability of occurrence of <5% (2023: <5%).

Similarly, we have also assessed the risk associated with **"hazardous materials"**, which includes, in particular, potential health risks for tenants, employees and third parties due to the improper use or disposal of hazardous materials (e.g., asbestos), as having a potential amount of loss of € 5-50 million (2023: € 5-40 million) thanks to the clearly defined processes and requirements, and consider this risk unlikely to materialize with a probability of occurrence of 5-39% (2023: 5-39%).

"Risks associated with breaches of provisions concerning special contractual rights (Social Charters)", which are related to tenant protection and, as a result, to the aim of providing "homes at fair prices", have been assessed as having a potential amount of loss of € 50-180 million (2023: € 150-375 million), although we believe these risks are very unlikely to materialize with a probability of occurrence of <5% (2023: <5%).

As part of our ESRS reporting, we also report in detail on the financial risk arising from changes to the regulatory framework for rents and tenancy law standards in the "Living at fair prices" section (see also → **S4 – Company-specific: Living at fair prices**).

Governance Risks

Vonovia is exposed to the **"risk of losing the basis for sustainable financing"**. Sustainable "green" financing is becoming increasingly relevant. Failure by Vonovia to meet its sustainability targets, for example, could jeopardize the basis for this financing. Due to the smaller year-on-year difference between the interest coupons for existing ESG products and potential capital market refinancing, we have assessed this risk as being associated with a lower amount of loss than in the previous year, namely € 50-180 million (2023: € 150-375 million), with the probability of occurrence remaining constant at <5% (2023: <5%).

In addition, Vonovia could be exposed to risks "**associated with non-compliance with statutory requirements and investor or analyst expectations regarding ongoing sustainability reporting"**. At present, we have assigned this risk an amount of loss of € 50-180 million (2023: € 40-150 million), but believe that it is very unlikely to materialize with a probability of occurrence of <5% (2023: <5%).

There is a financial risk associated with possible bribery and corruption incidents. We describe this risk in detail in our ESRS reporting under "G1-3 – Prevention and detection of corruption and bribery".

Current Assessment of the Main Opportunities

Assessment of Opportunities Inherent in the Business Model

Vonovia has identified earnings potential as part of the strategy it has defined and its medium-term planning. The assumptions applied within this context regarding the economic environment and market-related factors, and the company's operating business, are associated with potential for deviations. These deviations do not necessarily have to be negative (risks). Favorable business developments (opportunities) that deviate from the company's plans are also a possibility. In connection with the introduction of ESRS reporting, information was collected and evaluated, as part of the materiality assessment, on the impacts that the company's business activities have on the environment, as well as the opportunities and risks. These risks have been evaluated and incorporated into the risk management process. Opportunities are taken into account separately as part of the strategy and planning process as future potential for conserving resources and generating earnings. All in all, the opportunities have not changed significantly as against the previous year.

Strategy-related Opportunities

Renting out contemporary and affordable housing in the long run, creating new homes, improving our customers' quality of living and offering property-related services such as energy, solar power, etc., are at the core of Vonovia's corporate strategy.

Our business model is designed to take into account the **megatrends** that are relevant to us (urbanization/shortage of housing, demographic change, climate protection) and the use of our management and development platform. By managing larger contiguous stocks, we can not only manage the homes we offer in a particularly cost-effective manner, but can also make an effective contribution to social tasks. Based on the existing strategy, Vonovia has developed a new growth strategy and initiatives that will generate future earnings potential.

The **demand for affordable homes** will remain high or continue to increase over the next few years as the gap between housing demand and housing supply continues to widen. Research data on projected demographic trends suggest that population growth will continue both in Germany and in parts of Europe over the coming years. Immigration and sociological aspects will remain the principal growth drivers. As things stand at present, the fundamental need for housing is unlikely to be met in full by general new construction measures, either in the short or medium term. This translates directly into opportunities for us for the rental, development and new construction business.

The expansion of the development business is an important part of this strategy. Vonovia's new construction activities are focused on a product portfolio that is geared toward market requirements with flexibility in how properties are used, either for the company's own portfolio or for sale (development to hold/development to sell). In light of the ongoing need to optimize construction costs, Vonovia is focusing on the "Basic House" approach, among other things, in order to build sustainable and affordable housing for different target groups. The emphasis is on new projects employing serial modular timber construction methods together with the company's joint venture partner Gropyus. We reduce construction times and the implementation risk, and conserve resources, through efficient construction processes managed using our **development platform**, e.g., the introduction of "Building Type E" approval (new initiative aimed at simplifying and reducing costs in the construction industry) and the use of sustainable, ecological building materials.

According to the Federal Climate Change Act (Klimaschutzgesetz), Germany is aiming to be greenhouse gas-neutral by 2045. We made a commitment to a **climate path** that will enable us to achieve virtually greenhouse gas-neutral management of our portfolio by 2045. Homes with positive energy concepts not only protect the climate, but also reduce heating costs. This makes them more attractive to our customers. What is more, the improved structural specifications increase property values.

If we make faster progress than planned on our climate path, this could have a positive knock-on impact on earnings and value development.

Decarbonization and modernization measures in buildings entail substantial investment. In this respect, we benefit from the fact that optimizing the energy efficiency of our portfolio has been at the core of our climate strategy for many years now. Since then, our modernization/refurbishment rate has consistently outstripped the German average. In order to keep costs at a minimum, we make use of **innovations** and smart technologies, and focus on tried-and-tested urban quarter approaches in the implementation process.

Opportunities in the implementation of energy-efficient modernization work arise from efficient processes, bringing investments forward and cost scaling. We are pursuing this strategy using the concept of **serial refurbishment,** an industrialized system that bundles and standardizes all steps in the refurbishment process. Forging ahead with investments in **heat pump technology** is also part of our investment initiative. In this area, we are focusing on the new "EnerCube" heating solution, a heat pump center that combines all the necessary components in an external module and is installed on site outside the building.

By expanding our own specialist capacities and resources for climate change adaptation, we have an opportunity to gain a competitive edge over our peers by making the necessary structural adjustments in our portfolio (e.g., measures to protect against heat stress) at an early stage.

The purchase of **buildings that have not yet been modernized**, their subsequent modernization and resale are to be integrated into Vonovia's business model as a new initiative. The experience gleaned from this initiative is to be used in the development and modernization process.

Relevant opportunities are also arising for us in the Value-add segment from the expansion of **renewable energies**; this refers to the direct sale of solar power to our tenants, as well as the production (and sale) of electricity from renewable sources at our properties – and, as a result, the creation of a full product portfolio covering all stages in the value chain from generation to storage, energy management and sale. With this in mind, we are using growth initiatives to forge ahead with the considerable expansion of photovoltaic programs and the sale of electricity to tenants (tenant electricity), among other things. Photovoltaics systems can be connected to the heat supply (heat pumps).

The implementation of concepts for energy self-generation could be realized faster than planned with a corresponding positive impact on the earnings situation. Vonovia has a potential output of around 700 MWp from photovoltaic systems and can also install up to 14,000 heat pumps in the long term. The aim is to increase market penetration in all product groups. The planned expansion is to be achieved increasingly with the company's own employees – resulting in further opportunities on the cost and income side (e.g., purchasing advantages, craftsmen's availability, etc.).

The Power Purchase Agreement concluded between Vonovia and RWE Supply & Trading enables alternative ways of generating and purchasing energy and opens up further growth potential. The Power Purchase Agreement (PPA) for green electricity has initially been concluded for a term of one year. Green electricity has been supplied since January 2024 and this will continue over the next few years.

Vonovia's business model is founded on its efficient **management platform**, which spans the entire housing lifecycle. As part of the company's growth initiatives, this platform is also to be made available to third-party customers, positioning Vonovia as a full-service management service provider with opportunities to tap into further earnings potential.

With our management platform, we pursue an efficient business model that is scalable at all times. It is also ready to manage new portfolios that we add to our portfolio through **acquisitions**, as past experience has shown. Vonovia pursues acquisitions as and when opportunities present themselves in light of the current opportunities for returns and financing. If overall conditions continue to improve, there is an opportunity for us to grow by resuming acquisitions.

Levels of satisfaction among our customers are closely linked to the performance and motivation of our **employees** working in customer service. Our corporate strategy also focuses on our employees' further development and on employee satisfaction. We aim to make use of new HR development concepts and actively shape the recruitment of new staff to fill vacant positions. We are aiming to increase the proportion of women at the first and second levels of management. All in all, further opportunities could arise for Vonovia due to the advantages associated with diversity and as a result of our increased appeal as an employer, namely higher levels of production and lower staff turnover rates.

Economic Environment and Market-Related Opportunities

The housing industry is being influenced to a considerable degree by social trends. One key trend involves the influx of people into urban areas. The infrastructure in urban areas is well developed, with extensive healthcare services available. People do not have to travel far to work and can enjoy varied leisure activities.

According to the Regional Planning Forecast of the German Federal Institute for Research on Building, Urban Affairs and Spatial Development (BBSR), urban regions are expected to continue to grow over the coming years. The current slowdown in construction activity is likely to result in an even greater imbalance between the supply of and demand for housing in conurbations. 350,000 to 400,000 new residential units will have to be built every year in the longer term. The shortage of housing in urban areas could be exacerbated further by the effects of migration from global crisis hotspots, targeted moves resulting in labor migration and the trend toward smaller households.

Our company can reap considerable benefits from these trends: with our existing real estate portfolio, we focus primarily on small and medium-sized apartments in urban areas. This means that we offer the right homes in the right places. Vonovia is also in a position to counter the increasing shortage of affordable housing through our development and new construction business. This is subject to the proviso that the overall economic and political conditions and the investment environment improve. This will not be possible without deregulation measures and the provision of additional land for construction, which could, in turn, create opportunities for Vonovia.

The **capital required** to solve the challenges facing the housing industry cannot be raised without private sector involvement. As a result, policymakers are increasingly being called upon to create an investment climate that encourages long-term equity and borrowed capital providers to make substantial investments in the residential real estate markets. A positive investment climate also means making the necessary ecological construction and modernization measures commercially viable, making additional land available for construction, cutting back on red tape and generally promoting acceptance of private-sector real estate investors. The increasing acceptance of long-term investors for projects in the German residential construction sector is likely to open up further development opportunities for Vonovia.

In a quest to master the current social challenges, policy-makers are also seeking to improve overall conditions on the housing market. Implementation of these projects is stalling at the moment – with a marked adverse effect on the housing markets (drop in new construction, growing shortage of housing, lower modernization rates in Germany). As soon as short-term solutions can be found to address this problem in terms of improved subsidy conditions and price developments, corresponding opportunities will also emerge for us. We are advocating for these very solutions via our communication channels and stakeholder dialogue (for example, through our work in associations).

Opportunities Arising From the Operating Business

Demographic change towards an aging society continues, and is increasingly leaving its mark. Demand for senior-friendly and affordable homes is expected to increase further over the coming years. Studies show that Germany needs at least two million senior-friendly apartments. As a result, opportunities could arise from senior-friendly modernization of our apartments. The fact that we offer accessible, partially modernized apartments and are investing in new and innovative housing concepts in our neighborhoods means that we can expect tenant turnover to fall and rents to increase further as a result.

Vonovia manages its housing portfolios throughout Germany using standardized, digital systems and processes. Our management platform has been optimized as part of a step-by-step process in recent years and is now highly efficient: the vacancy rate is very low. Property management costs per residential unit have been reduced considerably over the years. Customer satisfaction has risen significantly over the same period. Together with the range of housing-related services and active neighborhood management, we offer our customers a service package that is extremely competitive on the housing market and opens up financial opportunities for us. We also believe that upgrading measures in our neighborhoods present us with an opportunity to improve our reputation.

Vonovia's business model spans the entire housing industry lifecycle: from the purchase of future-proof properties to (serial) new construction and efficient management, neighborhood development and serial refurbishment systems, as well as the sustainable direct supply of energy and other property-related services. As part of the company's growth initiatives, this platform is also to be made available to third-party customers, positioning Vonovia as a full-service management service provider. This opens up opportunities for Vonovia.

We have our own craftsman's organization (VTS). VTS provides repair, maintenance and servicing for some of our residential properties. We purchase additional craftsman's services. We are aiming to continually increase the proportion of building and apartment optimizing services we provide ourselves via our craftsmen's organization as well as new building construction over the coming years. The company is continually forging ahead with the optimization and improvement of its craftsmen's organization, VTS. Due to the shortage of workers with the desired skills and the availability of corresponding capacities, we also intend to extend the scope of these services to cover all kinds of technical work and thus bring added value from these services to Vonovia. This is being supported by corresponding HR management concepts.

The Value-add Business offers our customers services that are closely related to the rental business. Opportunities associated with additional earnings potential could also arise here at all stages in the value chain – be it through the company's development of its own innovative services or through the acquisition of start-ups or other companies. In the Value-add Business, promising opportunities could arise both from entry into the B2B business and from moves to expand existing business models to include customer groups outside of Vonovia. In particular, a promising amount of interest has been shown in residential environment activities, with the first few activities involving third parties.

In tandem with our moves to expand our existing housing-related services (also by way of potential third-party business), we believe that digitalization offers potential to further increase customer loyalty to our business model, e.g., through customer loyalty programs, communication platforms or networking. Digitalization opens up considerable development opportunities for the real estate industry and, as a result, also for Vonovia – in terms of both technology and process optimization. We are still making systematic investments in testing and expanding new technologies. Two of the areas we are focusing on are "articificial intelligence" and "robotics".

We expect opportunities to arise from the systematic roll-out of concepts such as predictive maintenance, process automation, building information modeling (digital modeling of real estate projects), home automation (setting up smart information systems and interfaces at the level of the customer) and a closer digital connection to the customer. One key component for the implementation of our digital strategy is the digital twin. It maps all aspects of a building and, in the future, will mirror each of our buildings with all its various structural and technical features and systems, enabling optimum management.

These opportunities for the company's operating business resulting from digitalization and artificial intelligence will also have an impact on customer satisfaction. Targeted acquisitions and collaboration initiatives with suitable start-ups at all stages in the value chain to enable the further implementation of digital solutions within Vonovia's processes, but also at the various interfaces, could open up further earnings and expertise potential for the company.

One factor that Vonovia cannot control itself, but which is important for successful and, most importantly, efficient project implementation, is the digitalization of public administration. The streamlining of administrative processes and the introduction of building type E could accelerate, and have a positive impact on, Vonovia's development and new construction business by allowing building permits to be approved faster.

Financial Opportunities

Vonovia has benefited from good conditions on the capital and banking market in recent years to establish a very stable capital structure. We now have a broad range of financing instruments that are balanced and stable in the long term. This is reflected in a consistently high credit rating. The latest bond issues show that our company still has good opportunities available to it, even in a difficult capital market environment, to successfully realize upcoming (re)financing measures or to raise necessary liquidity. During this phase, we are responding to the continued high level of trust placed in us by investors by paying particular attention to cost discipline and a forward-looking capital structure policy. Together with the diversification strategy for liquidity procurement that we have been pursuing for many years now, we still have the opportunity in the current capital market environment to optimize the structure and conditions of our financial liabilities.

Rising inflation and interest rates recently forced us to reassess the profitability of our investments. Ongoing pursuit of our sustainability targets and investments remained a non-negotiable during this process.

Given our solid balance sheet structure and the return to a positive market trend that is emerging, our sales program, as a source of internal financing, will focus on the Recurring Sales segment and sales in the Non Core portfolio.

We are also tapping into new sources of financing. These include private equity joint ventures in which long-term investors acquire minority stakes in selected portfolios, with Vonovia retaining a buy-back option for these properties, as well as the establishment of fund structures with a positive impact in terms of boosting our financing power.

Now that interest rates are returning to normal, Vonovia believes it is well positioned for new growth based on its optimized capital and portfolio structure. All in all, stronger internal financing potential means that the company can get back to making investment decisions to boost its overall profitability or to allow it to pursue more growth initiatives and earnings potential.

The active, dynamic management of capital allocation is and remains the catalyst for the successful implementation of our strategy. Based on our updated "Capital Allocation Framework", we are optimizing how we allocate investment funds to our various investments. This is a significant value driver that opens up opportunities for return-oriented sustainable investment.

Strengthening of financial position, boosting the profitability of our (sustainability) investments and expanding our market share in urban areas could have a positive impact on how our investors and ratings agencies assess us, resulting in a further improvement in our attractive financing options.

Our investments in affordable homes are associated with a cash flow that is largely independent of economic factors. The resulting stability allows us to service our financial liabilities with a relative degree of certainty, even in times of economic or political crisis.

Management System

Management Model

The management system tools are geared towards implementing the strategy through our sustainable business activities.

In the 2024 fiscal year, Vonovia continued to use the management model introduced at the turn of 2023 unchanged. The underlying value driver approach is set out and explained in detail under → **"Fundamental Information about the Group"**.

Consequently, Vonovia will manage its business via the **four segments:** Rental, Value-add, Recurring Sales and Development.

The **Rental segment** combines all of the business activities that are aimed at the value-enhancing management of our own residential real estate. It includes our property management activities in Germany, Austria and Sweden.

The **Value-add segment** bundles all of the housing-related services that we have expanded our core rental business to include. These services include both the maintenance and modernization work on our residential properties and services that are closely related to the rental business. We allocate the activities relating to the craftsmen's and residential environment organization, the condominium administration business, the multimedia business, metering services, the energy service, including tenant electricity, energy supplies and our insurance services to the Value-add segment. By insourcing these services, we aim to ensure availability and high-quality service. At Vonovia, high-quality service, which promotes a high level of customer satisfaction, is characterized first and foremost by accessibility, speed and transparency for our customers.

The **Recurring Sales segment** includes the regular and sustainable disposals of individual condominiums and single-family houses from our portfolio.

