

2022  
SUSTAINABILITY REPORT

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RESPONSIBLE  
INVESTING



# RESPONSIBLE INVESTING

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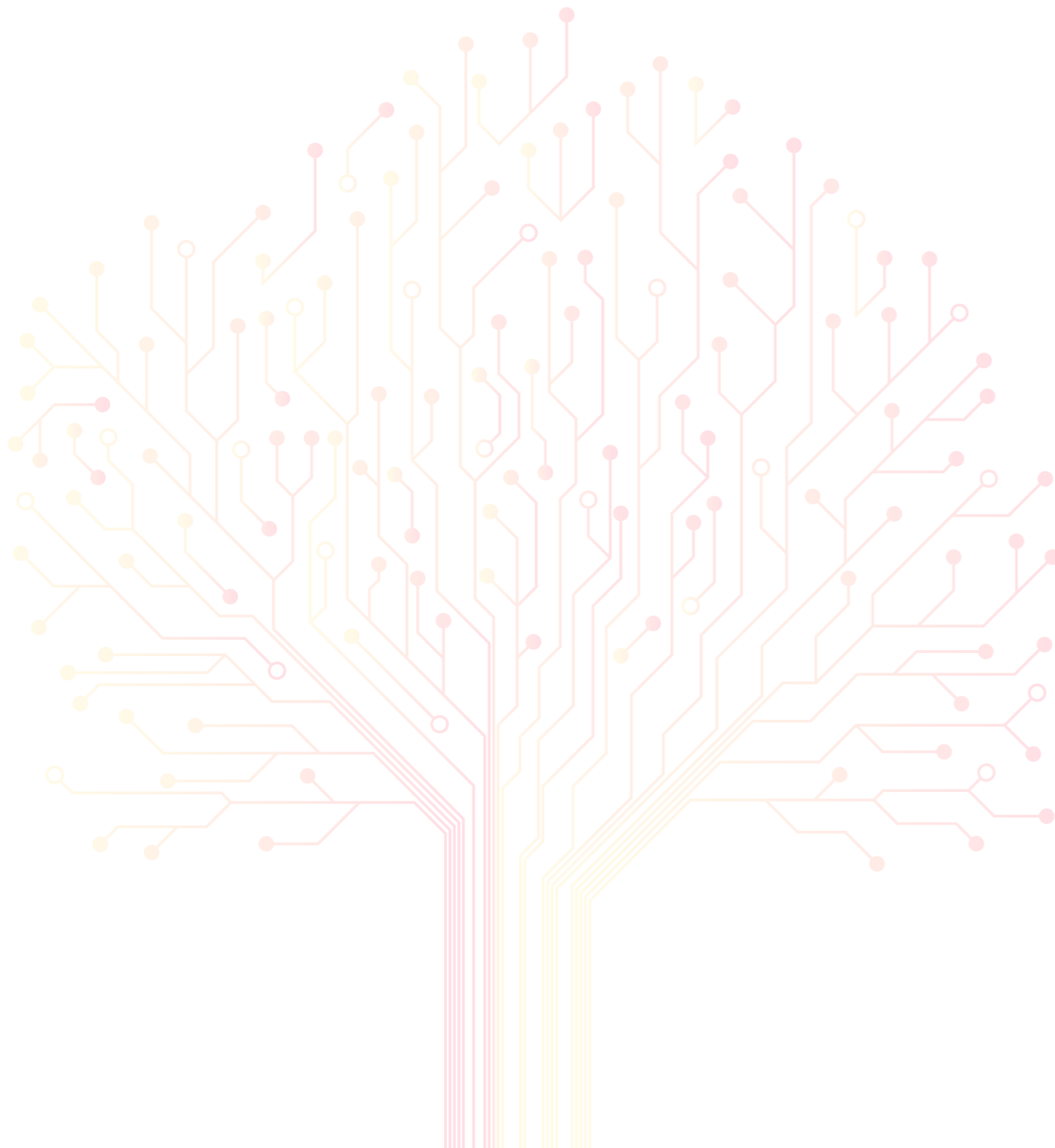
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# 1. INTRODUCTION



## ABOUT THIS REPORT

[GRI 102-1] [GRI 102-50] [GRI 102-52] [GRI 102-54]

The information contained in this report primarily pertains to d.i.i. Deutsche Invest Immobilien AG and d.i.i. Investment GmbH – hereinafter referred to as “d.i.i.” or “the d.i.i. Group”. The d.i.i. Group includes other subsidiaries that are less relevant to this report, including property companies and housing agencies, to which the report only makes indirect reference.

The d.i.i. Group is committed to transparent communication with its stakeholders. This sustainability report is a comprehensive publication on the company’s sustainability performance. It serves as an addition to the information published on the company website and through other media platforms.

This sustainability report is based on the criteria set forth under the German Sustainability Code (Deutscher Nachhaltigkeitskodex, DNK) and the Global Reporting Initiative (GRI) from 2016.

As such, this report contains the information required under the German CSR Directive Implementation Act on key environmental, employee and social issues as well as on human rights and the fight against corruption and bribery. As d.i.i.’s sustainability activities are varied, this report only contains selected examples, particularly with regard to results. The reporting period is the 2022 calendar year.

The d.i.i. Group publishes its Sustainability Report annually.

### LANGUAGE

This sustainability report uses gender-neutral language whenever possible. Chapter 4.4. provides more details on d.i.i.’s commitment to diversity.

## 1.1. FOREWORD

### DEAR READERS,

d.i.i.’s corporate culture has always revolved around long-term thinking and responsible action. It is no surprise, then, that sustainability is a key pillar of our corporate strategy.

We prepared our first sustainability report in 2022 for the 2021 reporting year in which we laid out our long-term sustainability targets. Our goal is to become climate-neutral by 2045. This involves reducing the emissions generated by our business activities as well as purchasing electricity generated by renewable sources. Since 2021, d.i.i. has been sourcing 100% of the electricity used at its office locations with renewable sources through the d.i.i. green energy program and is thus climate-neutral.. In addition to taking action to protect the climate, d.i.i. also focuses on social responsibility. One of our priorities is to continue to improve operational health and safety standards.

We also work to improve our governance and compliance management systems. To us, sustainability is clearly more than just climate protection.

d.i.i. began its commitment to the 10 principles of the United Nations Global Compact and the 6 principles of the UN Principles for Responsible Investment in 2022.

2022 was a great year for d.i.i. and we made significant progress in furthering our corporate strategy. Our employees have been key in our success towards achieving these goals we are tremendously grateful for their exceptional commitment.