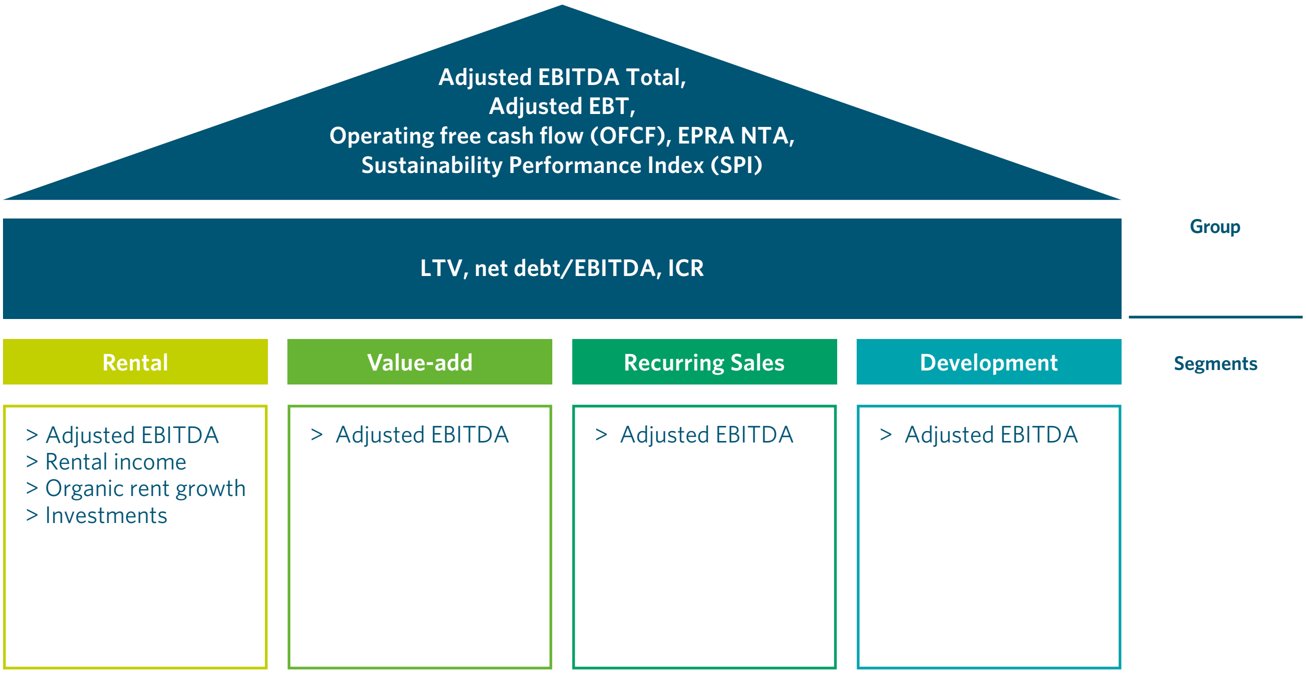
Sales of entire buildings, plots of land or larger portfolios that are not part of the strategically relevant portfolio (Non Core and the MFH Sales cluster that was dissolved at the end of 2024) are pursued as and when opportunities arise, meaning that they are not part of the Recurring Sales segment. We report these opportunistic sales in the Other column of the segment report.

The **Development segment** includes project development to build new homes. This covers the value chain starting with the purchase of land without any development plan/dedicated purpose, to completion and sale (to sell) or integration into Vonovia's own portfolio (to hold). The Development segment deals with projects in selected attractive locations.

We have an integrated Group-wide **planning and controlling system** in place that is based on central performance indicators. Based on the medium-term plans derived from our strategy, which are subject to an annual review and are updated during the year in the event of significant transactions, we prepare a budget for all areas of the Group. In the course of the fiscal year, current economic developments are compared with these targets and the current forecasts on a regular basis for all key figures that are relevant to control. The business is then steered accordingly in a targeted manner, with any necessary countermeasures being initiated and tracked.

We make a distinction between **financial and non-financial** key performance indicators.

Management System



The management system has a **modular structure** and makes a distinction, at Group level, between most meaningful performance indicators within the meaning of DRS 20 and other performance indicators. There are also performance indicators at segment level.

Performance Indicators at Group Level

The IFRS profit for the period is reconciled to **earnings before taxes (EBT)**, as taxes do not form part of operating value added.

This EBT will be adjusted to reflect **special effects** based on the definition that has applied to date (effects that do not relate to the period, recur irregularly or are atypical for business operation). The net financial result is also adjusted to reflect non-cash and actuarial valuation effects that recur irregularly. The further adjustments to reflect the effects of IAS 40 measurement, write-downs, other (Non Core/Other result), net income from non-current financial assets accounted for using the equity method and effects from residential properties held for sale produce the Group's **adjusted EBT** (continuing operations) and, taking into account minority interests, adjusted EBT (continuing operations) after minority interests.

Adjusted EBT (continuing operations) is the **leading indicator of profitability**.

In operational terms, **Adjusted EBT** (continuing operations) is calculated as follows:

Operational Calculation of Adjusted EBT (continuing operations)

	Revenue in the Rental segment
(-)	Expenses for maintenance
(-)	Operating expenses in the Rental segment
=	**Adjusted EBITDA Rental**
	Revenue in the Value-add segment
	thereof external revenue
	thereof internal revenue
(-)	Operating expenses in the Value-add segment
=	**Adjusted EBITDA Value-add**
	Revenue in the Recurring Sales segment
(-)	Fair value of properties sold adjusted to reflect effects not relating to the period from assets held for sale in the Recurring Sales segment
=	Adjusted result Recurring Sales
(-)	Selling costs in the Recurring Sales segment
=	**Adjusted EBITDA Recurring Sales**
	Revenue from disposal of Development to sell properties
(-)	Cost of Development to sell
(-)	Carrying amount of assets sold of Development to sell
=	Gross profit Development to sell
(+)	Rental revenue Development
(-)	Operating expenses in the Development segment
=	**Adjusted EBITDA Development**
Σ	**Adjusted EBITDA Total (continuing operations)**
(-)	Adjusted net financial result
(-)	Straight-line depreciation
(-/+)	Intragroup profit/losses
=	**Adjusted EBT (continuing operations)**
	Adjusted EBT (continuing operations) per share in €
(-)	Minorities
=	Adjusted EBT (continuing operations) after minorities
	Adjusted EBT (continuing operations) after minorities per share in €

Adjusted EBT (continuing operations) and **Adjusted EBITDA** (continuing operations) can be calculated based on the **profit for the period** as follows:

Calculation of Adjusted EBT (continuing operations)/Adjusted EBITDA Total (continuing operations) from the Profit for the Period

	Profit for the period according to IFRS consolidated financial statements
(+)	Income taxes according to consolidated income statement
=	**Earnings before tax (EBT) according to consolidated income statement**
(+/-)	Non-recurring items
(+/-)	Net income from fair value adjustments of investment properties
(+)	Impairment/value adjustments
(+/-)	Valuation effects and special effects in the financial result
(+/-)	Net income from investments accounted for using the equity method
(+/-)	Earnings contribution from Non Core/Other sales
(+/-)	Period adjustments from assets held for sale
=	**Adjusted earnings before taxes of the Group (Adjusted EBT)**
/	Number of the weighted average shares carrying dividend rights
=	**Adjusted EBT per share**
	Adjusted EBT (continuing operations)
(+)	Adjusted net financial result
(+)	Straight-line depreciation
(+/-)	Intragroup profit/losses
=	**Adjusted EBITDA Total (continuing operations)**

The Adjusted EBT (continuing operations) is used as a basis for a reconciliation to the **Operating Free Cash-Flow (OFCF)** as the **leading indicator of internal financing.** Depreciation and amortization will be added to Adjusted EBT (continuing operations), and the liquidity contribution made by the Recurring Sales segment, as well as the change in working capital, will be taken into account. Capitalized maintenance and dividend payments made to parties outside of the Group, as well as income tax paid, are subtracted from this figure. This operating free cash flow is a measure of the Group's operational capacity to generate cash surpluses and, as a result, of its internal financing power. As of 2025, it is also the most important performance indicator within the meaning of DRS 20.

Calculation of Operating Free Cash-Flow

	Adjusted earnings before taxes of the Group (Adjusted EBT)
(+)	Straight-line depreciation
(+/-)	Change in net current assets (working capital) according to the cash flow statement (adjusted for special payment effects)
(+)	Carrying amount of investment properties (core business)
(-)	Capitalized maintenance
(-)	Dividends and payouts to non-controlling shareholders (minorities)
(-)	Income tax payments according to cash flow statement (w/o taxes on Non Core sales)
=	**Operating Free Cash-Flow**

The contribution made by **discontinued operations** is presented separately.

At the level of the Group as a whole, the **EPRA Net Tangible Assets (EPRA NTA)** per share and the **Sustainability Performance Index (SPI)** are our most meaningful performance indicators.

The **EPRA Net Tangible Assets (EPRA NTA)** is used to review how the company's value is developing. Our calculations are based on the best practice recommendations of the EPRA (European Public Real Estate Association).

Calculation of EPRA NTA

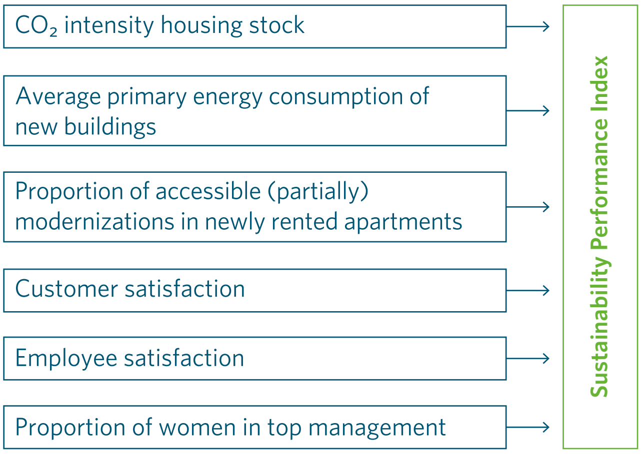
	Total equity attributable to Vonovia's shareholders
(+)	Deferred tax on investment properties*
(+)	Fair value of derivative financial instruments**
(-)	Goodwill
(-)	Intangible assets
=	**EPRA NTA**
/	Number of shares carrying dividend rights on the reporting date
=	**EPRA NTA per share**

* Share for hold portfolio.
** Adjusted for effects from cross currency swaps.

In addition to our key financial figures, we also focus on **non-financial operating performance indicators**.

Our business activities are aimed at protecting the environment, ensuring trustworthy, transparent and reliable corporate governance and taking social responsibility for our customers and employees.

Sustainability Performance Index (SPI)



In line with this focus, the **Sustainability Performance Index** is used as a key non-financial control parameter. Indicators used in the new Sustainability Performance Index are the carbon intensity of the housing stock, the average primary energy consumption of new buildings, the share of accessible (partial) modernization measures in relation to newly let apartments, customer and employee satisfaction, and the proportion of female managers in the company's top management team. Each component is assigned an individual factor and a defined annual target amount. The weighted targets add up to a target of 100% that we aim to achieve every year. In the reporting on the levels of the individual indicators within the Non-financial Group Declaration, the business activities of Deutsche Wohnen are included (excluding the Care segment), unless otherwise stated.

Other non-operating financial key figures include the **loan-to-value (LTV)** ratio, which is used for monitoring the degree to which debt is covered by the value of the properties, the **net-debt/EBITDA** ratio, which is used for monitoring the degree to which debt is covered by our sustained operating result and the **Interest Coverage Ratio (ICR)** , which expresses the extent to which interest is covered by our sustained operating result.

Performance Indicators at Segment Level

The main key performance indicator at segment level remains **Adjusted EBITDA**. The Adjusted EBITDA Total reported at Group level is calculated, in turn, as the sum total of the Adjusted EBITDA figures for our segments. This means that Adjusted EBITDA forms the basis for the operational management of the four continuing segments after adjustments to reflect effects that do not relate to the period, recur irregularly or are atypical for business operation.

The **Adjusted EBITDA Rental** reflects the operating profit from residential property management. It can be broken down into three central components: Rental segment revenue, expenses for maintenance and operating expenses in the Rental segment. The latter include all expenses and income that do not relate to expenses for maintenance or rental income in the Rental segment.

The **organic rent increase** refers to the increase in the monthly in-place rent for the residential portfolio that was already held by Vonovia twelve months previously and rented as of the reporting date, plus the increase in rent resulting from the construction of new apartments and the addition of stories to existing properties. The monthly in-place rent per m^2 gives information on the average rental income from the portfolio as of the relevant reporting date.

In addition to our operational earnings power, **investments (modernization and new construction work)** are decisive for the further development of our company.

We manage business activities in the Value-add segment using the **Adjusted EBITDA Value-add.** By insourcing services related to the craftsmen's organization and other Value-add areas, we are aiming to ensure availability and high-quality service on the one hand, and cost-effectiveness compared to outsourcing on the other.

We measure the success of the Recurring Sales segment using **Adjusted EBITDA Recurring Sales**. The Adjusted EBITDA Recurring Sales compares the proceeds generated from the privatization business with the fair values of properties sold and the related costs of sale. In order to disclose profit and revenue in the period in which they are incurred and to report a sales margin, the fair value of properties sold, valued in accordance with IFRS 5, has to be adjusted to reflect realized/unrealized changes in value.

The Adjusted EBITDA Development includes the gross profit from the development activities of "to sell" projects (income from sold development projects less production costs) less the operating expenses from the Development segment.

The **Adjusted EBITDA Total** is calculated as the sum total of the Adjusted EBITDA figures for our four segments (continuing operations). It expresses the overall performance of our sustainable operating business before interest, taxes, depreciation and amortization.

The key financial figures shown here are known as "non-GAAP" measures or alternative performance measures **(APMs)**, i.e., key figures which cannot be taken directly from the figures in the consolidated financial statements according to IFRS. The financial performance indicators can, however, all be reconciled to the closest-possible key figure in the consolidated financial statements, or can be taken directly from the IFRS consolidated financial statements in the reconciliation.

Portfolio Structure

Portfolio in the Property Management Business

As of December 31, 2024, the Group had a **total real estate portfolio** comprising 539,753 residential units (2023: 545,919), 162,697 garages and parking spaces (2023: 164,330) and 8,331 commercial units (2023: 8,691). Our locations span 610 cities, towns and municipalities in Germany, Sweden and Austria. 73,400 residential units are also managed for other owners. Most of the properties in the Group's portfolio are multifamily homes.

In terms of fair value, around 88% of the real estate portfolio is located in Germany. The Swedish portfolio accounts for around 8% of the fair value, while the share of the Austrian portfolio comes to around 3%. The portfolio is as follows as of December 31, 2024:

Portfolio and Fair Value by Country

	Portfolio			Fair value*		
	Residential units	Living area (in thou. m²)	Vacancy (in %)	(in € million)	(in €/m²)	In-place rent multiplier**
Vonovia Germany	479,674	29,505	1.7	69,431.1	2,278	24.1
Vonovia Sweden	39,641	2,826	4.1	6,418.2	2,094	17.5
Vonovia Austria	20,438	1,507	4.3	2,671.4	1,606	21.4
Vonovia total	**539,753**	**33,839**	**2.0**	**78,520.7**	**2,230**	**23.2**

* Fair value of the developed land excluding € 3,450.7 million, of which € 373.8 million for undeveloped land and inheritable building rights granted, € 341.2 million for assets under construction, € 1,760.9 million for development, € 606.0 million for nursing care properties (discontinued operations) and € 368.8 million for other.
** Shown based on the country-specific definition (see glossary Monthly In-place Rent).

Rent and Rental Growth by Country

	In-place rent*			Rent increase	
	Total (p. a. in € million)	Residential (p. a. in € million)	Residential (in €/m²)	Organic (in %)	Market rent forecast valuation (in % p. a.)**
Vonovia Germany	2,886	2,741	7.89	3.8	2.1
Vonovia Sweden	366	340	10.48	6.3	2.1
Vonovia Austria	125	99	5.71	4.2	1.7
Vonovia total	**3,377**	**3,180**	**8.01**	**4.1**	**2.1**

* Shown based on the country-specific definition (see glossary Monthly In-place Rent).
** 10-year horizon higher (see chapter on fair values in the management report).

As of December 31, 2024, the Group's **real estate portfolio across Germany** comprised 479,674 residential units, 120,484 garages and parking spaces and 5,693 commercial units distributed across 460 cities, towns and municipalities. The total living area amounted to 29,505,095 m², with the average apartment size coming in at around 62 m². With a vacancy rate of 1.7%, an average monthly in-place rent of € 7.89 per m² was generated in Germany. The annualized in-place rent for the residential portfolio as of December 31, 2024, came to € 2,741 million for apartments.

In **Sweden**, the Group's real estate portfolio comprised 39,641 residential units spanning a total living area of 2,826,314 m², 26,015 garages and parking spaces and 2,068 commercial units. With a vacancy rate of 4.1%, the residential portfolio generated annualized in-place rent of € 340 million as of December 31, 2024. The apartments, which average 71 m² in size, generate monthly in-place rent of € 10.48 per m² (inclusive). Most of them are located in the Stockholm, Gothenburg and Malmö regions.

In the **Austrian portfolio**, which is largely located in Vienna, Vonovia achieved an annualized in-place rent of € 99 million as of December 31, 2024, with a vacancy rate of 4.3% in the residential portfolio, which comprises 20,438 units covering total living space of 1,507,139 m². The monthly in-place rent amounted to € 5.71 per m² with an average apartment size of around 74 m². The portfolio also comprised 16,198 garages and parking spaces and 570 commercial units.

Changes in the Portfolio

There were no acquisitions in the course of 2024.

Properties from the portfolio earmarked for sale were disposed of in several transactions as part of the implementation of the portfolio management strategy. At the time of each transfer of possession, benefits and encumbrances, the statistics for the portfolios sold were as follows:

				In-place rent*	
	Residential units	Living area (in thou. m²)	Vacancy (in %)	Residential (p. a. in € million)	Residential (in €/m²)
Disposal portfolios 2024	4,892	295.9	3.3	25.1	7.31

* Shown based on the country-specific definition (see glossary: monthly in-place rent).

Vonovia continues to develop its portfolio dynamically. In addition to the sale of larger housing stocks, Vonovia's portfolio changed primarily in 2024 as a result of the construction of new apartments and attic extensions on the one hand, and disposals of condominiums and multifamily homes from the portfolio earmarked for sale on the other.

Vonovia invests in its strategic holdings in particular in line with its climate path to promote sustainability and in line with its innovation strategy. We act on behalf of neighborhoods with the (new) development of our urban portfolios. The lion's share of the portfolio in Germany consists of neighborhoods that we have classified as **urban quarters**. The remaining existing buildings largely comprise smaller clusters of buildings and solitary properties that we have grouped together as **urban clusters**. Even though, unlike urban quarters, urban clusters do not relate to entire neighborhoods, they are also managed using the same long-term asset and property management approaches based on our operating platform.

In the summer of 2022, a new MFH Sales cluster was defined when the corporate strategy was revised. This largely consisted of low-yield properties and was to be sold primarily to generate liquidity for internal financing. This sales cluster is no longer required for the purposes of the new growth strategy that has applied since the end of 2024. As a result, it was dissolved as part of the latest portfolio analysis and the units in question were largely moved back to urban clusters.

Following the implementation of the annual structured reassessment of all potential, as of December 31, 2024, Vonovia's portfolio is as follows:

Portfolio and Fair Value by Strategy

	Portfolio			Fair value*	
	Residential units	Living area (in thou. m²)	Vacancy (in %)	(in € million)	(in €/m²)
Strategic	441,664	27,072	1.5	63,847.0	2,309
Urban quarters	340,071	20,611	1.5	48,475.1	2,309
Urban clusters	101,593	6,461	1.8	15,371.9	2,311
Recurring Sales	24,465	1,680	2.7	3,952.4	2,306
Non Core	13,545	753	4.9	1,631.8	1,456
Vonovia Germany	**479,674**	**29,505**	**1.7**	**69,431.1**	**2,278**

* Fair value of the developed land excluding undeveloped land and inheritable building rights granted, assets under construction, development, nursing care properties and other.

Rent and Rental Growth by Strategy

	In-place rent			Rent increase
	Total (p. a. in € million)	Residential (p. a. in € million)	Residential (in €/m²)	Organic (in %)
Strategic	2,622	2,529	7.92	3.9
Urban quarters	1,967	1,905	7.83	4.0
Urban clusters	655	624	8.23	3.5
Recurring Sales	158	152	7.76	3.3
Non Core	107	60	6.97	3.1
Vonovia Germany	**2,886**	**2,741**	**7.89**	**3.8**

In order to boost transparency in portfolio presentation, we also break our portfolio in Germany down into **15 regional markets**. The regional market classification is orientated toward the residential real estate market regions in Germany. These markets are **core towns/cities and their surroundings**, the majority of which are urban areas. Our decision to focus on the regional markets that are particularly relevant to Vonovia is our way of looking ahead to the future and provides an overview of our strategic core portfolio in Germany.

In relation to the fair value, 94% of our German portfolio is located in 15 regional markets. Only a small part of our strategic portfolios is located outside of these 15 markets. We have referred to this group as "Other strategic locations". Our stocks earmarked for sale from the "Recurring Sales"; and "Non Core" subportfolios in locations that do not include any strategic stocks are shown as "non-strategic locations". The fact that our portfolio is spread nationwide makes us more independent of the circumstances prevailing on individual regional markets.

As of December 31, 2024, the German portfolio is as follows, broken down into regional markets:

Portfolio and Fair Value by Regional Market

	Portfolio			Fair value*		
	Residential units	Living area (in thou. m²)	Vacancy (in %)	(in € million)	(in €/m²)	In-place rent multiplier
Berlin	142,941	8,555	0.7	23,446.4	2,666	27.9
Rhine Main Area	35,875	2,266	2.1	6,436.5	2,776	24.0
Southern Ruhr Area	42,891	2,650	2.3	5,096.0	1,893	21.8
Rhineland	31,296	2,057	1.8	5,001.7	2,371	23.4
Dresden	43,461	2,515	2.1	4,899.8	1,846	22.2
Hamburg	19,992	1,250	1.3	3,204.4	2,502	25.0
Hanover	21,975	1,383	2.2	2,799.7	1,969	21.5
Kiel	24,954	1,435	1.6	2,673.9	1,817	19.9
Munich	10,351	670	0.9	2,623.7	3,819	31.8
Stuttgart	13,122	829	1.6	2,215.7	2,625	24.2
Northern Ruhr Area	24,222	1,493	2.6	1,987.7	1,318	16.5
Leipzig	14,444	950	2.3	1,928.3	1,907	23.8
Bremen	11,642	708	2.0	1,399.6	1,928	23.2
Westphalia	9,404	615	2.5	1,106.1	1,786	20.4
Freiburg	3,845	266	0.5	730.3	2,716	25.4
Other strategic locations	26,867	1,702	3.3	3,270.5	1,895	20.8
Total strategic locations	**477,282**	**29,344**	**1.7**	**68,820.3**	**2,284**	**24.2**
Non-strategic locations	2,392	161	5.6	610.8	1,749	15.0
Vonovia Germany	**479,674**	**29,505**	**1.7**	**69,431.1**	**2,278**	**24.1**

* Fair value of the developed land excluding undeveloped land and inheritable building rights granted, assets under construction, development, nursing care properties and other.

Rent and Rental Growth by Regional Market

	In-place rent			Rent increase	
	Total (p. a. in € million)	Residential (p. a. in € million)	Residential (in €/m²)	Organic (in %)	Market rent forecast valuation (in % p. a.)*
Berlin	841	805	7.91	4.4	2.3
Rhine Main Area	269	258	9.71	4.4	2.2
Southern Ruhr Area	234	227	7.32	3.6	1.9
Rhineland	213	203	8.38	2.7	2.1
Dresden	220	206	6.97	2.7	2.0
Hamburg	128	123	8.34	4.0	2.1
Hanover	130	124	7.66	3.2	2.0
Kiel	134	129	7.66	3.7	2.1
Munich	82	78	9.82	3.3	2.3
Stuttgart	92	89	9.09	2.3	2.1
Northern Ruhr Area	120	116	6.67	3.4	1.7
Leipzig	81	76	6.89	5.3	2.0
Bremen	60	58	6.95	4.6	2.0
Westphalia	54	53	7.41	3.5	2.1
Freiburg	29	28	8.79	3.1	2.1
Other strategic locations	157	153	7.76	4.0	2.0
Total strategic locations	**2,846**	**2,727**	**7.89**	**3.8**	**2.1**
Non-strategic locations	41	14	7.44	2.9	2.0
Vonovia Germany	**2,886**	**2,741**	**7.89**	**3.8**	**2.1**

* 10-year horizon higher (see chapter on fair values in the management report).

Portfolio in the Development Business

Vonovia Development Under the BUWOG Brand Name

It is under the **BUWOG brand** that Vonovia's property development business is run, primarily in Vienna and Berlin.

The **regional distribution** of these development activities covers the whole of Germany with a focus on the Berlin, Rhine-Main, Dresden/Leipzig, Hamburg, Stuttgart and Munich regions. The focal region in Austria is Vienna.

BUWOG provides Vonovia with a **development platform** spanning the entire value chain – from the purchase of land to its development, project planning, construction and sale.

With its substantial **product pipeline** of residential construction projects that are currently being built, planned or prepared, Vonovia, with the BUWOG brand, ranks among Germany's leading real estate developers and is the most active private real estate developer in Austria.

Deutsche Wohnen's development activities are performed via the structures of the BUWOG organization on the basis of an agency agreement to leverage process harmonization effects and economies of scale. The break with the Quarterback development platform means that Vonovia, together with Deutsche Wohnen, has vast development potential at its fingertips to counter the excess demand in the residential real estate sector by making targeted services available. The development business is well positioned for new growth even after the changes in return requirements.

Sustainable and Successful Development

Development Business Model

As part of the strategic analysis, Vonovia's development activities were considered to make an important value contribution, the development business was identified as a key **value driver** and corresponding initiatives were developed.

The **range of products** for value creation ranges from the sale of individual new-build condominiums in the context of development projects to new construction projects on land

Development Business Model

purchased, and land already held, for the company's own portfolio and global sales of large-scale projects to investors.

Conceptual and technical solutions for the resource-light construction and sustainable operation of neighborhoods make up a key component of the development business model. In line with the three focal issues of urbanization, energy efficiency and demographic change, central aspects of sustainability are already taken into account in the early stages of project development. This includes designing socially diverse neighborhoods that offer housing for all generations, realizing energy-efficient new construction projects for ecologically sustainable operation by buyers, as well as for a carbon-neutral portfolio, and creating barrier-free and accessible housing for an aging society with changing housing needs.

Sustainability is achieved at all stages in the residential real estate value chain – from the selection of ecological and recyclable building materials, to the commissioning of local craftsmen and service providers, and the sustainable operation of the development projects.

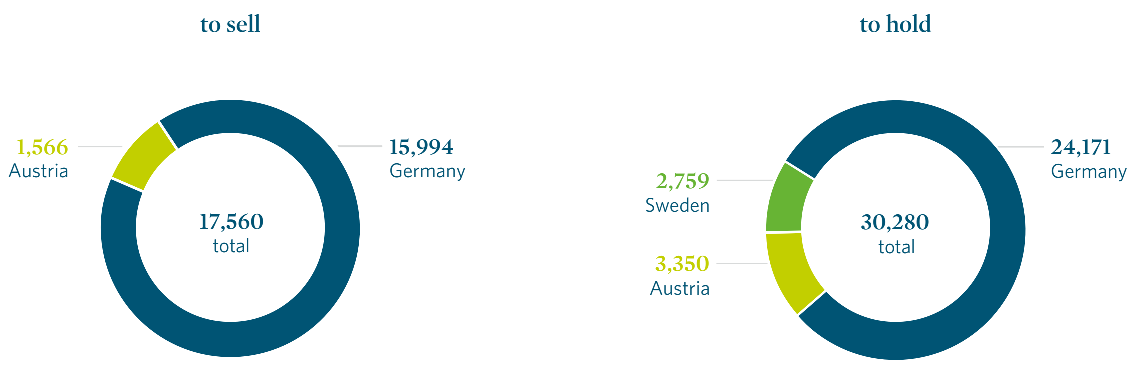
Certification is important to ensure that potential improvements can be made back at the planning stage on the basis of criteria for ecological, social and economic sustainability and managed during the construction process.

Value Creation and Project Development

Real estate development activities can be tackled successfully through long-standing experience, extensive **market and sector expertise** and intensive, ongoing market analysis.

The strategy of incorporating process steps into the company's own value chain allows Vonovia to provide targeted support to residential construction projects and to exploit cost synergies with regard to technical solutions and the pooling of procurement volumes.

Development to Sell and Hold (Number of Residential Units)*



* Development to sell incl. existing projects; Development to hold incl. pipeline projects.

Valuable Contributions to Society and the Group

Development

1 Acquisition	2 Development	3 Planning	4 Construction	5 Marketing and sales
> Identification of acquisition opportunities > Assessment of development opportunities > Due diligence (legal, tax, technical, environmental, etc.) > Cross-disciplinary acquisition teams > Development of project pipeline, property database	> Design idea > Analysis of market and regulations > District and city representatives, citizens, service providers and other stakeholders > Construction optimization and city development > Coordination of zoning	> Integral planning and cross-disciplinary project teams > Type and product development > Determination of aesthetic, ecological, functional and economic requirements > Detailed project calculation > Professional planning > Coordination of construction approval process	> Preparing for construction > Procurement and awarding of construction contracts > Trade coordination/construction management > Construction > Quality control	> Development of marketing concepts > Sale > Initial rental > Customer service and aftercare

In the Development segment, we make a distinction between two different areas:

> **Development to sell** includes the units that are sold to investors or to future owner-occupiers directly.

> **Development to hold** refers to those residential construction projects whose apartments will be added to Vonovia's rental portfolio upon their completion.

Development Overview

As of December 31, 2024, the **total volume** of the development portfolio was 47,840 residential units (a total of 3,736 units from projects under construction and a total of 44,104 units from the pipeline).

As of December 31, 2024, there were 17,560 residential units in the **"to sell" development portfolio**, 2,491 of which related to projects under construction, 1,699 to projects from the short-term pipeline and 13,370 to projects from the medium-term pipeline. The share attributable to project development in Germany came to 15,994 units (2,491 of which related to projects under construction, 1,171 to projects from the short-term pipeline and 12,332 to projects from the medium-term pipeline). The share attributable to project development in Austria came to 1,566 units (528 units from the short-term pipeline and 1,038 from the medium-term pipeline). There is also further potential of 4,176 units that have not been realized yet in connection with planned land sales in the development-to-sell portfolio.

As of December 31, 2024, there were 30,280 residential units in the **"Development to hold" portfolio**, 1,245 of which related to projects under construction, 1,357 to projects from the short-term pipeline and 27,678 to projects from the medium-term pipeline. The share attributable to Germany came to 24,171 units (1,005 of which related to projects under construction, 914 to projects from the short-term pipeline and 22,252 to projects from the medium-term pipeline). The share attributable to Austria came to 3,350 units (235 of which related to projects under construction, 443 to projects from the short-term pipeline and 2,672 to projects from the medium-term pipeline). The share in Sweden came to 2,759 units (5 units related to projects under construction and 2,754 from the medium-term pipeline). A total of 1,276 residential units were completed in this area with 1,264 in Germany and 12 in Sweden.

Report on Economic Position

Key Events During the Reporting Period

The core Rental business was characterized by a high level of demand for rental apartments and a positive rent trend in 2024. With a vacancy rate of 2.0 % at the end of 2024 (end of 2023: 2.0 %), Vonovia's residential real estate portfolio was virtually fully occupied.

The second quarter of 2024 saw higher real estate transaction volumes and a bottoming out of real estate values. The ECB key rate cuts favored transactions, particularly in the Recurring Sales and Development segments.

The Customer Satisfaction Index (CSI) was 1.1 percentage points above the value seen in the previous year in the fourth quarter of 2024. On average, the level of customer satisfaction in 2024 increased by 2.8 percentage points as against the year 2023 as a whole.

On September 18, 2024, Vonovia SE and Deutsche Wohnen SE initiated a process to conclude a control and profit-and-loss transfer agreement between the two companies. This process will involve Vonovia making an offer to external shareholders of Deutsche Wohnen SE to acquire their shares in return for compensation in the form of newly issued shares in Vonovia SE, or to grant the remaining shareholders of Deutsche Wohnen SE an annual compensation payment for the term of the intercompany agreement.

At the extraordinary general meetings of Vonovia SE and Deutsche Wohnen SE on January 23 and 24, 2025, the control and profit-transfer agreement between Vonovia SE and Deutsche Wohnen SE was approved by the respective shareholders of both companies. The control and profit-transfer agreement takes effect upon entry of Deutsche Wohnen SE into the commercial register. Deutsche Wohnen SE's entry in the Commercial Register is not yet certain due to an action for annulment brought against the resolution passed by the Annual General Meeting of Vonovia SE. Once the entry has been made, Deutsche Wohnen SE will subsequently transfer its total annual profit to Vonovia SE or Vonovia SE will cover any losses incurred by Deutsche Wohnen SE. The shareholders that did not accept the exchange agreement will receive a guaranteed dividend of € 1.03 per share (net).

On September 30, 2024, Vonovia and Apollo agreed to establish a company that is to hold 20% of the shares in Deutsche Wohnen SE. In addition to Vonovia, with a 49% stake, long-term investors advised by Apollo are to hold a total stake of 51% in this company. Vonovia's cash inflow from this transaction will amount to just over € 1 billion.

In the 2024 fiscal year, Vonovia also concluded purchase agreements to acquire land to build on from the QUARTERBACK Immobilien Group. The land it owns leaves Vonovia well positioned for future development projects that will help to alleviate the shortage of housing. Within the same context, selective purchase agreements were also concluded to acquire property management units from QUARTERBACK Immobilien AG via Vonovia. The total volume of the purchase agreements concluded in the fiscal year comes to around € 1.3 billion. The transactions are scheduled to be closed in the first half of 2025.

Further transactions in order to acquire land to build on from the QUARTERBACK property companies are planned for the first half 2025 with a volume of around € 0.2 billion.

The loan receivables from the QUARTERBACK Immobilien Group included in the financial assets have been offset against the outstanding purchase price components within the scope of these transactions.

Vonovia assumes that the outstanding receivables following the closing of the transactions will not be recoverable. As a result, it has recognized a corresponding cumulative impairment loss of € 340.0 million on these receivables, with € 319.9 million recognized in the 2024 fiscal year.

Interest income collected in the 2024 fiscal year was also written off in full. The impairment loss recognized for this interest income is shown netted against the interest income. The additional impairment loss recognized for loan receivables is shown in the line item "Impairment losses on financial assets" in the consolidated income statement.

In August 2024, Vonovia sold eleven development projects for € 489.0 million to a fund launched by HIH Invest. Further Quarterback Immobilien AG project developments were also sold to the fund for € 142.0 million. Vonovia has an equity share of 49.2% in the fund. The title of transfer for a volume of around € 300.0 million had been completed by the end of 2024.