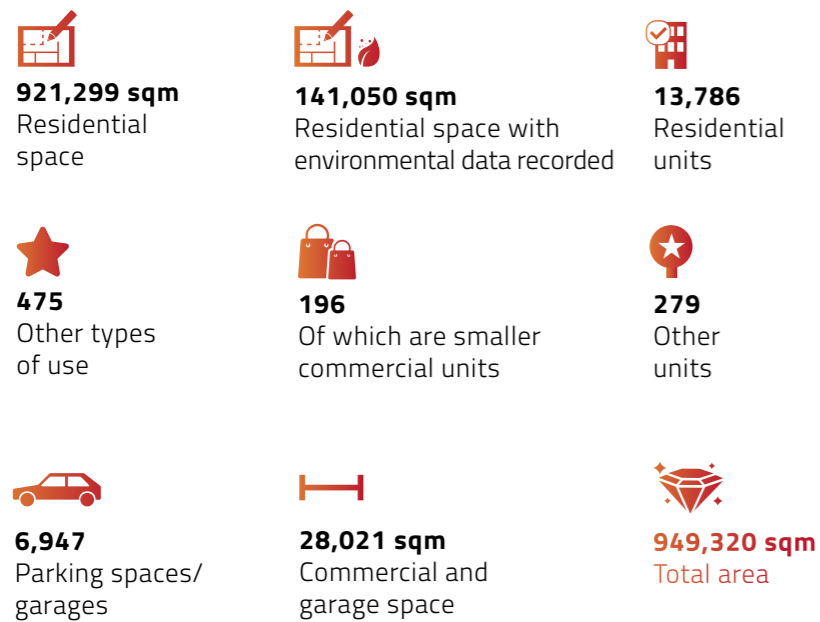
Enjoy reading and thank you for your interest in our activities and in the progress we are making with regard to sustainability.

  
Frank Wojtalewicz

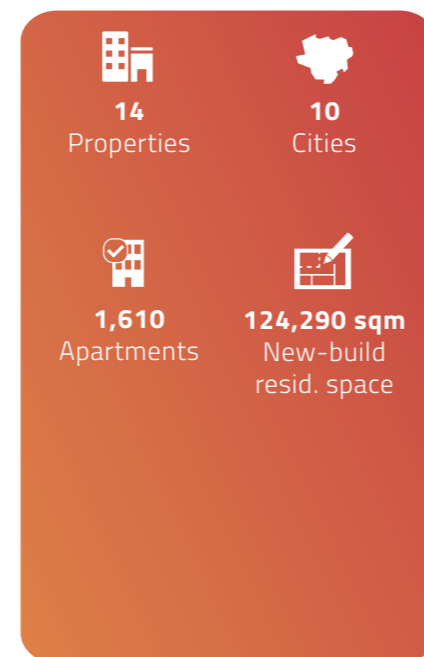
## 1.2. d.i.i. at a glance

### PROPERTY FACTS AND FIGURES

[GRI 302-3] [GRI 303-5] [GRI 305-4] [GRI 306-3]

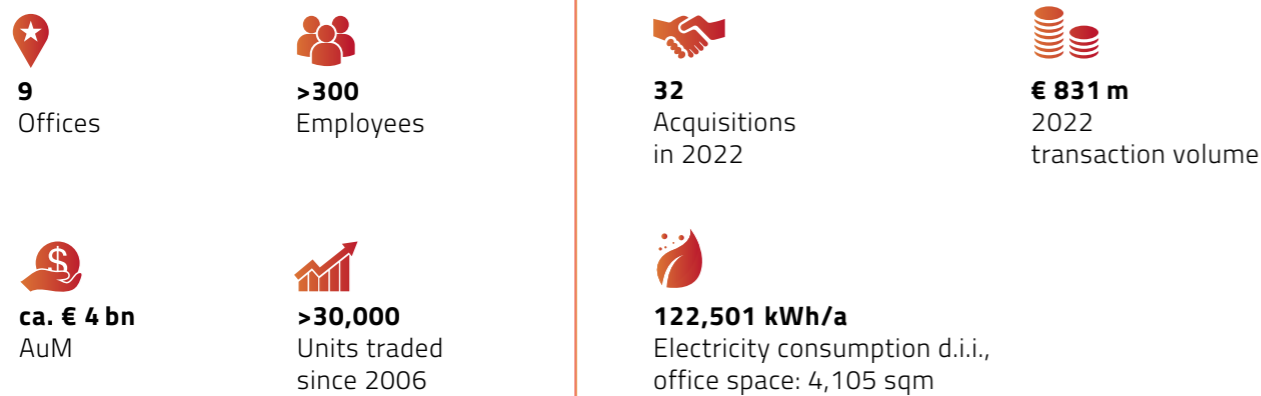


### APARTMENTS UNDER DEVELOPMENT



### COMPANY FACTS AND FIGURES

[GRI 102-4] [GRI 102-7] [GRI 302-1]



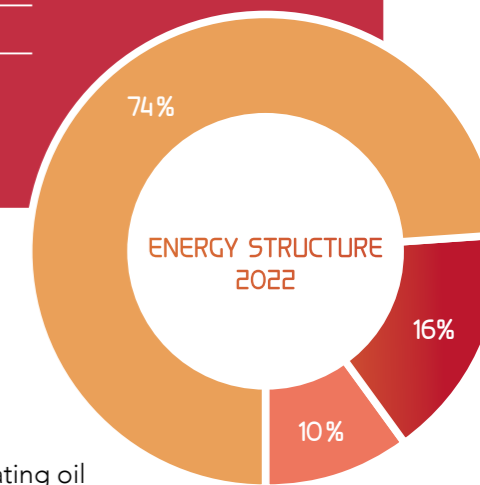
As of December 2022, source: own calculation

### ESG DATA FOR RESIDENTIAL PROPERTIES IN 2022

(RESIDENTIAL AREA COVERED: 116,823 SQM)

HEAT CONSUMPTION	
(absolute) in gigawatt hours p.a.	ca. 10 GWh/a
(relative) in kWh per sqm/p.a.	99 kWh/sqma
ENERGY INTENSITY	
in kWh per sqm/p.a.	Ø 47kWh/sqma
ELECTRICITY CONSUMPTION (GENERAL)	
in kWh p.a.	208,801 kWh/a
CO <sub>2</sub> -EMISSIONS	
(absolute) in tons p.a.	2,343 tCO <sub>2</sub> e/a
(relative) in kg per sqm/p.a.	23.2 kgCO <sub>2</sub> e/sqma
WATER QUANTITY*	
(absolute) in cubic meters p.a.	107,256 cbm/a
(relative) in cubic meters p.a./sqm	1.2 cbm/sqma
WASTE VOLUME*	
(absolute) in tons p.a.	558.91 t/a
(relative) in kilograms per sqm/p.a.	6.25 kg/sqma

\* only collected for a residential area of 89,487 sqm



■ Natural gas ■ District heating ■ Heating oil

Source: own calculation





### 1.3. CORPORATE SUSTAINABILITY

[DNK 5] [DNK 7] [GRI 102-16] [GRI 102-32]

The principles of sustainability are an integral part of the d.i.i. Group's values, strategy and structures and are integrated into corporate decision-making at all management levels. The company's corporate sustainability strategy was approved by the board of management of d.i.i. Deutsche Invest Immobilien AG in collaboration with the managing directors of d.i.i. Investment GmbH, the corporate development division and other relevant departments and then anchored in various guidelines and codes. This was done to ensure that the rules and obligations are clear and understandable and that all employees comply with them.