In addition, on October 14 and 15, 2024, Vonovia sold ten additional development projects for € 515.9 million to another fund launched by HIH Invest. Vonovia has an equity share of 49.2% in the fund. The title of transfer for a volume of around € 70.0 million had been completed by the end of 2024.

In the context of ongoing legal disputes with a social insurance provider, the German Federal Labor Court (Bundesarbeitsgericht) supported the legal view taken by the social insurance provider on October 23, 2024. This resulted in the probability of occurrence being reassessed. As a result, back-payments of contributions were made to social insurance providers in the amount of € 89.7 million, with payments of € 50.3 million being made to employees. € 68.0 million of this € 140.0 million has already been paid, with € 72.0 million being reported as a provision.

A notarized sales contract for a portfolio in Berlin was successfully concluded on April 23, 2024. The transaction executed with two state-owned Berlin housing construction companies saw around 4,500 residential units with a value of around € 700 million being sold as part of a share deal. The transaction was closed with the transfer of beneficial ownership on January 1, 2025.

Vonovia successfully concluded a notarized sales contract for around 1,970 residential units and six commercial units on July 26, 2024. The purchase price of around € 300 million is slightly higher than the carrying amounts of the properties sold recognized at the time of the negotiations.

In the context of the endeavors to sell the Care segment, contracts were concluded on October 2, 2024 for the sale of a total of 27 nursing care properties and the sale of the Katharinenhof nursing care business with a purchase price of around € 300 million.

On January 17, 2025, Vonovia signed a notarized contract for the acquisition of PFLEGEN & WOHNEN HAMBURG GmbH (P&W), including the associated properties, by the City of Hamburg. The acquisition comprises 13 nursing homes in Hamburg with around 2,000 employees and around 2,400 nursing places. The acquisition was made via HGV Hamburger Gesellschaft für Vermögens- und Beteiligungsmanagement (HGV), the city's largest group holding company, which belongs to the tax authorities and is an umbrella for the majority of the City of Hamburg's private law companies. The purchase price is € 380.0 million.

A bond in the amount of € 328.6 million was repaid as scheduled on January 15, 2024.

On January 18, 2024, Vonovia issued an unsecured GBP 400.0 million (approx. € 465.1 million) bond with a twelve-year term and a 5.5% coupon (4.55% after currency hedging).

On February 14, 2024, Vonovia issued another unsecured bond with a volume of CHF 150.0 million (approx. € 159.3 million), a five-year term and a 2.565% coupon (4.16% after currency hedging).

In January and February 2024, several drawdowns were made under the Commercial Paper Program, with a total volume of € 500.0 million.

On March 28, 2024, an amount of € 150.0 million was disbursed under a secured financing agreement concluded with Ergo in December 2023.

With a total volume of € 138.7 million, two secured bullet loans were repaid on March 31, 2024.

On April 8, 2024, a € 336.1 million bond was repaid as scheduled.

A further bond, denominated in Swedish krona and with a volume of SEK 500.0 million (around € 48.5 million), was repaid as scheduled on April 8, 2024.

On April 10, 2024, Vonovia issued a € 850.0 million unsecured social bond with a 4.25% coupon and a ten-year term.

Vonovia placed a bond with a volume of SEK 750.0 million (approx. € 66.9 million) with a two-year term as part of a private placement on June 19, 2024. The bond is a floating-rate bond (3M STIBOR plus 1.30% margin; 4.51% after interest and currency hedging) and is structured as a social bond.

On August 6, 2024, Vonovia took out secured financing with Hamburg Commercial Bank in the amount of € 135.0 million with a maturity of seven years. The amount was disbursed on August 28, 2024.

On August 26, 2024, Vonovia issued a CHF 235.0 million (€ 247.8 million) bond with a seven-year term. The coupon is 2.000% p.a. (or 3.897% p.a. after currency hedging).

On September 9, 2024, Vonovia took out a loan in the amount of € 110 million with a ten-year term with Münchener Hypothekenbank. The loan was disbursed on September 12, 2024.

A bond in the amount of € 278.3 million was repaid as scheduled on September 16, 2024.

On September 26, 2024, Vonovia issued an SEK 500.0 million (€ 44.3 million) bond with a four-year term. The bond is a floating-rate bond (3M STIBOR plus 142 basis points).

On October 15, 2024, a € 150.0 million tranche was disbursed under a loan agreement that Vonovia had taken out in 2022 with the European Investment Bank.

The Annual General Meeting held on May 8, 2024 resolved to pay a dividend for the 2023 fiscal year in the amount of € 0.90 per share. As in previous years, shareholders were offered the option of choosing between being paid the dividend in cash or being granted new shares. During the subscription period, shareholders holding a total of 30.93% of the shares carrying dividend rights opted for the scrip dividend instead of the cash dividend. As a result, 8,207,927 new shares were issued using the company's authorized capital for a total of € 226,785,023.01. The total amount of the dividend distributed in cash therefore came to € 506,395,475.19.

From the 2024 fiscal year onwards, a modified management system has been introduced. This uses the Adjusted EBT indicator and is thus more clearly focused on profitability. In the future, this performance indicator will also serve as the key parameter for Vonovia's dividend policy. The Adjusted EBT will be used as a basis for a reconciliation to the Operating Free Cash-Flow (OFCF) as the leading indicator of internal financing. This operating free cash flow is a measure of the Group's operational capacity to generate cash surpluses and, as a result, of its internal financing power.

On March 28, 2024, the rating agency Fitch awarded Vonovia an investment grade rating for the first time: BBB+ with a stable outlook. As positive factors, its analysis emphasizes the stability of the regulated rental housing market in Germany, the strong level of demand for residential units and Vonovia's very high level occupancy rate (98%).

Development of the Economy and the Industry

The European Commission describes the EU economy as faced with a complex and challenging environment. In its fall forecast, the Commission expects GDP growth of 0.9% in the EU and 0.8% in the eurozone for 2024. Nevertheless, the overall conditions for gradual, sustainable economic growth are in place, driven by domestic demand. Employment is strong, real incomes are recovering and financing conditions are easing. Meanwhile, the growth outlook is clouded by the aftereffects of high inflation. This is compounded by mounting geopolitical risks and political uncertainty. The German Federal Statistical Office (Destatis) estimates that the German economy shrank by 0.2% in terms of gross domestic product (GDP) in 2024 compared to the previous year and, according to the Kiel Institute for the World Economy (IfW), it is proving unable to break out of stagnation. There is an alternating pattern of quarters with rising and falling economic output. Overall, only the service sectors are on an upward trend, while the manufacturing and construction industries are shrinking. According to the National Institute of Economic Research (NIER), gross domestic product in Sweden is estimated to have risen by 0.5% in 2024. One of the main reasons behind the subdued growth is the continuing reluctance of Swedish households to spend. According to the Institute of Economic Research, Austrian GDP is expected to have contracted by 0.9%. The global slump in demand for industrial goods is weighing on Austrian manufacturing, value creation in the construction industry is declining, and consumer spending by private households has fallen again. For 2025, GDP growth of 0.0% is forecast for Germany (IfW Kiel), 1.2% for Sweden (National Institute of Economic Research, NIER) and 0.6% for Austria (Institute of Economic Research, WIFO).

According to the German Federal Employment Agency, economic stagnation has impacted the labor market in Germany. Unemployment and underemployment (excluding short-time work) increased in 2024 on average for the second year running. At the same time, however, the number of people in employment in 2024 was up compared to the previous year, putting the figure at a new high. The average unemployment rate based on the total civilian labor force rose by 0.3 percentage points year-on-year in 2024 to 6.0%. The NIER estimates the unemployment rate in Sweden at 8.4% in 2024, which is approx. 0.7 percentage points more than in the previous year. According to national calculations by the Austrian Public Employment Service (AMS), the unemployment rate in Austria in June 2024 was 7.0% and thus 0.6 percentage points higher than in the previous year. Based on respective national definitions, the average unemployment rate expected in 2025 is 6.3% for Germany (IfW Kiel), 8.5% in Sweden (NIER) and 7.4% in Austria (WIFO).

Inflation slowed further over the course of 2024, with falling energy prices playing a particular role in this trend in all three countries. Measured against the respective national Consumer Price Indexes (CPI), the average inflation rate was 2.2% in Germany, 2.8% in Sweden and 2.9% in Austria, based on figures from the national statistical offices. Based on respective national definitions, a CPI increase of 2.2% is expected for Germany (IfW Kiel), 1.7% for Sweden (NIER) and 2.3% for Austria (WIFO) for 2025 on average.

In a quest to make a timely return to its 2% medium-term inflation target, the European Central Bank (ECB) had raised key rates in 2023. The interest rate for the deposit facility, which the ECB Governing Council uses to steer the monetary policy course, rose in several steps to 4.00%. June 2024 saw the ECB begin to loosen the monetary reins somewhat, when it lowered its key interest rate in several steps, most recently in December 2024 to 3.00% and to 2.75% on February 5, 2025. High inflation also prompted the Swedish Riksbank to take further steps to lift its policy rate to 4.00% in the course of 2023. After the inflation rate started to move closer to the inflation target again, the policy rate was lowered in several steps, starting in May 2024, to 2.75% by the end of 2024, and 2.50% on January 8, 2025. Further interest rate cuts by the ECB and the Swedish Riksbank are likely to follow this year. In this overall environment, interest rates for construction in Germany, Sweden and Austria recently fell slightly, but were considerably higher in 2024 than before the interest rate turnaround of 2022.

The real estate market paints a mixed picture: Prices on the residential property market have largely stabilized, with prices on an upward trajectory again in some places. The real estate investment market remained relatively subdued, although transaction volumes in the residential segment have started rising again of late. The situation for project developers was a challenging one. Meanwhile, the overall conditions on the rental market in Germany remain favorable from a landlord's perspective. Given the combination of high demand for housing and a decline in the number of building permits granted, Savills does not expect the rental momentum to come to a standstill. Stubborn supply shortages and rising rents are also likely to translate into rising capital values. Quoted rents continued to increase across Germany; empirica reports that they were 4.7% higher on average over all years of construction in the fourth quarter of 2024 (new construction 5.1%) than in the same quarter of the previous year. According to DB Research, rents for existing contracts increased by more than 2%. Further rent increases are expected for 2025. According to data supplied by Statistics Sweden (SCB), rents in Sweden rose by an average of 5.0% in 2024. The initial data on rent negotiations for 2025 from "Hem & Hyra," the member magazine published by the Swedish tenants' association (Hyresgästföreningen), point towards a further sharp rise in rents. In Austria, rents (including newly let apartments) increased in 2024 compared to the previous year by 6.7% according to the Austrian statistical office. According to RE/MAX, rents not subject to rent restrictions will continue to rise in 2025 due to demand.

House prices had cooled down considerably in Germany, Sweden and Austria since their peak in 2022. The drop in prices in Germany came to a standstill in the course of the year on average. The empirica price index for condominiums (all years of construction) was 0.7% lower in the fourth quarter of 2024 compared to the same period of the previous year. In a quarter-on-quarter comparison, prices were up slightly again, by 0.1%, in the fourth quarter. Other market observers are reporting that prices for existing apartments (Immowelt) and condominiums (Europace) are already up slightly on the prior-year levels on average at the turn of the year. In the new construction segment, the empirica price index for condominiums was up by 2.1% year-on-year in the fourth quarter of 2024. Experts from DB Research, Fitch Ratings and Immowelt expect prices to continue to rise in 2025. According to Svensk Mäklarstatistik, purchase prices for tenant-owned apartments (Bostadsrätter) in Sweden were already 5.9% higher in December 2024 compared with the same month of the previous year. A clear recovery has been emerging since the beginning of the year, which was only briefly interrupted by a slump in the middle of the year and cooled off somewhat towards the year-end. Experts at Swedbank expect residential real estate prices to rise by around 5% in 2025. In Austria, the values of the current residential real estate price index of the Austrian central bank (OeNB) on the basis of new and used condominiums and single-family residences show a decrease in the third quarter of 2024 of 2.2% compared with the previous year. Measured in terms of quarter-on-quarter increases, prices more or less stagnated in the second and third quarters of 2024, with movements of -0.1% and -0.2% respectively. According to RE/MAX, the price trend for condominiums in Austria depends to a considerable degree on their location, with an increase expected in central locations in 2025.

The size of the population in Germany, Sweden and Austria is estimated to have risen again in 2024 and is expected to increase further. A large number of large cities and metropolitan areas are affected by housing shortages. Meanwhile, construction activity is on the decline. Residential construction is in a difficult phase in all three countries due to the combination of higher interest rates, less favorable financing conditions and increased/high construction costs. The GdW estimates that only 256,000 apartments will have been completed in Germany in 2024, compared to 294,400 in 2023. The figure could fall to 229,000 in 2025. The German federal government had set itself the goal of building 400,000 new apartments per year in Germany. As any rapid increase in new construction activity is unlikely according to

Savills, homes will remain in very short supply for some time to come. Boverket estimates that 52,300 apartments will have to be built per year in Sweden by 2033. Around 40,000 apartments are expected to have been completed in 2024, a figure that is only likely to total 33,000 in 2025. This means that the additional annual need will not be met. The number of construction starts could, however, rise again in 2025 given the slight improvement in the overall conditions. Following an ongoing decline in the number of building permits granted, the number of completions in residential construction in Austria is also likely to be much lower in 2024 and 2025, according to Bank Austria and Exploreal. Given the sustained high demand for housing, CBRE Austria anticipates a structural undersupply in the coming years, particularly in metropolitan areas.

The German residential investment market grew again in 2024. CBRE put the transaction volume at € 8.7 billion, around 50% higher than in the previous year. While the transaction volume was still subdued in the first half of the year, there was a year-end rally in the final quarter with a volume of € 3.9 billion. According to CBRE, the main trends were sales in the context of refinancing rounds, primarily by listed portfolio holders, and also the sale of project developments, particularly to public housing companies. The core and core-plus risk categories accounted for a share of just over 50% in 2024. The proportion of Value-add and opportunistic investments increased significantly. Prime yields at the end of 2024 were 3.4% or 0.05 percentage points higher than in the previous year. CBRE expects the residential real estate investment market to gain momentum in 2025, with a transaction volume of up to € 10 billion. According to Colliers, properties worth € 11.1 billion were traded across all segments on the Swedish transaction market in 2024, representing a year-on-year increase of approx. 44%. In terms of transaction volume, residential properties were the strongest asset class with a share of 32%. According to CBRE, the Austrian real estate investment market saw a transaction volume totaling € 2.7 billion in 2024, 7% less than in the previous year. The share of the residential segment stood at around 25%. Due to high demand, prime yields in the residential segment fell and stood at 4.25% at the end of 2024, 50 basis points lower than in the previous year. EHL reported in the third quarter that residential real estate remains a popular asset class, especially as far as well-let properties in Austria's urban centers are concerned.

Housing policy developments in Germany in 2024 included changes to the German Buildings Energy Act (GEG) and to the Federal Funding for Efficient Buildings (BEG). On January 1, 2024, a GEG amendment came into force aimed at increasing the proportion of renewable energies in heating systems and at reducing emissions. At the same time, the BEG introduced a guideline that supports the replacement of fossil fuel heating systems with environmentally friendly heating systems by subsidizing the investment costs involved. After the BEG "Climate-friendly new construction" promotional program had been briefly closed to applicants, the German state-owned development bank KfW started accepting applications for subsidized loans again in February 2024. In October, the "Climate-friendly new construction in the low-price segment" promotional program was then launched to create incentives for the construction of apartments in the lower and middle price segments. The program, which will run for a limited period until the end of 2025, requires properties to meet Efficiency House 55 standards. In March 2024, declining balance depreciation was adopted for apartment construction in the context of the German Growth Opportunities Act (Wachstumschancengesetz). This applies for a limited period to newly constructed residential buildings and apartments, or those acquired in the year of completion provided that construction work starts between October 1, 2023, and September 30, 2029. In December 2024, the German government passed a bill to extend the rent cap. The bill is still, however, being considered by parliament and is not making any progress. With the 2024 Annual Tax Act, the German government introduced a new non-profit housing structure from January 1, 2025, providing support to companies that build affordable apartments and rent them out on a long-term basis. At the end of May 2024, the new version of the EU Energy Performance of Buildings Directive came into force, which, among other things, provides for a reduction in energy consumption in residential buildings. The EU is waiving the obligation to refurbish poorly insulated private residential buildings. The beginning of 2025 also saw the entry into force of the land tax reform and adjustments to housing benefit to reflect price and rent trends. The CO_2 price will also rise from € 45 to € 55 per metric ton. New building regulations will come into force in Sweden on July 1, 2025. In Austria, a rent cap has applied since 2024 that limits the increase in indicative rents, category-based rents and rents for non-profit apartments. This does not include unrestricted rental agreements. A residential construction package adopted in the spring of 2024 is intended to revive the construction industry and provide more favorable conditions for residential construction loans.

Group's Business Development

Overview of Business Performance in 2024

Vonovia can look back on a positive 2024 fiscal year despite the strained overall conditions on the real estate markets. Following two years of balance sheet stabilization, the successful completion of the apartment sale program will now allow Vonovia to focus on growth and higher investment as of 2025.

The 2024 fiscal year saw the company sell a total of 2,470 units from its Recurring Sales portfolio (2023: 1,590) and 5,184 units from its Non Core/Other portfolio (2023: 2,248).

In the 2024 fiscal year, the core rental business saw high demand for rental apartments and rising rents, as well as a positive trend in customer satisfaction. In the Value-add segment, investments were increased, particularly in new photovoltaic systems and heat pumps, and a lease agreement was concluded for the existing coaxial network. In the 2024 fiscal year, we invested a total of around € 0.8 billion for maintenance (2023: € 0.7 billion) and around € 0.8 billion in total (2023: € 0.8 billion) in modernization/portfolio and new construction. In the Development segment, we completed 1,276 units for our own portfolio (2023: 1,332). In addition, 2,471 units intended for sale were completed (2023: 1,128).

The table below provides an overview of the development of the key performance indicators we last forecast for 2024 and their target achievement in the 2024 fiscal year.

	2023	Forecast for 2024 in the 2024 Q3 report	2024
Adjusted EBITDA Total (continuing operations) in € million	2,583.8	upper end of € 2.55–2.65 billion	2,625.1
Adjusted EBT (continuing operations) in € million	1,866.2	upper end of € 1.70–1.80 billion	1,799.6
EPRA NTA per share* in €	46.82	suspended	45.23
Sustainability Performance Index (SPI) in %	111	100	104
Rental income in € million	3,253.4	~€ 3.3 billion	3,323.5
Organic rent growth in %	3.8	Upper end of 3.8–4.1	4.1
Additional rent increase claim in %**	1.8	~2	2.1

* Based on the shares carrying dividend rights on the reporting date.

** For Germany: Additional rent increase claim at apartment level in relation to the local comparable rent (OVM) at the time of accrual that is guaranteed by law but can only be implemented once the three-year period for maximum rent growth ("Kappungsgrenze") has lapsed. The percentage value refers to the cumulative rent increase claim at the respective point in time and – for that period – cannot be added to the organic rent growth as the implementation occurs in subsequent years.

Overall, the **adjusted EBITDA total** from continuing operations of € 2,625.1 million in the 2024 fiscal year was 1.6 % higher than the previous year's figure of € 2,583.8 million. The Rental segment contributed € 2,385.7 million (2023: € 2,401.7 million), the Value-add segment € 168.4 million (2023: € 105.5 million), the Recurring Sales segment € 57.6 million (2023: € 63.4 million) and the Development segment € 13.4 million (2023: € 13.2 million).

The **Adjusted EBT** of continuing operations amounted to € 1,799.6 million in the 2024 fiscal year compared to € 1,866.2 million in the previous year. In the reconciliation of adjusted EBITDA to adjusted EBT, the contributing factors were the adjusted net financial result of € -709.0 million (2023: € -625.1 million), depreciation and amortization of € -112.7 million (2023: € -110.2 million) and interim profits of € -3.8 million (2023: interim losses of € 17.7 million).

EPRA NTA per share developed from € 46.82 at the end of 2023 to € 45.23 at the end of 2024. The development in the net asset value figure was due primarily to the net income from fair value adjustments of investment properties of € -1,559.0 million in 2024 (2023: € -10,651.2 million). The distribution of the cash dividend of € 506.4 million in 2024 (2023: € 372.9 million) and the issue of new shares as part of the scrip dividend also had an impact on this key figure.

The **Sustainability Performance Index** stood at 104 % (2023: 111 %) in the 2024 fiscal year. This was helped along in particular by the reduction of CO_2 intensity, the development of the average primary energy requirements of new construction and high levels of customer and employee satisfaction.

Statement of the Management Board on the Economic Situation

The net assets, financial position and results of operations of the Group are stable, particularly given the solid financing, the resulting balanced maturity profile and the flexibility gained through bond financings as a result of a diversified financing mix. The ongoing improvements to the property management processes and the use of new digital software solutions promote ongoing improvement in profitability.

Results of Operations

Overview

All in all, Vonovia's performance was in line with expectations in the 2024 fiscal year.

Adjusted EBITDA in the Rental segment was almost on a par with the previous year despite the sales completed in 2024 and higher maintenance expenses.

The Value-add segment posted a marked increase in earnings, which was mainly due to a positive effect resulting from the leasing of our coax network, which will not be repeated on the same scale in the coming year. The general conditions for the other segments continued to stabilize in the second half of the year due to high transaction volumes and property values that bottomed out.

As part of a strategic review of the Care segment at the end of the 2023 fiscal year, the management had already decided to discontinue these business activities and sell off this segment. In the course of 2024 and at the beginning of 2025, the properties and nursing care businesses were successfully sold as planned. A small part of the original Care segment (25 properties operated by third parties) was transferred to the Rental segment and generated € 23.1 million in segment revenue in the 2024 fiscal year (2023: € 23.2 million).

In detail, Adjusted EBT developed as follows in the reporting period:

Adjusted EBT (continuing operations)

in € million	2023	2024	Change in %
Revenue in the Rental segment	3,253.4	3,323.5	2.2
Expenses for maintenance	-426.2	-470.5	10.4
Operating expenses in the Rental segment	-425.5	-467.3	9.8
Adjusted EBITDA Rental	**2,401.7**	**2,385.7**	**-0.7**
Revenue in the Value-add segment	1,224.7	1,359.4	11.0
thereof external revenue	130.9	179.6	37.2
thereof internal revenue	1,093.8	1,179.8	7.9
Operating expenses in the Value-add segment	-1,119.2	-1,191.0	6.4
Adjusted EBITDA Value-add	**105.5**	**168.4**	**59.6**
Revenue in the Recurring Sales segment	319.3	441.3	38.2
Fair value of properties sold adjusted to reflect effects not relating to the period from assets held for sale in the Recurring Sales segment	-239.4	-359.8	50.3
Adjusted result Recurring Sales	**79.9**	**81.5**	**2.0**
Selling costs in the Recurring Sales segment	-16.5	-23.9	44.8
Adjusted EBITDA Recurring Sales	**63.4**	**57.6**	**-9.1**
Revenue from disposal of Development to sell properties	348.6	889.4	>100
Cost of Development to sell	-300.9	-813.8	>100
Carrying amount of assets sold of Development to sell	–	-27.8	–
Gross profit Development to sell	**47.7**	**47.8**	**0.2**
Rental revenue Development	5.1	7.3	43.1
Operating expenses in the Development segment	-39.6	-41.7	5.3
Adjusted EBITDA Development	**13.2**	**13.4**	**1.5**
Adjusted EBITDA Total (continuing operations)	**2,583.8**	**2,625.1**	**1.6**
Adjusted net financial result	-625.1	-709.0	13.4
Straight-line depreciation*	-110.2	-112.7	2.3
Intragroup profit/losses	17.7	-3.8	–
Adjusted EBT (continuing operations)	**1,866.2**	**1,799.6**	**-3.6**
Adjusted EBT (continuing operations) per share in €**	**2.31**	**2.20**	**-5.1**
Minorities	136.0	166.0	22.1
Adjusted EBT (continuing operations) after minorities	1,730.2	1,633.6	-5.6
Adjusted EBT (continuing operations) after minorities per share in €**	2.15	1.99	-7.1

* Depreciation on concessions/property rights/licenses, self-developed software, self-used real estate, technical equipment and machinery, as well as other equipment/operating and business equipment.

** Based on the weighted average number of shares carrying dividend rights.

At the end of December 2024, Vonovia had a workforce of 12,056 (end of December 2023: 11,946) in its continuing operations, and managed a portfolio comprising 539,753 of its own units (end of December 2023: 545,919), 162,697 garages and parking spaces (end of December 2023: 164,330) and 8,331 commercial units (end of December 2023: 8,691). Vonovia also managed 73,400 residential units (end of December 2023: 71,424) on behalf of third parties at the end of 2024.

Details on Results of Operations by Segment

Rental Segment

At the end of December 2024, the portfolio in the Rental segment had a vacancy rate of 2.0 % (end of December 2023: 2.0 %), meaning that it was again nearly fully occupied.

In the 2024 fiscal year, revenue in the Rental segment increased by 2.2 % year-on-year (2023: 2.1 %) to € 3,323.5 million (2023: € 3,253.4 million). Of the segment revenue in the Rental segment in the 2024 fiscal year, € 2,837.6 million is attributable to rental income in Germany (2023: € 2,790.1 million), € 360.7 million to rental income in Sweden (2023: € 341.6 million) and € 125.2 million to rental income in Austria (2023: € 121.7 million). Organic rent growth (twelve-month rolling) totaled 4.1 % at the end of December 2024 (3.8 % at the end of December 2023). The current rent increase due to market-related factors came to 2.8 % at the end of December (2.3 % at the end of December 2023), while the increase from property value improvements translated into a further 0.9 % (1.0 % at the end of December 2023). All in all, this produced a like-for-like rent increase of 3.7 % at the end of December 2024 (3.3 % at the end of December 2023). New construction and vertical expansion measures also contributed 0.4 % to organic rent growth at the end of December 2024 (0.5 % at the end of December 2023).

The average monthly in-place rent in the residential real estate portfolio within the Rental segment at the end of 2024 came to € 8.01 per m² compared to € 7.74 per m² at the end of 2023. The monthly in-place rent in the German portfolio at the end of 2024 came to € 7.89 per m² (end of 2023: € 7.63 per m²), with a figure of € 10.48 per m² (end of 2023: € 10.18 per m²) for the Swedish portfolio and € 5.71 per m² for the Austrian portfolio (end of 2023: € 5.47 per m²). The rental income from the portfolio in Sweden reflects all-inclusive rents, meaning that the amounts contain operating, heating and water supply costs. Moreover, the rental income from the Austrian real estate portfolio includes maintenance and improvement contributions (EVB).

Total maintenance, modernization, investments in the existing portfolio and new construction in the 2024 fiscal year came in at € 1,601.0 million, up by around 5% on the prior-year value of € 1,527.0 million.

Maintenance, Modernization/Portfolio Investments and New Construction (continuing operations)

in € million	2023	2024	Change in %
Expenses for maintenance	426.2	470.5	10.4
Capitalized maintenance	296.3	294.2	-0.7
Maintenance measures	**722.5**	**764.7**	**5.8**
Modernization & portfolio investments*	513.3	611.8	19.2
New construction (to hold)	291.2	224.5	-22.9
Modernization, portfolio investments and new construction	**804.5**	**836.3**	**4.0**
Total sum of maintenance, modernization, portfolio investments and new construction*	**1,527.0**	**1,601.0**	**4.8**

* Previous year's values (2023) adjusted to current key figure definition, incl. portfolio investments.

Operating expenses in the Rental segment in the 2024 fiscal year amounted to € -467.3 million and were thus up by 9.8 % on the figure for 2023 of € -425.5 million.

At € 2,385.7 million, Adjusted EBITDA in the Rental segment in the 2024 fiscal year was almost on a par with the previous year (2023: € 2,401.7 million) despite the sales completed in 2024 and higher maintenance expenses.

Value-add Segment

In the 2024 fiscal year, the Value-add segment was hit by the general price increases for construction services and materials, as well as productivity losses due to smaller-scale investments. Modernization and continuous investments in the existing portfolio showed positive development, up by 19.2 % on the 2023 value in the 2024 fiscal year. This was also thanks to our increased investment in new photovoltaic facilities and heat pumps. In the multimedia business, the conclusion of an agreement to lease the existing coax network had a positive effect of € 58.0 million in the 2024 fiscal year.

All in all, revenue from the Value-add segment came to € 1,359.4 million in the 2024 fiscal year, up by 11.0 % on the value of € 1,224.7 million seen in 2023. External revenue from our Value-add activities with our end customers in the 2024 fiscal year amounted to € 179.6 million and had thus increased by 37.2 % on 2023, when the figure was € 130.9 million. This was mainly due to a positive effect in the multimedia business resulting from the leasing of coax networks. Intra-Group revenue came to € 1,179.8 million in the 2024 fiscal year, 7.9 % higher than the value of € 1,093.8 million for 2023.

Operating expenses in the Value-add segment in the 2024 fiscal year amounted to € -1,191.0 million and were thus up by 6.4 % on the figure for 2023 of € -1,119.2 million.

Adjusted EBITDA Value-add came to € 168.4 million in the 2024 fiscal year, up significantly on the figure of € 105.5 million reported in 2023.

Recurring Sales Segment

In the Recurring Sales segment, the income from disposal of properties came to € 441.3 million in the 2024 fiscal year with 2,470 units sold (2023: 1,590), up by 38.2 % on the value of € 319.3 million reported in 2023; with 2,037 units sold in Germany (2023: 1,201) and 433 in Austria (2023: 389). Income of € 339.5 million is attributable to sales in Germany (2023: € 214.6 million) and € 101.8 million to sales in Austria (2023: € 104.7 million).

The fair value step-up was down by 22.6 % on the previous year's value of 33.4 % due to a decision to prioritize liquidity and profitability in the 2024 fiscal year. This was also due to lower step-ups for sales in Germany and Austria.

Selling costs in the Recurring Sales segment came in at € -23.9 million in the 2024 fiscal year, up by 44.8 % on the value of € -16.5 million for the previous year.

Adjusted EBITDA Recurring Sales came in at € 57.6 million in the 2024 fiscal year, down by 9.1 % on the prior-year value of € 63.4 million.

In the 2024 fiscal year, 5,184 units from the No Core/Other portfolio (2023: 2,248) were also sold as part of our portfolio adjustment measures, with proceeds totaling € 662.5 million (2023: € 553.7 million). At 2.3 %, the fair value step-up for Non Core/Other disposals in the 2024 fiscal year was higher than the figure for the previous year (1.1 %).

Development Segment

The Development segment was impacted primarily by high construction costs and high interest rates for construction in the 2024 fiscal year.

In the Development to sell area, a total of 2,471 units were completed in the 2024 fiscal year (2023: 1,128 units), all of them in Germany (2023: 769). No units were completed in Austria in 2024 (2023: 359). In the 2024 fiscal year, income from the disposal of Development to sell properties amounted to € 889.4 million (2023: € 348.6 million), with € 795.4 million attributable to project development in Germany (2023: € 296.7 million) and € 94.0 million to project development in Austria (2023: € 51.9 million). The resulting gross profit for Development to sell came to € 47.8 million in the 2024 fiscal year with a margin of 5.4 % (2023: gross profit of € 47.7 million, margin of 13.7 %).

Development operating expenses came to € -41.7 million in the 2024 fiscal year, 5.3 % above the comparative value of € -39.6 million seen in the previous year.

Adjusted EBITDA in the Development segment amounted to € 13.4 million in the 2024 reporting period (2023: € 13.2 million).

In the "Development to hold" area, a total of 1,276 units were completed in the 2024 fiscal year (2023: 1,332 units), of which 1,264 were in Germany (2023: 851 units), with none in Austria (2023: 307 units) and 12 in Sweden (2023: 174 units).

Adjusted EBT

The adjusted EBITDA total from continuing operations of € 2,625.1 million in the 2024 fiscal year was 1.6 % higher than the previous year's figure of € 2,583.8 million.

In the reconciliation of Adjusted EBITDA to Adjusted EBT, the contributing factors were the adjusted net financial result of € -709.0 million (2023: € -625.1 million), depreciation and amortization of € -112.7 million (2023: € -110.2 million) and interim profits of € -3.8 million (2023: interim losses of € 17.7 million).

The adjusted EBT of continuing operations amounted to € 1,799.6 million in the 2024 fiscal year compared to € 1,866.2 million in the previous year.

In the 2024 fiscal year, the non-recurring items eliminated in the Adjusted EBT came to € 241.8 million (2023: € 147.9 million).

The following table gives a detailed list of the non-recurring items:

Non-recurring Items

in € million	2023	2024	Change in %
Transactions*	70.0	33.9	-51.6
Personnel matters	35.1	170.9	>100
Business model optimization	34.9	29.7	-14.9
Research & development	6.8	5.9	-13.2
Refinancing and equity measures	1.1	1.4	27.3
Total non-recurring items	**147.9**	**241.8**	**63.5**

* Including one-time expenses in connection with acquisitions, such as HR measures relating to the integration process and other follow-up costs.

The increase in HR-related scenarios within non-recurring items is due to the reassessment of the probability of claims being asserted in connection with legal disputes with a social insurance provider.

Reconciliations

The adjusted net financial result changed from € -625.1 million in the 2023 fiscal year to € -709.0 million in the 2024 fiscal year.

Reconciliation of Adjusted Net Financial Result (continuing operations)

in € million	2023	2024	Change in %
Income from non-current securities and non-current loans	60.6	17.2	-71.6
Interest income – finance lease	–	1.2	–
Interest received and similar income	22.9	51.1	>100
Interest expense from non-derivative financial liabilities	-765.1	-830.6	8.6
Swaps (current interest expense for the period)	49.3	45.6	-7.5
Capitalization of interest on borrowed capital Development	0.6	0.6	–
Income from investments	6.6	5.9	-10.6
Adjusted net financial result	**-625.1**	**-709.0**	**13.4**
Accrued interest	-25.6	15.8	–
Net cash interest	**-650.7**	**-693.2**	**6.5**

In the 2024 fiscal year, profit for the period came to € -962.3 million (2023: € -6,756.2 million). This was also due to the net income from fair value adjustments of investment properties of € -1,559.0 million in 2024 (2023: € -10,651.2 million).