Steering and controlling activities, the operational business and other responsibilities are distributed among several different bodies at the d.i.i. Group. The d.i.i. Group established an ESG committee in 2021 to ensure that sustainability measures can be smoothly managed and coordinated and to make sure that we are able to respond as quickly as possible to changes in the regulatory framework. The ESG committee is responsible for defining the sustainability strategy and framework as well as the ESG targets. The Group's executives and employees regularly discuss practical implementation of these rules in day-to-day business. The committee monitors all relevant changes in the environment as well as (market) trends and compares the effectiveness of measures, decisions and target values. This enables the committee to initiate appropriate adjustments when necessary. The chairman of the board at d.i.i. Deutsche Invest Immobilien AG and the managing directors of d.i.i. Investment GmbH are members of the ESG committee and are responsible for the Group's general performance when it comes to sustainability.

The d.i.i. Group's executives are responsible for direct management of the Group's sustainability performance. The ESG committee monitors overall performance at least on a quarterly basis. Over the course of 2023, the d.i.i. Group has appointed an ESG officer to support the Group's sustainability management. The ESG officer will assist the committee in its operational business and coordinate with the other departments.



ESG is the central topic of our time and is key in ensuring the future viability of companies and institutions. It is important to firmly integrate sustainability targets and ESG criteria into corporate culture. Achieving ESG targets is something that we expect everyone at the company to work towards.

Christian Backhaus, ESG Officer



#### d.i.i. ESG Committee

##### MEMBERS

Managers from various departments including the board of management of d.i.i. Deutsche Invest Immobilien AG and the managing directors of d.i.i. Investment GmbH

##### MEETING FREQUENCY

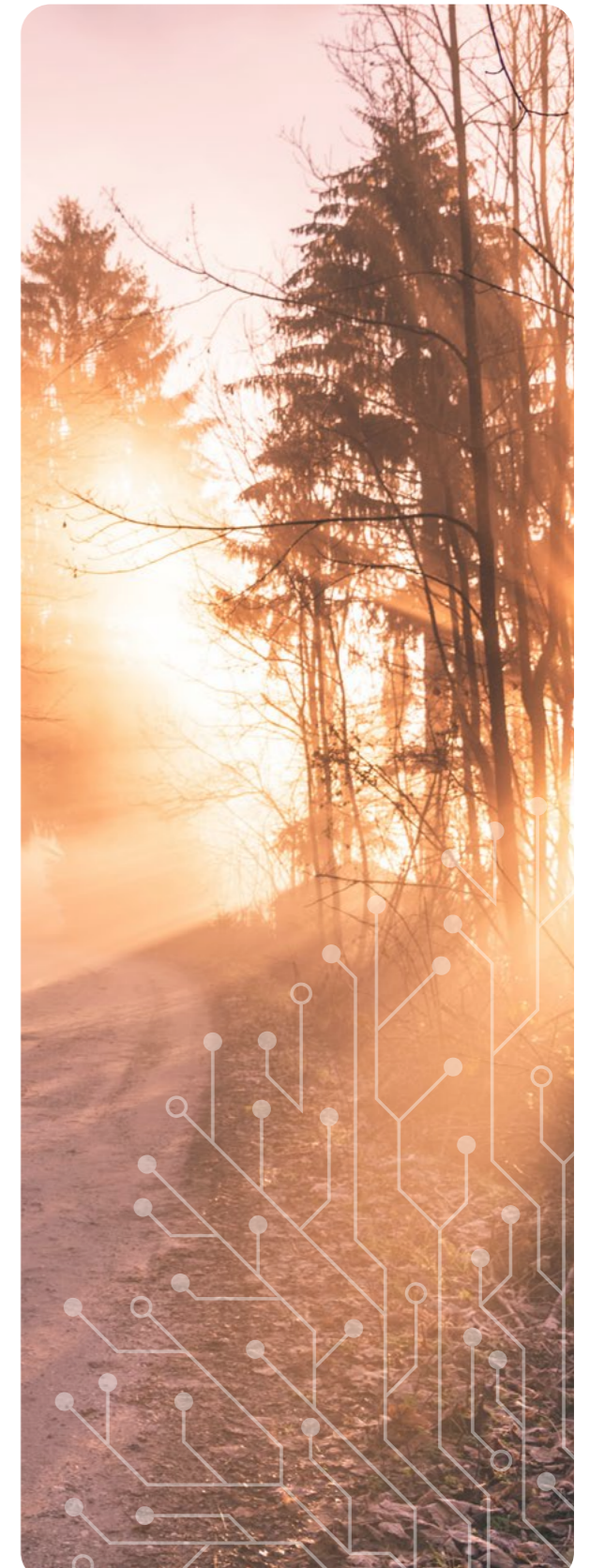
Quarterly

##### ADDITIONAL INFORMATION:

<https://www.dii.de/en/company/sustainability/>

##### RESPONSIBILITIES

- Developing the sustainability strategy
- Steering and coordinating ESG target achievement at company and fund level
- Helping further develop ESG risk analysis in cooperation with the risk management and compliance departments
- Advancing current ESG-related guidelines
- Monitoring sustainability target achievement
- Acting as a contact in ESG matters for the supervisory board and divisions
- Coordinating press and public relations work on ESG-related topics





## 1.4. BUSINESS MODEL

[DNK 4] [GRI 102-2]

Founded in 2006, the d.i.i. Group is an integrated residential real estate company that is active in both portfolio development and new-build development. Together with alternative Investment Manager, d.i.i. Investment GmbH, the Group develops, structures and manages residential real estate portfolios for institutional and private investors. The d.i.i. Group specializes in the selection, development, renovation, financing and placement of residential real estate. The Group handles real estate projects of all sizes, from refurbishing individual properties to developing entire residential districts and construction projects.

Building and managing residential portfolios for institutional and private investors is the d.i.i. Group's core business.

- d.i.i. offers opportunities to invest in residential real estate, either through the direct acquisition of apartments or entire buildings or indirectly through closed-ended real estate funds, individual mandates and managed accounts.
- d.i.i. develops districts and refurbishes properties to create modern, energy efficient, user-friendly properties that are affordable and sustainable.
- d.i.i. develops and builds state-of-the-art, energy-efficient apartments that meet tenant needs with the lowest possible carbon footprint.

**d.i.i. Deutsche Invest Immobilien AG** comprises the company's corporate development, HR and finance departments as well as all business functions relating to residential real estate, i.e. acquisition, project development, asset management and the sale of properties. All business activities relevant to the success of these projects are also carried out by the Group, including energy-efficient development, service charge management as well as residential privatisation, sales and financing.