The reconciliation of the profit for the period to Adjusted EBT (continuing operations) is as follows:

Reconciliation of Profit for the Period/Adjusted EBT/Adjusted EBITDA (continuing operations)

	2023	2024	Change in %
Profit for the period	**-6,756.2**	**-962.3**	**-85.8**
Profit from discontinued operations	148.1	-26.7	–
Profit from continuing operations	**-6,608.1**	**-989.0**	**-85.0**
Income taxes	-2,577.1	385.6	–
Earnings before tax (EBT)	**-9,185.2**	**-603.4**	**-93.4**
Non-recurring items	147.9	241.8	63.5
Net income from fair value adjustments of investment properties	10,651.2	1,559.0	-85.4
Impairment/value adjustments	334.2	347.3	3.9
Valuation effects and special effects in the financial result	-176.1	208.5	–
Net income from investments accounted for using the equity method	75.7	53.8	-28.9
Earnings contribution from Non Core/Other sales	12.2	6.6	-45.9
Period adjustments from assets held for sale	6.3	-14.0	–
Adjusted EBT (continuing operations)	**1,866.2**	**1,799.6**	**-3.6**
Adjusted net financial result	625.1	709.0	13.4
Straight-line depreciation	110.2	112.7	2.3
Intragroup profit/losses	-17.7	3.8	–
Adjusted EBITDA Total (continuing operations)	**2,583.8**	**2,625.1**	**1.6**

The reconciliation of Adjusted EBT (continuing operations) to operating free cash flow is as follows:

Reconciliation of Adjusted EBT (continuing operations)/Operating Free Cash-Flow

in € million	2023	2024	Change in %
Adjusted EBT (continuing operations)	**1,866.2**	**1,799.6**	**-3.6**
Straight-line depreciation	110.2	112.7	2.3
Change in net current assets (working capital) according to the cash flow statement (adjusted for special payment effects)*	-340.2	274.1	–
Carrying amount of investment properties (core business)	239.4	387.6	61.9
Capitalized maintenance	-296.3	-294.2	-0.7
Dividends and payouts to non-controlling shareholders (minorities)	-40.5	-143.7	>100
Income tax payments according to cash flow statement (w/o taxes on Non Core sales)	-124.0	-235.5	89.9
Operating Free Cash-Flow	**1,414.8**	**1,900.6**	**34.3**

* Mainly adjustment of accrual of provisions due to payment to a social insurance provider.

Assets

Consolidated Balance Sheet Structure

Consolidated Balance Sheet Structure

	Dec. 31, 2023		Dec. 31, 2024	
	in € million	in %	in € million	in %
Non-current assets	85,121.4	92.5	82,326.9	91.2
Current assets	6,874.5	7.5	7,909.4	8.8
Total assets	**91,995.9**	**100.0**	**90,236.3**	**100.0**
Equity	29,944.6	32.5	28,126.9	31.2
Non-current liabilities	56,912.4	61.9	54,644.6	60.6
Current liabilities	5,138.9	5.6	7,464.8	8.2
Total equity and liabilities	**91,995.9**	**100.0**	**90,236.3**	**100.0**

The Group's total assets declined by € 1,759.6 million, from € 91,995.9 million as of December 31, 2023 to € 90,236.3 million.

The key trend in the non-current assets item is the € 2,742.4 million decrease in investment properties, which was due in particular to the reclassification of a portfolio of around 4,500 residential units in Berlin to current assets, assets held for sale, and to the negative result from remeasurement in the amount of € -1,559.0 million. Capitalized modernization costs and additions, in particular, had the opposite effect.

The transactions with Apollo Capital Management L.P. relating to the disposal of shares in the Südewo portfolio of residential properties in Baden-Württemberg and a portfolio in northern Germany in the 2023 fiscal year gave rise to call options on these shares. These were recognized directly in equity as an asset in the 2023 fiscal year. The call options were adjusted affecting net income as of December 31, 2023. In the previous year, this resulted in income of € 90.0 million. These options were remeasured on December 31, 2024, resulting in a valuation of € 731.0 million. The adjustment was recognized in the form of an expense of € 107.0 million in 2024.

Within current assets, the reclassification to assets held for sale referred to above, in particular, resulted in this item increasing by € 1,185.6 million. Other changes in current assets were associated with the drop in trade receivables (€ -349.7 million), as well as with the increase in cash and cash equivalents (€ 382.3 million).

On December 31, 2024, goodwill comprised 1.5 % of total assets (December 31, 2023: 1.5 %).

As of December 31, 2024, the gross asset value (GAV) of Vonovia's property assets came to € 82,570.5 million. This corresponds to 91.5 % of total assets, compared to € 84,545.1 million or 91.9 % at the end of 2023.

Total equity fell by € 1,817.7 million from € 29,944.6 million to € 28,126.9 million, due in particular to the profit for the period of € -962.3 million and the dividend distribution. The other comprehensive income of € -95.7 million was influenced to a significant degree by currency effects amounting to € -143.0 million.

The equity ratio stood at 31.2 % as of December 31, 2024, compared with 32.5 % at the end of 2023.

Liabilities rose by € 58.1 million from € 62,051.3 million to € 62,109.4 million. The total of non-current non-derivative financial liabilities fell by € 2,188.2 million, from € 39,636.5 million to € 37,448.3 million. Current non-derivative financial liabilities increased by € 1,942.1 million, from € 3,260.6 million to € 5,202.7 million.

Deferred tax liabilities fell by € 99.7 million from € 15,713.2 million to € 15,613.5 million.

Net Assets

Vonovia's net asset value figures are based on the best practice recommendations of the EPRA (European Public Real Estate Association). At the end of the 2024 fiscal year, the EPRA NTA came to € 37,215.6 million, down by 2.4 % on the value of € 38,140.9 million seen at the end of 2023. EPRA NTA per share developed from € 46.82 at the end of 2023 to € 45.23 at the end of 2024.

EPRA Net Tangible Assets (EPRA NTA)

in € million	Dec. 31, 2023	Dec. 31, 2024	Change in %
Total equity attributable to Vonovia shareholders	**25,682.6**	**23,996.4**	**-6.6**
Deferred tax in relation to fair value gains of investment properties*	13,895.3	14,620.2	5.2
Fair value of financial instruments**	-13.4	23.4	-
Goodwill	-1,391.7	-1,391.7	-
Intangible assets	-32.0	-32.7	2.2
EPRA NTA	**38,140.9**	**37,215.6**	**-2.4**
EPRA NTA per share in €* **	**46.82**	**45.23**	**-3.4**

* Proportion of hold portfolio.
** Adjusted for effects from cross currency swaps.
*** EPRA NTA per share based on the shares carrying dividend rights on the reporting date.

Over a five-year observation period, Vonovia's property assets showed the following development based on the EPRA NTA and the GAV (gross asset value):

in € million	EPRA NTA	GAV
2024	37,215.6	82,570.5
2023	38,140.9	84,545.1
2022	45,744.5	95,125.5
2021	48,640.8	98,225.3
2020	35,488.6	59,207.1

Fair Values

Major market developments and valuation parameters that have an impact on the **fair values** of Vonovia are assessed every quarter. The entire portfolio was revalued as of June 30, 2024 and also at the end of 2024.

The demand for housing continues to outstrip the supply, which had a positive impact on rent development in 2024. Our assessment is that this trend will continue in the coming years. Based on market data, we therefore assume an average increase in market rents of 2.6% over the next ten years in the valuation of the portfolio. The **market values** of our properties are also being helped along by the investments made in the energy-efficient modernization of our buildings and improvements to the fittings in our apartments. On the market, the **higher rents** met with **increased return expectations** among property buyers, particularly in the first half of the year. Overall, the fair value of our real estate portfolio was lower than in the previous year and, after adjustments for acquisitions and sales, and excluding currency effects, changed by -0.9%. The drop in value seen in the first six months of the year was followed by a period of stabilization leading up to the year-end. The value of the Austrian subportfolio remained virtually stable compared to the previous year, while the Swedish subportfolio even showed positive performance.

In addition to the internal valuation, Vonovia's residential real estate portfolio was also valued by the **independent property appraisers** CBRE GmbH and Savills Sweden AB. The market value resulting from the external report was consistent with the internal valuation result.

Vonovia's project developments for subsequent management within its own portfolio are measured at **acquisition and production costs** until the construction work is complete as the fair value cannot be reliably calculated on a continuing basis. This is subject to a review of the values applied if triggering events occur. The fair value for the nursing care properties was calculated by the external appraiser W&P Immobilienberatung GmbH using a DCF method.

Regular Determination of the Fair Values Creates a Transparent Valuation of the Company's Properties

Calculating and showing the fair values provides a control parameter inside the company and also helps to make the development of the value of our assets transparent to people outside the company.

The fair value of the portfolio of residential properties was determined, in accordance with **IAS 40** and IFRS 13, on the basis of the International Valuation Standard Committee's definition of market value.

Vonovia, in principle, measures its portfolio on the basis of the **discounted cash flow (DCF) method**. Under the DCF methodology, the expected future cash inflows and outflows associated with a property are forecast and discounted to the date of valuation as the net present value. The cash inflows in the DCF model mainly comprise expected rental income (current in-place rent, current inclusive rent in

Sweden, market rents as well as their development) taking vacancy losses and also sales revenues for an Austrian subportfolio into account. The expected rental income is derived for each location from the latest rent indices and rent tables (including Value AG, Immobilienverband Deutschland [IVD] and the Austrian Economic Chamber [WKÖ]) as well as from studies on spatial prosperity (Federal Institute for Research on Building, Urban Affairs and Spatial Development [BBSR], Prognos, Value AG, Federal Statistical Office, Statistics Austria, etc.). In Sweden, rents and rent increases are defined as part of negotiations with the Swedish tenants' association ("Hyresgästföreningen") and are reflected accordingly in the valuation model. The expected sales revenues in Austria are derived from historical sale prices as well as market data (e.g., the Austrian Economic Chamber [WKÖ], EHL).

On the cash outflow side, maintenance expenses and administrative costs are taken into account. Further cash outflows include, for example, ground rents, non-allocable ancillary costs, rent losses and, in Austria, selling costs. In the Swedish valuation, further expenses to be borne by the owner are also taken into account in the DCF model due to the inclusive rents that are a special feature of this market. All cash outflows are inflated in the reporting period. Modernization measures carried out in the housing stocks are factored in by decreasing the current maintenance expenses and adjusting market rents. The commercial properties in the portfolio are mainly small commercial units for the supply of the local residential environment. Different cost approaches are used to those for residential properties, and the capitalized interest rates were adjusted to reflect the market specifics.

The recognition and valuation of investment properties are explained in detail in the notes to the consolidated financial statements (see → **[D27] Investment Properties**).

The fair value of Vonovia's real estate portfolio comprising residential buildings, commercial properties, garages and parking spaces as well as project developments, existing areas with construction potential and land areas with inheritable building rights granted, as well as nursing care facilities, was € 81,971.4 million as of December 31, 2024 (2023: € 83,927.7 million). Net income from fair value adjustments of investment properties in the income statement comes to € -1,559.0 million (2023: € -10,651.2 million).

Financial Position

Cash Flow

The Group cash flow is as follows:

Key Data from the Statement of Cash Flows

in € million	2023	2024
Cash flow from operating activities	1,901.2	2,401.6
Cash flow from investing activities	-825.9	-187.6
Cash flow from financing activities	-961.0	-1,821.0
Influence of changes in foreign exchange rates	2.1	-3.4
Net changes in cash and cash equivalents	**116.4**	**389.6**
Change in cash and cash equivalents related to discontinued operations*	2.8	-0.9
Reclassification of cash and cash equivalents into disposal group	–	-8.2
Cash and cash equivalents at the beginning of the period	**1,260.8**	**1,374.4**
Cash and cash equivalents at the end of the period	**1,374.4**	**1,756.7**

* For reasons of comparability, a separate presentation is made for the year 2023 in accordance with IFRS 5 as in 2024.

The cash flow from **operating activities** came to € 2,401.6 million in 2024, compared with € 1,901.2 million in 2023.

The cash flow from **investing activities** shows a payout balance of € 187.6 million for 2024. Payments for the acquisition of investment properties came to € 1,265.9 million (2023: € 1,103.7 million). On the other hand, income from portfolio sales in the amount of € 1,398.3 million was collected (2023: € 588.4 million).

The **cash flow from financing activities** of € -1,821.0 million (2023: € -961.0 million) includes payments for regular and unscheduled repayments on financial liabilities in the amount of € 3,212.3 million (2023: € 6,191.2 million) and, on the other hand, proceeds from issuing financial liabilities in the amount of € 2,943.8 million (2023: € 4,310.3 million). Payouts for transaction and financing costs amounted to € 48.6 million (2023: € 1.9 million). Interest paid came to € 766.8 million in 2024 (2023: € 719.3 million). The payouts to shareholders of Vonovia SE came to € 506.4 million (2023: € 372.9 million), with cash paid to non-controlling shareholders coming to € 143.7 million (2023: € 40.5 million). The previous year had also been influenced by proceeds from the sale of shares in consolidated companies in the amount of € 2,091.6 million.

Net changes in **cash and cash equivalents** came to € 389.6 million.

Financing

In its announcement of August 23, 2024, the agency Standard & Poor's indicated that Vonovia's **rating** remains unchanged at BBB+ with a stable outlook for its long-term issuer credit rating and A-2 for its short-term issuer credit rating, while Vonovia's issued and unsecured bonds are rated BBB+.

In its announcement of February 4, 2025, the rating agency Moody's confirmed Vonovia's rating of Baa1 with a stable outlook.

The rating agency Scope has, in its announcement of July 2, 2024, awarded Vonovia an A- investment grade rating with negative outlook.

On March 28, 2024, the rating agency Fitch awarded Vonovia a rating for the first time: BBB+ with a stable outlook.

Vonovia SE has launched an **EMTN** (European medium-term notes) program. This program allows funds to be raised quickly at any time, without any major administrative outlay, using bond issues. The published prospectus for the € 40 billion program was expanded on November 8, 2024, must be updated annually and requires approval from the financial supervisory authority of the Grand Duchy of Luxembourg (CSSF).

As of the reporting date of December 31, 2024, Vonovia had placed a total bond volume of € 22.8 billion, € 21.7 billion of which relates to the EMTN program. Deutsche Wohnen bonds worth a further € 1.8 billion were also assumed.

A bond in the amount of € 328.6 million was repaid as scheduled on January 15, 2024.

On January 18, 2024, Vonovia issued an unsecured GBP 400.0 million (approx. € 465.1 million) bond with a twelve-year term and a 5.5% coupon (4.55% after currency hedging).

On February 14, 2024, Vonovia issued another unsecured bond with a volume of CHF 150.0 million (approx. € 159.3 million), a five-year term and a 2.565% coupon (4.16% after currency hedging).

In January and February 2024, several drawdowns were made under the Commercial Paper Program, with a total volume of € 500.0 million.

On March 28, 2024, an amount of € 150.0 million was disbursed under a secured financing agreement concluded with Ergo in December 2023.

With a total volume of € 138.7 million, two secured bullet loans were repaid on March 31, 2024.

On April 8, 2024, a € 336.1 million bond was repaid as scheduled.

A further bond, denominated in Swedish krona and with a volume of SEK 500.0 million (around € 48.5 million), was repaid as scheduled on April 8, 2024.

On April 10, 2024, Vonovia issued a € 850.0 million unsecured social bond with a 4.25% coupon and a ten-year term.

Vonovia placed a bond with a volume of SEK 750.0 million (approx. € 66.9 million) with a two-year term as part of a private placement on June 19, 2024. The bond is a floating-rate bond (3M STIBOR plus 1.30% margin; 4.51% after interest and currency hedging) and is structured as a social bond.

On August 6, 2024, Vonovia took out secured financing with Hamburg Commercial Bank in the amount of € 135.0 million with a maturity of seven years. The amount was disbursed on August 28, 2024.

On August 26, 2024, Vonovia issued a CHF 235.0 million (€ 247.8 million) bond with a seven-year term. The coupon is 2.000% p.a. (or 3.897% p.a. after currency hedging).

On September 9, 2024, Vonovia took out a loan in the amount of € 110.0 million with a ten-year term with Münchener Hypothekenbank. The loan was disbursed on September 12, 2024.

A bond in the amount of € 278.3 million was repaid as scheduled on September 16, 2024.

On September 26, 2024, Vonovia issued an SEK 500.0 million (€ 44.3 million) bond with a four-year term. The bond is a floating-rate bond (3M STIBOR plus 142 basis points).

On December 6, 2024, a € 871.0 million bond was repaid as scheduled.

On December 13, 2024, Vonovia took out secured financing with Bayern LB in the amount of € 100.0 million with a maturity of ten years. The loan was disbursed on December 20, 2024.

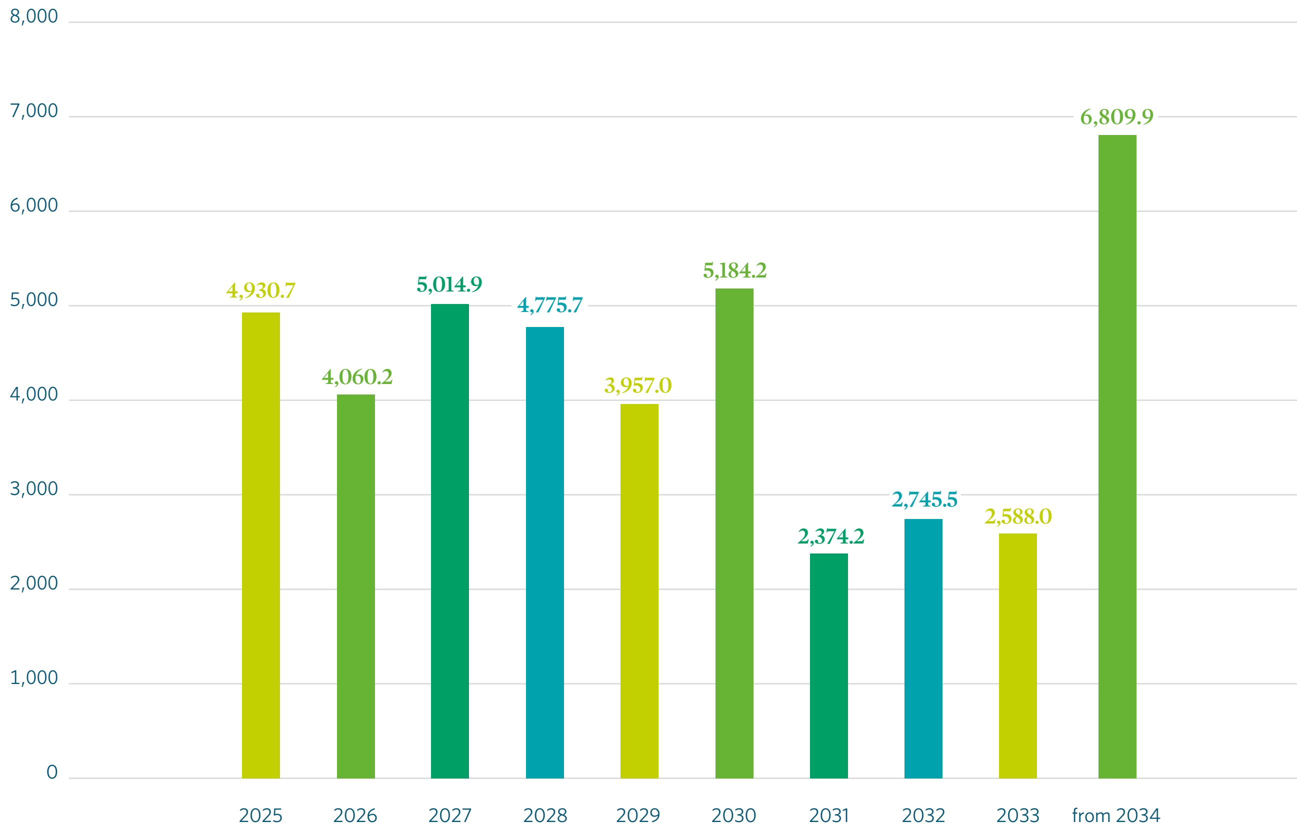
Also on December 13, 2024, Vonovia took out secured financing with Ergo Versicherung in the amount of € 75.0 million with a maturity of 15 years. The loan was disbursed on December 19, 2024.

On December 18, 2024, Vonovia concluded a loan agreement with DZ Hyp in the amount of € 100.0 million with a maturity of ten years. The loan was disbursed on January 14, 2025.

The **debt maturity profile** of Vonovia's financing was as follows as of December 31, 2024:

Debt Maturity Profile

as of December 31, 2024, in € million (face values)



The key debt ratios are as follows as of the reporting date (calculated based on the definitions used in the financing documentation):

in € million	Dec. 31, 2023	Dec. 31, 2024	Change in %
Non-derivative financial liabilities	42,933.0	42,651.0	-0.7
Foreign exchange rate effects	–	-19.8	–
Cash and cash equivalents*	-1,737.1	-2,127.5	22.5
Net debt	**41,195.9**	**40,503.7**	**-1.7**
Sales receivables	-895.2	-873.3	-2.4
Adjusted net debt	**40,300.7**	**39,630.4**	**-1.7**
Fair value of the real estate portfolio	**83,927.7**	**81,971.4**	**-2.3**
Loans to companies holding immovable property and land	814.3	521.8	-35.9
Shares in other real estate companies	479.5	615.9	28.4
Adjusted fair value of the real estate portfolio	**85,221.5**	**83,109.1**	**-2.5**
LTV	**47.3%**	**47.7%**	**0.4 pp**
Adjusted net debt	40,300.7	39,630.4	-1.7
Adjusted EBITDA total**	2,583.8	2,625.1	1.6
Adjusted Net debt/Adjusted EBITDA total	**15.6x**	**15.1x**	**-0.5x**

* Incl. term deposits not classified as cash equivalents.
** Total over four quarters.

In connection with the issue of unsecured bonds and financing, as well as structured secured financing, Vonovia has undertaken to comply with the following standard market covenants:

in € million	Threshold	Dec. 31, 2023	Dec. 31, 2024	Change in %
Total financial debt		42,933.0	42,651.0	-0.7
Total assets		91,995.9	90,236.3	-1.9
LTV	**< 60.0%**	**46.7%**	**47.3%**	**0.6 pp**
Secured debt		12,930.1	13,204.7	2.1
Total assets		91,995.9	90,236.3	-1.9
Secured LTV	**< 45.0%**	**14.1%**	**14.6%**	**0.5 pp**
LTM Adjusted EBITDA		2,583.8	2,625.1	1.6
LTM Net Cash Interest		650.7	693.2	6.5
ICR	**> 1.8x**	**4.0x**	**3.8x**	**-0.2x**
Unencumbered assets		47,296.5	46,797.0	-1.1
Unsecured debt		30,002.9	29,446.3	-1.9
Unencumbered assets	**> 125.0%**	**157.6%**	**158.9%**	**1.3 pp**

The existing structured and secured financing arrangements also require adherence to certain standard market covenants. Any failure to meet the agreed financial covenants could have a negative effect on the liquidity status.

The financial covenants (calculation based on the definitions in the financing documentation) have been fulfilled as of the reporting date.

Economic Development of Vonovia SE

(Reporting on the basis of the German Commercial Code [HGB])

Foundation

Vonovia SE has been entered in the commercial register of Bochum Local Court under HRB 16879 since 2017. Vonovia SE was established as Deutsche Annington Immobilien GmbH on June 17, 1998, with its registered headquarters in Frankfurt am Main, to serve as an acquisition vehicle for the purchase of residential properties by financial investors.

Following its initial listing in 2013 and further successful acquisitions over the course of time, it now forms the **Vonovia Group** together with its subsidiaries and is one of the leading German, Austrian and Swedish residential real estate management companies. Following the successful integration of the BUWOG Group, Vonovia also ranks among the leading real estate developers in Germany and Austria. Deutsche Wohnen SE and its subsidiaries have also been part of the Vonovia Group since September 2021.

Vonovia SE performs the function of the **management holding company** within the Vonovia Group. In this function, it is responsible for determining and pursuing the overall strategy and implementing it in the form of the company's goals. It performs property management, project development, financing, service and coordination tasks for the Group. Furthermore, it is responsible for the management, control and monitoring system as well as risk management. To carry out these management functions, Vonovia SE also maintains service companies to which it has outsourced selected functions, allowing it to realize corresponding harmonization and standardization effects, as well as economies of scale.

The description of the company's **net assets, financial position and results of operations** is based largely on the reporting of the Vonovia Group. The net assets, financial position and results of operations of Vonovia SE as the management holding company are ultimately determined by the assets of the Group companies and their ability to make sustainable positive contributions to earnings and generate positive cash flows. The company's risk profile is therefore largely the same as the Group's. The preceding reporting for the Group **of Vonovia SE therefore also expresses the company's position.**

The Vonovia SE **annual financial statements** have been prepared in accordance with the provisions of the German Commercial Code (HGB) taking into account the supplementary regulations of the German Stock Corporation Act (AktG) and the SE Regulation. As a listed company, Vonovia SE is classed as a large corporation.

The annual and consolidated financial statements as well as the combined management report are published in the electronic business register.

Overview of Business Performance in 2024

The **residential real estate sector** is still faced with complex overall conditions characterized by high demand for housing and homes that are in short supply, also due to an insufficient number of real estate development projects. Demand is being driven to a considerable degree by migration and sociological aspects, while supply is being influenced primarily by higher construction costs, regulatory issues related to construction, and interest rates.

Also in light of the current overall conditions, the successful **strategy** defined at the time of the company's IPO has been analyzed to identify the key value drivers and create a more targeted management system.

On September 18, 2024, Vonovia SE and Deutsche Wohnen SE initiated a process to conclude a **control and profit-and-loss transfer agreement** between the two companies. This process will involve Vonovia making an offer to external shareholders of Deutsche Wohnen SE to acquire their shares in return for compensation in the form of newly issued shares in Vonovia SE, or to grant the remaining shareholders of Deutsche Wohnen SE an annual compensation payment for the term of the intercompany agreement. The necessary approval was obtained at extraordinary general meetings organized by the companies on January 23 and 24, 2025. The control and profit-and-loss transfer agreement takes effect upon entry into the commercial register of Deutsche Wohnen SE. Deutsche Wohnen SE's entry in the Commercial Register is not yet certain due to an action for annulment brought against the resolution passed by the Annual General Meeting of Vonovia SE.

On September 30, 2024, Vonovia and Apollo Capital Management L.P. agreed to establish a company that is to hold 20% of the shares in Deutsche Wohnen SE. In addition to Vonovia, with a 49% stake, long-term investors advised by Apollo are to hold a total stake of 51% in this company. Vonovia's cash inflow from this transaction will amount to around € 1 billion.

Vonovia Finance B.V., Amsterdam, Netherlands, was merged with Vonovia SE on a cross-border basis effective January 1, 2024. This merger was completed upon entry in the Bochum Commercial Register on January 23, 2024 and then implemented in operational terms. This means that the values for the 2024 fiscal year can only be compared with the prior-year values to a limited extent.

The merger resulted in the assumption of total liabilities from bonds amounting to € 10,320 million, as well as liabilities to banks in the amount of € 1,264 million. The receivables from, and liabilities to, affiliated companies were also transferred. Liabilities to affiliated companies totaling € 8,120,947 k also expired due to the merger. The merger was associated with **merger gains** totaling € 7.8 million.

The **operating** rental business of Vonovia SE and its subsidiaries went largely to plan, and proved successful, in the 2024 fiscal year. While the Value-add segment closed 2024 better than planned, the results reported by the Development and Recurring Sales segments fell short of expectations. Vonovia was nevertheless able to report a satisfactory transaction volume in 2024, despite the difficult overall conditions.

The **nursing care activities** performed under the Deutsche Wohnen umbrella were subjected to a strategic analysis as part of the merger, with the outcome that these activities were no longer to be part of Deutsche Wohnen's strategy and, as a result, were to be sold, with a knock-on effect on Vonovia at group level as well. In the Group reporting, the nursing care activities are shown as discontinued/abandoned operations. In the 2024 fiscal year, the nursing care activities under the Katharinenhof umbrella, encompassing 27 nursing care properties, were sold. A sales contract was signed in January 2025 for those nursing care activities under the "nursing and assisted living" umbrella.

The 2024 fiscal year was also dominated by refinancing measures in response to falling market values and rising interest rates. Refinancing measures in 2024 were also dominated by proceeds from sales to **fund structures** managed by HIH Invest Real Estate GmbH.

According to the publication dated August 23, 2024, Vonovia's **credit rating** as awarded by the agency Standard & Poor's is unchanged at BBB+ with a stable outlook for the long-term issuer credit rating and A-2 for the short-term issuer credit rating. In its announcement of February 4, 2025, the rating agency Moody's confirmed Vonovia's rating of Baa1 with a stable outlook. The rating agency Scope has, in its announcement of July 2, 2024, awarded Vonovia an A-investment grade rating with negative outlook. On March 28, 2024, the rating agency Fitch awarded Vonovia a rating for the first time: BBB+ with a stable outlook.

The Annual General Meeting held on May 8, 2024 resolved to pay a **dividend** for the 2023 fiscal year in the amount of € 0.90 per share. As in previous years, shareholders were offered the option of choosing between being paid the dividend in cash or being granted new shares. During the subscription period, shareholders holding a total of 30.93% of the shares carrying dividend rights opted for the scrip dividend instead of the cash dividend. As a result, 8,207,927 new shares were issued using the company's authorized capital for a total of € 226,785,023.01. The total amount of the dividend distributed in cash therefore came to € 506,395,475.19.

Results of Operations of Vonovia SE

The company regularly generates **income** from the charging of the services it provides, from income from investments in the form of dividend distributions from Group companies and income from the transfer of profits. Profit-and-loss transfer agreements exist with, among other entities, the service companies, which themselves generate income by charging the real estate companies for the services they have provided.

The income from investments collected is based on the net profit of the subsidiaries that is eligible for distribution, which is, in turn, calculated based on the accounting standards set out in the German Commercial Code (HGB). The main difference between these standards and the IFRS accounting principles lies in the fact that, under IFRS accounting, the fair value principle has more of an impact than the cost principle and the realization principle do under HGB accounting.

In the consolidated financial statements under IFRS, the properties are remeasured at periodic intervals. Under HGB, the fixed assets are stated at amortized cost, taking depreciation into account. The capitalization regulations in particular also vary.

Expenses relate largely to personnel and administrative expenses associated with the management holding function, as well as to losses to be compensated for in connection with profit-and-loss transfer agreements.

The **financial result** is characterized by group financing, impairment losses on non-current financial assets and the result from profit-and-loss transfer agreements.

The **development of business in 2024** and, as a result, the annual result are once again influenced by special effects, namely by the reversal of impairment losses on non-current financial assets and expenses linked to structuring measures, meaning that Vonovia closed 2024 with **net income for the year** of **€ 667.9 million**.

Compared to the previous year, the changes in the balance sheet and the income statement reflects the effects of the **merger** of Vonovia Finance B.V. with Vonovia SE effective January 1, 2024. The merger of Vonovia Finance B.V. with

Vonovia SE means that a comparison with the previous year can only be drawn to a limited extent.

After adjustments to reflect the gains from the reversal of impairment losses and the merger in the amount of € 858.4 million, the **gross profit** came to € 146.1 million, down by around € 33.1 million on the prior-year figure. If other operating expenses are also adjusted to reflect structuring measures in the amount of € 146.2 million, this leaves an **operating loss before the financial result** and **taxes of** € 45.9 million, as against € 17.3 million in the previous year.

Compared to the previous year, the **result from profit transfer and loss compensation** is in positive territory at € 601.7 million, compared to a net expense of € 1,569.9 million in the previous year. The latter was due to loss transfers of € 1.8 billion, mainly from impairment losses that needed to be recognized on shares in affiliated companies at the subsidiaries.

Net interest largely reflects the merger with Vonovia Finance B.V. On the one hand, net interest expenses due to third parties increased by € 278.6 million to € 447.6 million, while on the other, net interest income due from affiliated companies improved by € 141.3 million after offsetting created a net income item of € 48.5 million.

Revenue increased by € 29.4 million from € 234.2 million in 2023 to € 263.6 million in 2024 due to higher fees charged under agency agreements. This also fueled an increase in the **cost of materials** from purchased services.

Other operating income is dominated by the special effects associated with the reversal of impairment losses in the amount of € 850.5 million (previous year: € 375.8 million), but fell by around € 65 million in adjusted terms. Other operating income in the previous year had included a book gain from the buyback of a bond in the amount of € 47.9 million and income from the reversal of impairment losses in the amount of € 375.8 million.

Expenses for purchased services increased by € 37.9 million, largely in line with the higher fees charged due to an increase in internally purchased services in the context of the integration of the Deutsche Wohnen Group.

Personnel expenses rose slightly overall in 2024, namely by € 1.5 million, due to higher additions to the long-term incentive program. By contrast, additions to provisions for pensions were down by € 1.7 million.

Other operating expenses increased significantly by € 138.9 million, due primarily to structuring expenses.

The **net financial result** improved by € 2.4 billion to total net income of € 95.2 million. The marked improvement in income from investments due to lower loss transfers and lower write-downs on non-current financial assets is the main reason behind this.

Tax expenses came to € 38.6 million in 2024 compared with € 59.6 million in 2023.

Vonovia SE closed the 2024 fiscal year with **net income** of € 655,894,028.16. 5% or € 32,794,701.41 of this net income for the year is allocated to the **legal reserve** in accordance with Section 150 (2) AktG. After offsetting the remaining amount of € 623,099,326.75 against the **profit carried forward** from the prior year of € 16,819,501.80, the Management Board withdrew a further € 460,081,171.45 from capital reserves, resulting in a **net profit** for the 2024 fiscal year of € 1,100,000,000.00.

The Management Board and the Supervisory Board propose to the Annual General Meeting that, of the profit of Vonovia SE for the 2024 fiscal year of € 1,100,000,000.00, an amount of € 1,003,880,568.50 on the 822,852,925 shares of the share capital as of December 31, 2024 (corresponding to **€ 1.22 per share**) be paid as a **dividend** to the shareholders, and that the remaining amount of € 96,119,431.50 be carried forward to a new account or be used for other dividends on shares carrying dividend rights at the time of the Annual General Meeting and which go beyond those of the share capital as of December 31, 2024.

Income Statement

in € million	2023	2024
Revenues	234.2	263.6
Other operating income	496.2	906.1
Cost of purchased services	-127.4	-165.3
Personnel expenses	-38.3	-39.8
Amortization and impairment of intangible assets and depreciation and impairment of property, plant and equipment	-17.5	-15.1
Other operating expenses	-199.5	-338.3
Loss (profit) before financial result and tax	**347.7**	**611.2**
Income from profit transfer	213.2	757.6
Income from investments	30.9	33.5
Write-down of financial assets	-484.1	-4.5
Income from other non-current securities and non-current loans	140.3	217.0
Interest and similar income	194.3	171.2
Expense from the assumption of losses	-1,783.0	-155.9
Interest and similar expense	-627.2	-923.6
Financial result	**-2,315.6**	**95.3**
Tax	-59.7	-38.6
Net loss/net income	**-2,027.6**	**667.9**

Net Assets and Financial Position of Vonovia SE

The **merger** resulted in the assumption of total liabilities from bonds amounting to € 10,320 million, as well as liabilities to banks in the amount of € 1,264 million. At the same time, receivables from, and liabilities to, affiliated companies were offset and eliminated as a result of the merger. This merger resulted in gains of € 7.8 million.

The company's **asset position** is characterized by the **net lending/borrowing position** of € 1.503 million in favor of Vonovia SE, debt financing of € 29.8 billion and **shares in affiliated companies** of € 32.8 billion. The increase in **debt financing** and the fact that the Group's net lending/borrowing position has been turned back into a net investment item is the direct result of the merger of Vonovia Finance B.V.; the increase in shares in affiliated companies is explained by reversals of impairment losses.

On January 4, 2022, **Deutsche Wohnen** had extended a loan to Vonovia SE in the amount of € 1,450 million in line with the arm's length principle. It had a value of € 320 million as of December 31, 2023. This loan was repaid in full in May 2024.

The company's **non-current assets** in the amount of € 39,622.6 million (December 31, 2023: € 35,308.5 million) are largely characterized by **non-current financial assets** in the amount of € 39,593.0 million (December 31, 2023: € 35,278.2 million). The increase in non-current financial assets can be traced back primarily to the increase in loans of € 3.4 billion due to the merger.