**d.i.i. Investment GmbH** is a subsidiary of d.i.i. Deutsche Invest Immobilien AG. Key responsibilities include the development, launch and portfolio management of alternative investment funds with a focus on residential real estate, selecting investment properties, making buy and sell decisions, portfolio and risk management, product marketing and maintaining an investor registry.

d.i.i.'s particular strength is its group-wide access to all of the business functions that are relevant to value creation. This enables us to implement projects quickly and make use of all avenues available for value enhancement. Recurring and fully integrated processes create additional value.

Ongoing communication between our property acquisition, asset management, construction management, property management and sales teams creates in-depth industry and market expertise. This is the basis for quick, fact-based decision-making and action.



d.i.i. Investment GmbH's managing directors are three experienced professionals with years of expertise in portfolio management, risk management and real estate development: Dirk Hasselbring, Marina Wettstein und Frank Wojtalewicz. The company is regulated by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, BaFin). Its supervisory board comprises the following members: Dr. Herbert Meyer (Chairman), Felix Hufeld and Dr. Friedrich Schmitz.

The supervisory board also acts as the highest governing body of d.i.i. Deutsche Invest Immobilien AG. The board comprises of four members: Dr. Herbert Meyer (Chairman), Felix Hufeld, Dr. Friedrich Schmitz and Stefan Sanktjohanser. The company's board of directors comprises of Frank Wojtalewicz, Dirk Hasselbring and Dominik Schott.

### SUSTAINABILITY IN THE BUSINESS MODEL

Sustainability has always been an integral part of d.i.i.'s philosophy.

d.i.i. focuses on the broad mid-priced residential segment, leveraging stock and new-build developments to create apartments and residential districts that feature high quality of life and well-being.

d.i.i. focuses on the large mid-sized residential segment and creates neighborhoods and new developments that provide apartments in which people can live well and feel comfortable.

d.i.i. enjoys an excellent reputation as a reliable and trusted partner among municipalities, investors, banks and other stakeholders thanks to its reliable, effective strategies. d.i.i. treats its tenants with respect.



## 1.5. INVESTMENT PROCESS

### Life cycle of the property



#### ACQUISITION

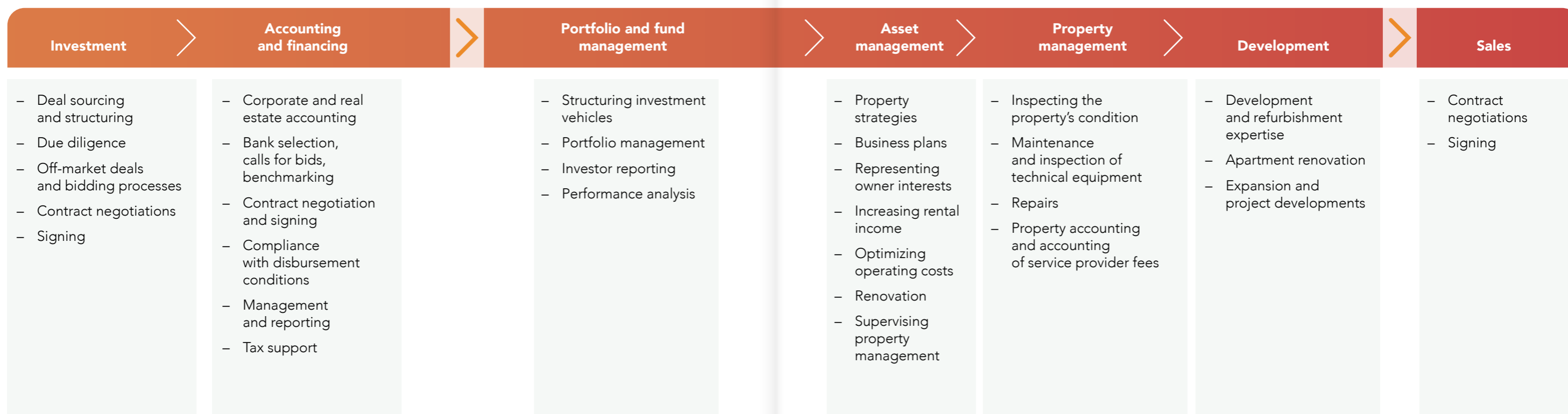


#### INCREASING VALUE

#### AND MAINTAINING VALUE



#### DISPOSAL



Fund management, risk management, compliance

The investment process takes into account, analyses, factors in and maps out sustainability risks at every stage.



## 1.6. DATA COLLECTION

Data collection is a key process in ESG management, making it possible to manage non-financial ESG performance. Data lays the foundation for preparing and monitoring an ESG strategy. Data is collected systematically using quantitative and qualitative methods that are aligned with relevant targets.

Common methods of data collection include evaluating utility bills, consumption, meter readings and document analysis. All KPIs are reviewed regularly and adjusted to meet changing requirements. Thanks to extensive data collection, d.i.i. can effectively pursue property-specific action planning and identify targeted improvement potential.

All KPIs provided in the context of ESG reporting relate to the reporting period from 1 January 2022 to 31 December 2022. KPIs for pro rata periods were extrapolated accordingly.

Reporting on our portfolio's consumption data only includes properties that were in operation and for which d.i.i. was 100% responsible during the 2022 reporting year.

Data analysis does not include tenant-related consumption and refers to electricity and water for all properties included in the report. No information on consumption is available for properties with decentral heating.

Not all of the consumption data for fiscal 2022 was fully available at the time this report was published.

However, in order to provide an idea of the corresponding consumption levels, we have extrapolated consumption values (intensity of energy and CO<sub>2</sub> in the portfolio) based on 2021's consumption values, taking into account valid energy certificates, and thereby supplementing information for missing periods in some cases. The percentage of estimates in the data for the portfolio under review comes to an average of 3% for electricity, 38% for heat and 6% for water consumption.



ESG is more than a trend. It is a necessity when it comes to the real estate industry being able to transform sustainably and remain viable going forward. Sustainability is not a cost factor but rather a driver of value. The ability to measure ESG criteria creates a foundation for further action.

Oskar Droszkowski, Team Leader ESG Management





## 2. SUSTAINABILITY STRATEGY





## 2. SUSTAINABILITY STRATEGY

### 2.1. SUSTAINABILITY STRATEGY

[DNK 1]

Many of the properties that d.i.i. acquires for development no longer meet today's standard of living. That is why d.i.i. has adopted a sustainability strategy that is closely linked to the company's business strategy:

- Using available building stock to minimize the use of resources and additional greenhouse gas emissions. Densification is used to efficiently create additional residential space.
- End-to-end energy renovation of properties using measures tailored to the specific building to reduce the use of heating energy and electricity and, therefore, the emission of greenhouse gases.
- Using d.i.i. green energy, which was developed in cooperation with an energy supplier, for carbon-neutral renewable energy generated exclusively by hydropower.
- Significantly improving the quality of living in the apartments and shared spaces of residential districts while maintaining affordability
- Actively managing service charges through energy improvements, effective procurement of services and materials and efficient operation
- Improving social stability through regulation that goes beyond tenant protection, fair rent and significantly reduced service charges. Creating additional, urgently needed living space through developments of resident-friendly residential developments with a focus on minimizing energy requirements and, as far as possible CO<sub>2</sub>-neutral energy supply.
- Promoting the mobility of residents by making sure the properties provide access to public transportation or cooperative transportation systems (like car sharing) and providing the required infrastructure for e-mobility.