There was only a minor change in the company's intangible assets and property, plant and equipment in the normal course of business.

Financial liabilities comprising bonds and bank loans increased by € 11,678.9 million due to the shift in volumes from Vonovia Finance B.V. The **Group's net lending/borrowing position**, which comprises receivables from, and liabilities to, affiliated companies as well as company loans resulting from the Group financing activity, changed by a total of € 11,100.8 million in Vonovia SE's favor in 2024.

Provisions came to € 315.6 million at the end of the year (December 31, 2023: € 223.3 million), with € 101.1 million attributable to provisions for pensions (December 31, 2023: € 101.4 million) and € 39.9 million attributable to tax provisions (December 31, 2023: € 54.2 million). The € 107.0 million increase in other provisions was mainly due to the structuring expenses and outstanding invoices.

Total equity had increased by € 161.5 million to € 4,624.2 million by the end of the fiscal year due to the net income for the year, less the cash dividend that was paid out.

Vonovia SE's **cash flow from operating activities** is characterized by the income and expenses relating to the performance of the management holding functions. Vonovia SE only has appreciable cash flows from investing activities when acquisitions are made. Cash flows from financing activities regularly result from changes in Group financing and from the borrowing/repayment of debt financing in the context of the Group financing function.

Employees of Vonovia SE

In the 2024 fiscal year, an average of 159 employees (2023: 159) were employed at the company, 122 of whom were full-time employees and 32 of whom were part-time.

Opportunities and Risks for Vonovia SE

The likely development of Vonovia SE in the 2025 fiscal year depends to a considerable extent on the development of the Group as a whole and its opportunity and risk situation. This situation is set out in the Group's opportunity and risk report, meaning that the statements set out there in regard to the opportunity and risk situation of the Group also apply to the annual financial statements of Vonovia SE prepared in accordance with German commercial law, where the risks can have an impact on the valuation of long-term financial assets and on the amount of the results of subsidiaries collected/compensated for.

Assets

in € million	Dec. 31, 2023	Dec. 31, 2024	in € million	Dec. 31, 2023	Dec. 31, 2024
Assets			Equity and liabilities		
Financial assets	35,278.2	39,593.0	Equity	4,462.6	4,624.2
Other assets	30.3	29.6	Provisions	223.3	315.7
Receivables from affiliated companies	1,226.9	1,357.8	Loans	12,977.6	22,788.0
Other receivables and assets	79.3	127.3	Liabilities to banks	5,010.5	6,655.4
	–	–	Liabilities to affiliated companies	14,166.5	6,587.2
Cash and cash equivalents	696.5	777.8	Other liabilities	470.7	915.0
Total assets	**37,311.2**	**41,885.5**	**Total equity and liabilities**	**37,311.2**	**41,885.5**

Significant Events After the Balance Sheet Date

At the extraordinary general meetings of Vonovia SE and Deutsche Wohnen SE on January 23 and 24, 2025, the control and profit-transfer agreement between Vonovia SE and Deutsche Wohnen SE was approved by the respective shareholders of both companies.

This control and profit-transfer agreement takes effect upon entry into the commercial register of Deutsche Wohnen SE. Deutsche Wohnen SE's entry in the Commercial Register is not yet certain due to an action for annulment brought against the resolution passed by the Annual General Meeting of Vonovia SE. Once the entry has been made, Deutsche Wohnen will subsequently transfer its total annual profit to Vonovia SE or Vonovia will cover any losses incurred by Deutsche Wohnen SE. The outstanding shareholders will receive a guaranteed dividend of € 1.03 per share after tax.

Within the scope of the control and profit-transfer agreement, the outstanding shareholders of Deutsche Wohnen SE will receive an offer to exchange Deutsche Wohnen shares for Vonovia shares at a ratio of 1:0.7947. Vonovia SE will create conditional capital for this purpose.

Forecast for Vonovia SE

Since the company's net assets, financial position and results of operations are determined solely by the ability of the Group companies to make positive earnings contributions and generate positive cash flows in the long term, we refer at this point to the Forecast Report for the Group. The most important financial performance indicator for the annual financial statements of Vonovia SE is the annual result.

The company's result for 2024 is influenced to a significant degree by special effects due to impairment losses, and the reversal of impairment losses, recognized on investments and shares in affiliated companies, as well as expenses related to joint venture agreements. Without taking these special effects into account, Vonovia would report an adjusted operating loss running into the mid-double-digit millions for 2024, in line with the company's forecast.

The results for the 2025 fiscal year will once again be characterized by the results of subsidiaries collected/compensated for on the basis of income from investments and profit-and-loss transfer agreements, income from services, personnel and administrative expenses, and the financial result.

All in all, we expect the company to report a net loss in the mid-double-digit million range in the 2025 fiscal year, excluding special effects. This does not include any future control and profit-and-loss transfer agreement with Deutsche Wohnen.

Statement of the Management Board on the Economic Situation

The net assets, financial position and results of operations of the company are positive, particularly given the solid financing, the resulting balanced maturity profile and the financing flexibility gained through the rating-backed bond financing with a view to both organic and external growth. The ongoing improvements to the property management processes, the expansion of the Value-add segment, Recurring Sales and a value-adding development business promote ongoing improvements in profitability and enterprise value. Developments in Germany are complemented by equally positive developments in Sweden and Austria.

Forecast Report

Business Outlook for 2025

The forecast was based on the accounting principles used in the consolidated financial statements, with the adjustments described elsewhere in the management report being made. The forecast takes account of the acquisition of land to build on and property management units from the QUARTERBACK Immobilien Group, as already communicated in the Q3 Interim Statement. Otherwise, the forecast does not take account of any larger acquisitions of real estate portfolios.

Our forecast for the 2025 fiscal year is based on determined and updated corporate planning for the Vonovia Group as a whole, and considers current business developments as well as possible opportunities and risks. It also includes the key overall macroeconomic developments and the economic factors that are relevant to the real estate industry and our corporate strategy. Further information is provided in the sections entitled → **Development of the Economy and the Industry** and → **Fundamental Information About the Group.** Beyond this, the Group's further development remains exposed to general opportunities and risks (see → **Opportunities and Risks**).

We expect the price increases on the construction and commodity markets, in particular, continue to have a moderate impact on Vonovia and our customers. While these will have a direct impact on ancillary expenses, they will also have an indirect effect on all areas of the economy due to general price increases. We also expect prices for construction materials to remain high, which will affect our construction projects as well. Unchanged high interest rates and inflation are creating increased volatility on the equity and debt capital markets. We therefore assess the overall economic situation and developments on an ongoing basis, particularly with regard to the return requirements for investment and divestment decisions.

The EBITDA contribution for our core Rental business is expected to more or less match the previous year's level. In a year-on-year comparison, organic rent increases and associated higher rental income will be offset by higher rent losses stemming from sales resulting in a smaller portfolio. As far as the Value-add segment is concerned, we again expect the EBITDA contribution in 2025 to be on a par with the prior-year level. The expected additional earnings contributions made by increased investment activity in our craftsmen's organization will be offset by a one-off effect in 2024 in the multimedia business resulting from the leasing of coax networks. In the sales-related segments, we expect the market to recover, pushing price expectations up. We predict a very strong increase in the EBITDA contribution provided by our Development segment thanks to the expected increase in demand for new condominiums and the targeted sale of undeveloped land. In the Recurring Sales segment, we will be making a return to the strategy of profitability before liquidity, with margins expected to increase as a result, particularly in Germany, fueling a marked increase in Adjusted EBITDA. At Group level, for 2025 we therefore expect to see an Adjusted EBITDA Total that is slightly higher than in the previous year.

The rise in interest rates over the last two years is resulting in a marked increase in borrowing costs and the associated negative adjusted net financial result. With a slight increase in depreciation and amortization due to greater investment in property, plant and equipment (particularly photovoltaic systems), we therefore anticipate that Adjusted EBT will be roughly level with the previous year.

We also expect the operating free cash flow, before changes in working capital, to be down moderately year-on-year.

Due in particular to heavier investment in our existing portfolio, we expect our investment activity to increase in 2025. In addition, we expect the value of our company to increase further and, as a result, predict a slight increase in EPRA NTA per share, before taking into consideration any further market-related changes in property values.

The values for the individual weighted targets for the 2025 fiscal year produce a standardized forecast of 100% for the Sustainability Performance Index.

The table below provides an overview of the development of the performance indicators forecast for 2024, their target achievement level in the 2024 fiscal year as well as a forecast for the 2025 fiscal year.

	Actual 2023	Forecast for 2024	Forecast for 2024 in the 2024 Q3 Report	Actual 2024	Forecast for 2025
Adjusted EBITDA Total (continuing operations) in € million	**2,583.8**	**€ 2.55–2.65 billion**	**Upper end of € 2.55–2.65 billion**	**2,625.1**	**€ 2.70–2.80 billion**
Adjusted EBT (continuing operations) in € million	**1,866.2**	**€ 1.70–1.80 billion**	**Upper end of € 1.70–1.80 billion**	**1,799.6**	**€ 1.75–1.85 billion**
Operating Free Cash-Flow	**1,414.8**	**–**	**–**	**1,900.6**	**Moderately below previous year****
Sustainability Performance Index (SPI) in %	**111**	**100**	**100**	**104**	**100**
Rental income in € million	3,253.4	~€ 3.3 billion	~€ 3.3 billion	3,323.5	€ 3.3–3.4 billion
Organic rent growth in %	3.8	3.4–3.6	Upper end of 3.8–4.1	4.1	~4
Additional rent increase claim in %*	1.8	>2	~2	2.1	–

* For Germany: Additional rent increase claim at apartment level in relation to the local comparable rent (OVM) at the time of accrual that is guaranteed by law but can only be implemented once the three-year period for maximum rent growth ("Kappungsgrenze") has lapsed. The percentage value refers to the cumulative rent increase claim at the respective point in time and – for that period – cannot be added to the organic rent growth as the implementation occurs in subsequent years. In light of the long-term expectation of ~4% organic rent growth per year, from 2025 onwards Vonovia will no longer show the additional rent claim separately.

** Before taking into account changes in net working capital.

Further Statutory Disclosures

Corporate Governance

In the corporate governance declaration, we report on the principles of management and corporate governance in accordance with Principle 23 of the German Corporate Governance Code and Section 289 et seq. of the German Commercial Code (HGB). The declaration contains the Declaration of Conformity, information on corporate governance practices, a description of how the Management Board and Supervisory Board work and key corporate governance structures. The corporate governance declaration, which is not included in the audit conducted by the auditor of the annual financial statements pursuant to Section 317 (2) (6) HGB, has been published on the **Investor Relations website** and does not form part of the management report.

Corporate governance is the responsible management and supervision of a company.

With balanced corporate governance, the Management Board and the Supervisory Board wish to safeguard Vonovia SE's competitiveness, strengthen the trust of the capital market and the general public in the company and sustainably increase the company's value.

As a major real estate company, we are aware of the particular significance of our entrepreneurial actions for society at large.

The Management Board has looked at the appropriateness of the internal control system that has been set up and has evaluated its effectiveness. Within this context, the Management Board verified, also based on discussions with the Internal Audit department, that the technical and organizational safeguards put in place for control purposes are suitable for the purposes of ensuring that the company is protected from material damage resulting from financial losses, fraudulent acts or mismanagement in all key matters. Among other things, the standards set out in the German Corporate Governance Code, based on the most recent publications from 2022, serve as the benchmark here. Ultimately, the Management Board has no reason to believe that the internal control system is not appropriate and effective in all key aspects.

Based on findings from internal or external audits, we make continuous improvements to our internal control system. Another component of our internal control system is regular monitoring, on the basis of which any weak points identified are eliminated. Any optimization potential identified as part of an extensive internal investigation on the basis of the investigations against individuals who are largely former employees, of which Vonovia was notified on March 7, 2023, has either already been, or is currently being, implemented. The findings of the internal investigation also reveal that collusion between the defendants meant that otherwise effective control mechanisms were circumvented.

The internal investigation is currently exploring, based on a recent compliance case, the extent to which the optimization potential identified is also relevant to, and has to be implemented for, other areas of the company.*

Subscribed Capital and Shares

The share capital of Vonovia SE as of December 31, 2024 amounted to € 822.8 million (previous year: € 814.6 million), divided into 822,852,925 no-par-value shares with a notional interest in the share capital of € 1.00 per share. All shares carry the same rights and obligations. Each share grants one vote at the Annual General Meeting and is decisive for the share held by shareholders in the company's profits. The rights and obligations of the shareholders result in detail from the provisions of the German Stock Corporation Act (AktG), in particular from Article 9 (1c) (ii) of the SE Regulation in conjunction with Sections 12, 53a et seq., 118 et seq. and 186 AktG. There are no shares with special rights conferring powers of control.

* The content of this paragraph and the previous two paragraphs – in particular the statement on the appropriateness and effectiveness of the internal control system – does not form part of the statutory audit of the annual and consolidated financial statements, meaning that it has not been audited.

Shareholdings in the Capital Exceeding 10.0% of the Voting Rights

Pursuant to Section 33 (1) of the German Securities Trading Act (WpHG), shareholders who exceed or fall below the threshold of 10.0% of the voting rights of a listed company, among other criteria, must notify the company and the German Federal Financial Supervisory Authority (BaFin) without delay. These notifications are published by Vonovia SE in accordance with Section 40 WpHG. Direct or indirect shareholdings in the share capital of Vonovia SE that exceed the threshold of 10.0% of the voting rights have been reported by Norges Bank, which has its registered headquarters in Oslo. As of December 31, 2024, Norges Bank had a direct shareholding of 14.7%.

Authority of the Management Board to Issue or Repurchase Shares

At the Annual General Meeting on April 29, 2022, a resolution was passed to cancel the 2021 authorized capital and create new 2022 authorized capital in the amount of € 233,000,000.00; pursuant to the resolution, the Management Board is authorized, in accordance with Article 5 of the Articles of Association, to raise equity once or multiple times until 2027 by issuing up to 233,000,000 new shares (2022 authorized capital). On May 31, 2024, the Management Board made use of this authorization, with the consent of the Supervisory Board, to issue 8,207,927 shares in return for the contribution of dividend entitlements (scrip dividend) and increased the share capital by € 8.2 million to € 822.8 million, resulting in remaining 2022 authorized capital of € 206 million. In order to serve the authorization, passed by the Annual General Meeting of April 16, 2021, to issue convertible bonds, bonds carrying option rights, participating rights, and participating bonds, "2021 conditional capital" was created. On the basis of the resolution of this Annual General Meeting, the share capital is conditionally increased by up to € 282,943,649.00 through the issuing of 282,943,649 new no-par-value registered shares carrying dividend rights. The conditional capital increase shall only be carried out to the extent that the owner (i.e., creditor) of the debt instruments stipulated in the capital increase resolution on 2021 conditional capital is entitled to demand conversion in shares and that the instruments are served in this manner instead of cash payment.

The authority to acquire own shares arises from Article 9 (1) (c) (ii) SE Regulation in conjunction with Sections 71 et seq. AktG and, as of the reporting date, from the authorization passed by the Annual General Meeting on April 29, 2022. The Management Board is authorized, with the approval of the Supervisory Board, until April 28, 2027 to acquire and use own shares in the company up to a total of 10% of the share capital of the company existing at the time of the resolution or – if this value is lower – at the time the authorization is exercised, in accordance with the conditions granted, while observing the principle of equal treatment (Article 9 (1c) (ii) of the SE Regulation in conjunction with Section 53a AktG). The shares acquired on the basis of this authorization, together with other shares in the company that it has already acquired and still holds or that are attributable to it in accordance with Sections 71a et seq. AktG, may at no time exceed 10% of the respective share capital of the company.

Appointment and Removal from Office of Members of the Management Board and Amendments to the Articles of Association

Members of the Management Board are appointed and removed from office by the Supervisory Board in accordance with Article 9 (1), Article 39 (2) SE Regulation and Sections 84 and 85 AktG. The Supervisory Board appoints members of the Management Board for a maximum period of six years in accordance with the Articles of Association of Vonovia SE. Reappointment or extension of the term of office, in each case for a maximum of six years, is permissible. The Articles of Association of Vonovia SE further stipulate in Section 8 (1) that the Management Board shall consist of at least two members. It may appoint a member of the Management Board as Chairperson of the Management Board and a Deputy Chairperson. Pursuant to Article 59 of the SE Regulation, the Annual General Meeting adopts resolutions on amendments to the Articles of Association. In accordance with Article 17 (4) of the Articles of Association, amendments to the Articles of Association require a majority of two thirds of the votes cast or, if at least half of the share capital is represented, a simple majority of the votes cast, unless mandatory statutory provisions require a different majority.

Change of Control Clauses and Compensation Agreements in the Event of a Takeover Bid

The main agreements of Vonovia SE that are subject to a change of control relate primarily to financing agreements. In the event of a change of control, these provide for the right of termination and early repayment on the part of the lender, as is customary. Under certain circumstances, a change of control would have an impact on the bonds, promissory note loans and mortgages issued by Vonovia SE and on the existing credit lines and loan agreements concluded by Vonovia SE or Group companies with banks. The relevant terms and conditions comprise standard market agreements that grant the creditors the right of early termination or conversion in the event of a change of control pursuant to these terms and conditions. The employment contracts of the members of the Management Board also contain provisions in the event of a change of control. In the event of early termination of duties due to a change of control, the members of the Management Board are entitled to benefits.

Bochum, March 1, 2025

The Management Board

Rolf Buch
(CEO)

Arnd Fittkau
(CRO)

Philip Grosse
(CFO)

Daniel Riedl
(CDO)

Ruth Werhahn
(CHRO)