This strategy is also instrumental in achieving the wide spectrum of targets identified by the d.i.i. Group and described in chapter 2.5 and the following chapters.



### 2.2. IMPORTANCE OF SUSTAINABILITY FACTORS

The German real estate industry is currently facing a number of challenges such as housing shortages, demographic change and the various effects of climate change. The industry directly influences the design of cities by developing and managing residential buildings. As such, annual CO<sub>2</sub> emissions from building operation play an important role in reducing greenhouse gas emissions.

d.i.i. is aware of this responsibility. The company accepts this environmental challenge and continues to strive to reduce the carbon emissions of stock properties by implementing energy optimization measures while taking into account social and environment aspects. By 2030, d.i.i. aims to reduce CO<sub>2</sub> emissions of its portfolios by 20 to 30 %. The goal of d.i.i. is to achieve a nearly climate-neutral portfolio by 2045.

We also take into account factors such as current infrastructure, the need for affordable housing and geological conditions in our location analyses. Risks arising from adverse effects caused by factors that are exacerbated by climate change are further minimized within the scope of fund planning. The goal is to make a positive contribution to sustainable and responsible housing, not only in the short term but in the long term as well.

When updating a property, we create universally accessible residential space whenever technically possible and economically viable. We include at least one option for universal access at buildings that feature elevator systems or at which installation is technically and economically feasible. Apartments at multi-story residential buildings that are currently in the planning phase include universal access whenever possible.

In light of the current housing shortage in Germany, particularly in central locations, d.i.i. works to create additional residential space at its residential complexes by adding additional floors or through densification. These measures are carried out in close coordination with city planning departments and under the greatest possible consideration for the interests of the tenants living there. This allows us to create additional residential space with high-end architecture that improves urban development in locations where space is hard to come by while limiting urban sprawl.

We will conduct a materiality analysis of sustainability topics in 2023, which will then be taken into account in the strategy and targets. The adjustment will be presented in the 2023 Sustainability Report.





### 2.3. KEY DOCUMENTS OF THE SUSTAINABILITY STRATEGY

[DNK 6]

Sustainability considerations play an important role along the entire value chain and are part of the analysis, evaluation and decision-making processes. The key documents that enable d.i.i. to practice sustainable business are the d.i.i.'s Principle Adverse Impact Statement, the company's social charter, the ESG code, the code of conduct for business partners and the compliance policy.



Part of our sustainability strategy is to compile key information in work guidelines, codes and instructions and to put these in writing in order to create a foundation for fair and responsible action.

Marina Wettstein, Managing Director, d.i.i. Investment GmbH

#### d.i.i.'S PRINCIPLE ADVERSE IMPACT STATEMENT

##### DUE DILIGENCE TO IDENTIFY ADVERSE IMPACTS ON SUSTAINABILITY FACTORS

Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosure requirements in the financial services sector obliges financial market participants to disclose information on the consideration of adverse impacts of investment decisions on various sustainability factors. For this purpose, the EU Commission has defined 18 mandatory and 46 optional Principal Adverse Impacts (PAI) indicators. d.i.i. Investment GmbH (d.i.i.) is an Alternative Investment Fund Manager and is fully committed to identifying adverse impacts on sustainability factors. That is why d.i.i. has prepared a PAI statement and published it on the company's homepage.

You can find d.i.i.'s Principle Adverse Impact Statement under the following link: [diirekt.de/esg-eng](https://www.diirekt.de/esg-eng)



#### d.i.i. social charter

d.i.i. is aware of its responsibility to society when it comes to investing in and managing residential real estate, particularly in its dealings with the tenants and tenant protection. One of the company's goals is therefore to enable the aging population to live independently in their own homes. As d.i.i. primarily acquires rental properties for the investment funds it manages, the company acts in accordance with a very extensive social charter that is based on respectful and sustainable tenant relationships. It sets out guidelines and principles intended to ensure compliance with social obligations when it comes to investing in and managing residential real estate.

You can find the social charter under the following link: <https://www.dii.de/en/company/responsibility/social-charter/>

#### d.i.i ESG code

d.i.i.'s successful ESG strategy also includes introducing a code of responsible corporate governance and internationally recognized standards for the treatment of employees within the context of a comprehensive compliance policy. This is the only way to effectively practice sustainability at a corporate level, both internally and externally. In its ESG code, d.i.i. acknowledges its responsibility to the environment, to society and to the community and outlines its ethical business conduct.

You can find the ESG code under the following link: [https://www.dii.de/fileadmin/PDFs/01\\_ESG\\_CODE\\_English.pdf](https://www.dii.de/fileadmin/PDFs/01_ESG_CODE_English.pdf)

#### CODE OF CONDUCT FOR BUSINESS PARTNERS

d.i.i. Deutsche Invest Immobilien AG and d.i.i. Investment GmbH are committed to ecologically and socially responsible corporate governance. We expect all of our business partners to do the same. d.i.i. is committed to optimizing its business activities and residential real-estate portfolio around sustainability and we ask our business partners to contribute to this within the context of a holistic approach.

Each time we enter into a collaboration, the contracting parties agree that the regulations of d.i.i.'s code of conduct for business partners will apply within the scope of a joint code of conduct. This agreement then becomes the basis for all deliveries and services. The contracting parties are under the obligation to comply with the principles and requirements set forth in our code of conduct. d.i.i. requires its business partners to place their subcontractors under contractual obligation to comply with the standards and regulations discussed in this document.

#### COMPLIANCE POLICY

[DNK 20] [CSR-RUG] [GRI 205-3] [GRI 419-1]

d.i.i.'s compliance policy includes strict regulations to prevent violations of the law and conflicts of interest. The company also uses an external whistleblower system that makes it possible to anonymously report suspected violations of the compliance policy or any applicable laws. The d.i.i. Group places tremendous importance on adherence to the compliance policy. Employees are required to explicitly confirm in writing that they have read and that they understand the compliance policy when they are hired. All of the company's employees and executives are also required to regularly attend training sessions on compliance topics.



## 2.4. SUSTAINABLE DEVELOPMENT GOALS (SDGs)

### 3 Good health and well-being

#### TARGET

Ensure a healthy life for all people of all ages and promote their well-being.

#### OUR CONTRIBUTION

When it comes to portfolio development and new-build development, d.i.i. takes into account the fact that tenants will live at these properties for many years. Developing residential districts, upgrading residential properties, contributing to urbanization and addressing climate change and social transformation in a sustainable way creates better, healthier residential areas. d.i.i. is aware of its responsibility to society when it comes to investing in and managing residential real estate, particularly in its dealings with the tenants at its properties, within the scope of legal requirements regarding tenant protection and beyond.

d.i.i. uses ergonomic office equipment, access to fitness studios, vitality events, preventative health care and excellent health and occupational safety to improve the health and well-being of its employees.

### 7 Affordable and clean energy

#### TARGET

To ensure access to affordable, reliable, sustainable and modern energy for all by 2030.

#### OUR CONTRIBUTION

In addition to technical measures to increase energy efficiency, d.i.i. uses carbon-neutral energy supply to reduce emissions. Heat is provided by district heating and combined heat and power (CHP) units. The plan is to use systems that do not rely on fossil fuels going forward. Power for common areas at our properties is already fully provided by d.i.i. green energy. We will also be converting gas supply to carbon-neutral products to the extent possible. Tenants that purchase electricity for their apartments directly from a supplier also have the opportunity to switch to carbon-neutral energy.

d.i.i. office buildings have been converted to d.i.i. green energy as well. Employees and their friends have the opportunity to purchase carbon-neutral power at low cost.

### 8 Decent work and economic growth

#### TARGET

This target depicts a world in which everyone can participate in economic prosperity and make their own contribution to it. The aim is to promote inclusive and sustainable economic growth, employment and decent work for all. Among other things, this requires good governance, a strong private sector and a sustainable financial sector.

#### OUR CONTRIBUTION

d.i.i. aims to drive progress, create decent jobs for everyone and improve living standards through sustainable and inclusive economic growth. d.i.i. places its contractors under the obligation to comply with the company's sustainability principles and ensures compliance with health and safety standards at its construction sites. d.i.i. supports the local economy by commissioning regional suppliers and service providers.

The d.i.i. Group promotes sustainable economic growth and decent jobs for all of its employees by successfully developing its real estate business and creating a pleasant working environment with attractive salaries and benefits.



### 12 Responsible consumption and production

#### TARGET

To ensure sustainable consumption and production patterns.

#### OUR CONTRIBUTION

d.i.i. promotes sustainable consumption in the context of portfolio development and new-build development. Standardized and custom construction and renovation methods and the use of sustainable materials reduce energy consumption and greenhouse gas emissions during the construction/renovation phase as well as during subsequent use of the residential properties. We take a targeted approach to promoting the digitalization of all key performance and sustainability indicators for residential real estate in order to improve transparency.

### 13 Climate action

#### TARGET

Sustainable Goal 13 calls for taking urgent action to tackle climate change and its impacts.

#### OUR CONTRIBUTION

d.i.i. takes action against climate change and its effects. The company continues to optimize its real estate development planning concept in order to reduce the CO<sub>2</sub> emissions that come from construction, refurbishment and use. d.i.i. strives for carbon neutrality to the maximum extent possible.



### 2.5. ESG TARGETS

[DNK 3]

d.i.i. has defined ambitious targets at corporate, portfolio and property level in order to further improve its sustainability performance in the coming years. These targets vary depending on the portfolio and property as well as at corporate level. The ESG targets and target achievement over the past year at both corporate and portfolio level are covered in chapter 3 (environmental targets), chapter 4 (social targets) and chapter 5 (governance targets).

Unless explicitly stated otherwise, overarching goals relate to the entirety of the existing and new construction portfolio managed and developed by the d.i.i. Group.

The specific targets for individual properties held by a specific fund are determined on the basis of the local, technical and organizational conditions at the time of acquisition as well as that fund's investment strategy and have not been included here.





# REAL ESTATE CASE STUDIES

## AACHEN, RATHAUSPLATZ 4 + 5

### 89 APARTMENTS RENOVATED IN LINE WITH MODERN ENERGY STANDARDS

The apartment buildings at Rathausplatz 4 and 5 in Aachen are an impressive example of how great the need still is to update energy systems at residential buildings in Germany. d.i.i. acquired the two buildings for a fund in a condition that corresponded to the energy standard at the time of construction in 1970. The facade was insulated with fiber cement panels containing asbestos and a four-centimeter layer of mineral wool. The aluminum frame windows did not feature any thermal separation. The two buildings therefore offered ample potential for comprehensive energy renovation, including works such as replacing the windows. The new windows are triple-glazed and feature window rebate ventilators that ensure the minimum required ventilation as part of the new automated ventilation concept.

Another measure involved dismantling and proper disposal of the facade panels containing asbestos and the mineral wool, which was contaminated with synthetic mineral fibers. The entire process was monitored by an expert in hazardous materials abatement. The facade will be re-clad with a thermal insulation composite system made of non-combustible mineral wool.

The energy efficiency measures are being subsidized under the German Federal Subsidy for Efficient Buildings Program and are monitored by an energy consultant. The relevant applications for funding have been approved. We are also reviewing whether it will be possible to use a photovoltaic system on the flat roofs to generate electricity for tenant use. If so, the system could be provided under a contracting model. d.i.i. will be implementing a variety of measures to develop a total of 89 apartments that meet modern energy standards. The apartments will feature 2 to 4 rooms and will target different tenant groups, which will promote a balanced tenant mix and diversity. This will further increase the attractiveness of the established district.

### AS AT: APRIL 2023

- Replacement of windows including stairwell windows and building access systems (triple-glazed windows with  $U_w = 0.85$ )
- The fiber cement panels containing asbestos were completely removed and disposed of professionally (assisted by the authorities and abatement experts)
- Installation of thermal insulation composite system. Finishing plaster coat applied in April 2023 and painted according to color scheme
- Completion of thermal insulation composite system and scaffold removal April to May 2023
- Photovoltaics system for tenant electricity: coordination underway





## VILLINGEN-SCHWENNINGEN, ERBSENLACHEN 8-24

### CONVERTING A RUNDOWN RESIDENTIAL COMPLEX INTO A MODERN, FUTURE-PROOF RESIDENTIAL NEIGHBORHOOD

The d.i.i. Group acquired three vacant residential blocks previously used by the French army in the 1950s and 1960s for one of its funds in the summer of 2020. The three apartment blocks, each encompassing three adjoining buildings and a total of 72 apartments, were in very poor condition at the time of acquisition. The new concept developed by d.i.i. for the property with a volume of roughly 17 million euros includes renovating core structures and adding a full story to the four-story stock buildings. This will create an additional 2,350 sqm of residential space and a total of 105 apartments. The apartments will feature 2-4 rooms and an area of 45 sqm to 92 sqm. Three will have universal access. Construction started in September 2021 and is scheduled for completion in April 2023. First, the buildings were returned to shell condition, the gable roof structures were demolished and structural elements were optimized in order to create modern, comfortable residential layouts. Balconies and a fifth full floor were also added in low-resource timber design.

The entire outer shell of the residential buildings, including the new flat roof, were insulated in compliance with the EH55 standard.

The new triple-glazed windows were equipped with window rebate ventilators and exhaust air from the apartments is fed into the hot water heating system via an air-source heat pump. A combined heat and power plant operated by local utility company Stadtwerke Villingen-Schwenningen and located on site supplies the entire complex with heat and electricity. Photovoltaic systems were installed and are operated on the flat roofs of the nine apartment buildings by Stadtwerke Villingen-Schwenningen. The carbon-neutral power generated by the systems will be offered to tenants and surplus power will be fed into the public grid. All apartments feature spacious balconies, new bathrooms, doors, windows and flooring as well as new heating, plumbing and electrical installations. Stairwells and entrance areas were updated as well. Elevators were installed at the front of the buildings to increase comfort and convenience. Outdoor facilities were renovated with pathways, landscaping and lawns to create an inviting atmosphere. Six wall-mounted charging stations were installed in the parking areas, giving tenants the option to charge their electric cars using inexpensive green energy.

The full renovation reduced energy consumption from roughly 190 kWh/(sqma) pre-renovation to around 35 kWh/(sqma) after the works were completed (according to the consumption certificate).

### CONSTRUCTION STATUS 1 MAY 2023

- 35 apartments ready for occupancy and being leased (some occupied)
- Outdoor facilities completed
- 6 wall-mounted charging stations for electric cars were installed (green electricity from the PV rooftop system and green electricity from the Villingen-Schwenningen public utility company)







### BERLIN, UHLANDSTRASSE 17-19

#### RESIDENTIAL COMPLEX WITH 38 UNITS IN TIMBER FRAME AND SOLID WOOD CONSTRUCTION

d.i.i. is developing a residential complex with 38 units in timber frame and solid wood construction in Berlin – Pankow according to the certified standards that apply to all d.i.i. projects: sustainable and socially compatible for the good of the community. The underground parking structure, the ground floor and the stairwell were built in solid brick construction. All residential units as of the first upper floor, including the penthouse level, will be built using timber frame and solid wood construction. Each apartment will feature a balcony, terrace or small garden.

The development will use green building materials in compliance with Berlin's ambitious climate targets. The residential complex will be built in compliance with sustainability class KfW 40 NH for total energy requirements and building envelope insulation. The aim is to receive the QNG Sustainable Building and the NaWoh Sustainable Housing quality seals. The development will feature natural materials like wood, natural insulation, organic paint, clay, hemp and lime. A photovoltaic system on the roof and air-to-water heat pumps will be installed for peak load coverage, guaranteeing low energy consumption and low emissions.

Parking spaces will be equipped with e-charging stations and the apartments will be designed to provide a high degree of universal access.

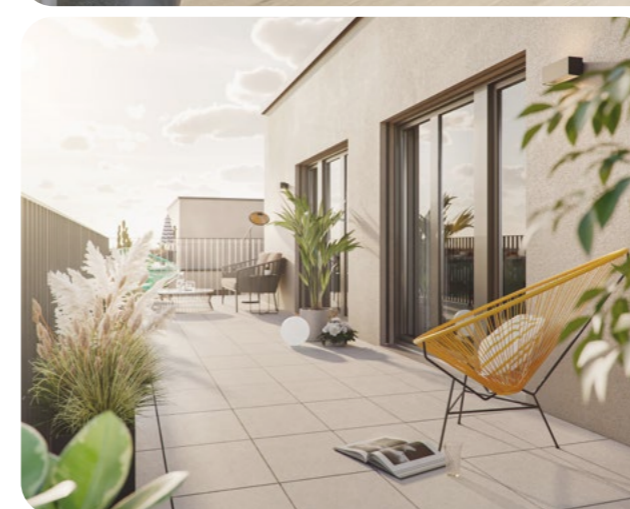


**Key data**

- ★ 2,556 sqm Lot size
- 🔥 KfW 40 sustainable energy concept
- 🏢 2 Buildings
- 💡 4 Full floors
- 💎 1 Penthouse level
- 🏠 38 Residential units
- 📐 75 sqm – 154 sqm Living space
- 🛋️ 2-5 Rooms
- 🏠 1 Underground parking
- 🚗 38 Parking spaces



You can find more information at [www.uhli-berlin.de](http://www.uhli-berlin.de)







# DAS NEST

HAMBURG,  
KIELER STRASSE 460/462

RESIDENTIAL BUILDING FEATURING  
12 SUBSIDIZED APARTMENTS FOR STUDENTS  
AND TRAINEES


The development plan consists of a new residential building at the corner of Kieler Straße and Pelikanstieg with 30 privately financed apartments, 12 subsidized apartments for students and trainees, a student common area and one commercial unit. The development will encompass 2,062 sqm of living space in total.

The six-story building will boast sustainable construction in compliance with climate-friendly residential building standard 55. The building will feature attractive cubic architecture with a typical Hamburg clinker brick facade and modern 1 to 3-room apartments with smart floor plans. The basement level will house storage, technical rooms and a room for bicycle storage. The commercial unit, the student common area for the subsidized apartments and additional bicycle parking will be located on the ground floor. The apartments for students and trainees and the student common area will be developed in compliance with the funding guidelines of the Hamburg bank for investment and subsidies (Hamburgische Investitions- und Förderbank, IFB), which were published in January 2022.


The building will be heated by a CHP unit powered in part by biomethane. The building will also feature extensive rooftop landscaping.




**Key data**




**2,062 sqm**  
Lot size




**KfW 55**  
Energy concept




**1**  
Building




**6**  
Full floors



**42**  
Residential units



**46 sqm - 61 sqm**  
Living space



**1-3**  
Rooms



## ESG KPIs

Final energy demand	Primary energy demand	CO <sub>2</sub> emissions
152,228 kWh/year	78,794 kWh/year	12,397.76 kg/year
52.0 kWh/sqm/year	26.9 kWh/sqm/year	4.24 kg/sqm/year



You can find more information at  
[www.dasnest.de](http://www.dasnest.de)





# 3. ENVIRONMENTAL





### 3.1 ENVIRONMENTAL TARGETS AND PROGRESS AT PORTFOLIO AND ASSET LEVEL



Following acquisition, all properties are converted to carbon-neutral d.i.i. green electricity, for the common areas of the building. In addition, at least 500 residential units are to be converted to d.i.i. green electricity every year.

#### PROGRESS

Depending on the notice period of the previous electricity provider, the acquired properties are switched to carbon-neutral electricity supply for the common areas. All tenants at the acquired properties are also offered the opportunity to select carbon-neutral d.i.i. green energy as their private electricity provider. The number of leases that have made the switch is still limited.

#### OUTLOOK

d.i.i. will continue to offer its tenants the option to sign a contract for carbon-neutral energy after it has acquired a property.



At least 30% of the investments intended for existing property development are used for energy measures to reduce energy consumption and CO<sub>2</sub> emissions.

#### PROGRESS

For funds classified under Article 8, investment proposals include a sustainable development concept for respective property. The goal is to reduce primary energy consumption by at least 25%.

#### OUTLOOK

We will continue to work towards this goal in 2023 and it remains part of each property strategy.



Specific concepts for promoting electric mobility are developed for each new construction projects.

#### PROGRESS

The main focus is on e-charging stations, car sharing and cargo bikes. At least 20% of parking spaces will be equipped for e-mobility.

#### OUTLOOK

Additional mobility measures will be reviewed going forward, especially for large-scale developments. Examples include mobility hubs with parcel stations, bicycle repair shops, ride-sharing, meeting places for school children, etc. The plan is to make sure that at least 30% of parking spaces are equipped for e-mobility.



All new construction projects are built to at least comply with the KfW 55 standard (EH 55) and the KfW 40 standard (EH 40) as of 2022.

#### PROGRESS

All projects completed in 2022 were built in compliance with the KfW 55 standard. Projects that were in the planning stage in 2022 were planned in compliance with the KfW 40 standard or were reviewed to determine whether an upgrade to KfW 40 was possible.

#### OUTLOOK

We continue to focus on the KfW 40 standard. We also review each project for potential to qualify for the QNG Sustainable Building quality seal.





### 3.1 ENVIRONMENTAL TARGETS AND PROGRESS AT PORTFOLIO AND ASSET LEVEL



New construction projects are preferably equipped with heating systems based on renewable energies, e.g. heat pumps, geothermal energy, solar thermal energy and photovoltaics.

#### PROGRESS

Heat pumps, geothermal energy, solar thermal energy and photovoltaics are being used in addition to the existing heat supply, i.e. gas or district heating. The share of renewable energy is over 55% in some cases (in compliance with the KfW 55 EE standard).

#### OUTLOOK

The plan is to increase the share of renewable energy. Energy should be supplied almost entirely from renewable sources.



Positive lists (preferred building materials) and negative lists (building materials not to be used) will be created by the summer of 2022 for the use of building materials going forward.

#### PROGRESS

A positive and negative list of building materials was drawn up and introduced in collaboration between the property development and portfolio development departments. For the construction measures and construction projects, this list of "Building materials of the d.i.i." is made available to the companies involved as a guideline.

#### OUTLOOK

The d.i.i. building materials list is subject to updates and will be adapted to the latest conditions and findings in 2023.



### 3.1. ENVIRONMENTAL TARGETS AND PROGRESS AT d.i.i.



Meters for general electricity will be converted to smart metering at all existing properties by the end of 2024.

#### PROGRESS

Initial steps towards smart metering were taken in 2022 by putting the conversion of general electricity and gas meters out to bid. Conversion is scheduled to begin in May 2023.

#### OUTLOOK

The general electricity meters at the portfolio properties will be successively converted to remote-readable meters starting in May 2023. By the end of 2023, d.i.i. will have converted half of all general meters and will have completed the conversion of all gas and general electricity meters by the end of 2024.



Employees are entitled to work 40% of their working hours remotely. The actual number of working hours spent working from home will be steadily increased from 2021's average of 21%.

#### PROGRESS

Remote working that was triggered by the pandemic began being phased out in Q1 2022. After that, d.i.i. returned to an average of 21% of time spent working remotely.

#### OUTLOOK

We expect to see a higher average number of hours being worked from home in 2023 and will continue to encourage the use of this option.



### 3.1 ENVIRONMENTAL TARGETS AND PROGRESS AT d.i.i.



Employees are encouraged to use carbon-neutral transportation when commuting to work. This is supported by appropriate measures, e.g. providing electric company cars or offering free public transport to and from work.

#### PROGRESS

We began offering free job tickets from the RMV public transportation service (Rhine-Main area) in March 2019. We were able to increase the number of job tickets to 112 in 2022 compared to the previous year.

#### OUTLOOK

d.i.i. will continue to automatically offer a free job ticket to all new hires at our Wiesbaden offices within the scope of their employment contract, thus reducing the carbon emissions generated by commuting.



By 2025, 33% of all company cars will be powered by hybrid, electric or other new technologies.

#### PROGRESS

In 2022, d.i.i.'s 52 company cars included 38 hybrid vehicles and 2 electric vehicles. That means that 77% of d.i.i.'s company cars were vehicles powered by hybrid, electric or new alternative drive technology.

#### OUTLOOK

d.i.i. will continue to use hybrid, electric and new alternative drive technologies for company cars in 2023 and further increase this percentage.



Paper printouts per employee will be reduced by 5% annually by 2024.

#### PROGRESS

Despite steady employee growth, d.i.i. succeeded in reducing paper printouts by roughly 36% in 2022. The remote working that happened in Q1 played a key role in these results.

#### OUTLOOK

d.i.i. expects to see an increase in paper printouts in 2023 as the exceptional situation with more remote working in Q1 of 2022 will no longer have a favorable impact on the number of paper printouts.



d.i.i. offices will be supplied with carbon-neutral d.i.i. green energy and employees will have the option to get d.i.i. green energy at attractive d.i.i. conditions.

#### PROGRESS

As in previous years, all d.i.i. locations are supplied with carbon-neutral electricity. All employees receive an email once a year providing them with information on the d.i.i. green energy employee program. Employees can also access documents about the d.i.i. green energy employee program on a central internal server. We have also hung posters about the d.i.i. green energy employee program at our Wiesbaden offices.

#### OUTLOOK

d.i.i. will continue to use carbon-neutral electricity for its power supply and will continue to offer its employees access to carbon-neutral electricity as well.





### 3.2. USE OF NATURAL RESOURCES

[DNK 11] [GRI 103] [301-1]

d.i.i.'s business activities that require the largest amount of resources are the construction of real estates, the modernization or refurbishment of buildings and the use of residential and, to a lesser extent, commercial properties. Although d.i.i. strives to use as many renewable or recycled materials as possible, the vast majority of the materials used come from non-renewable resources.

As such, d.i.i. endeavors to handle materials as efficiently as possible, use building materials that are as durable as possible and only use the amount of resources required to create the desired standard of living and environmental performance.

When selecting materials, d.i.i. increasingly takes into account their origin and production as well as any associated sustainability risks. The company intentionally avoids the use of tropical wood, for example.

The amount of resources used for building operation largely depends on tenant behavior. In this context, d.i.i. aims to reduce demand as much as possible by installing efficient technology and appropriate incentive systems without noticeably affecting quality of living. This includes installing equipment that limits water consumption, waste concepts that reduce overall volumes and increase recycling and integrating modern (control) technology to limit energy consumption.

The d.i.i. Group also uses resources at its own business locations, particularly heating energy, electricity, water and materials required for daily business operations such as technical equipment or paper. The company implements ongoing sustainability measures and raises employee awareness for sustainable behavior to directly impact and reduce resource consumption and also to prevent waste.



### 3.3. RESOURCE EFFICIENCY

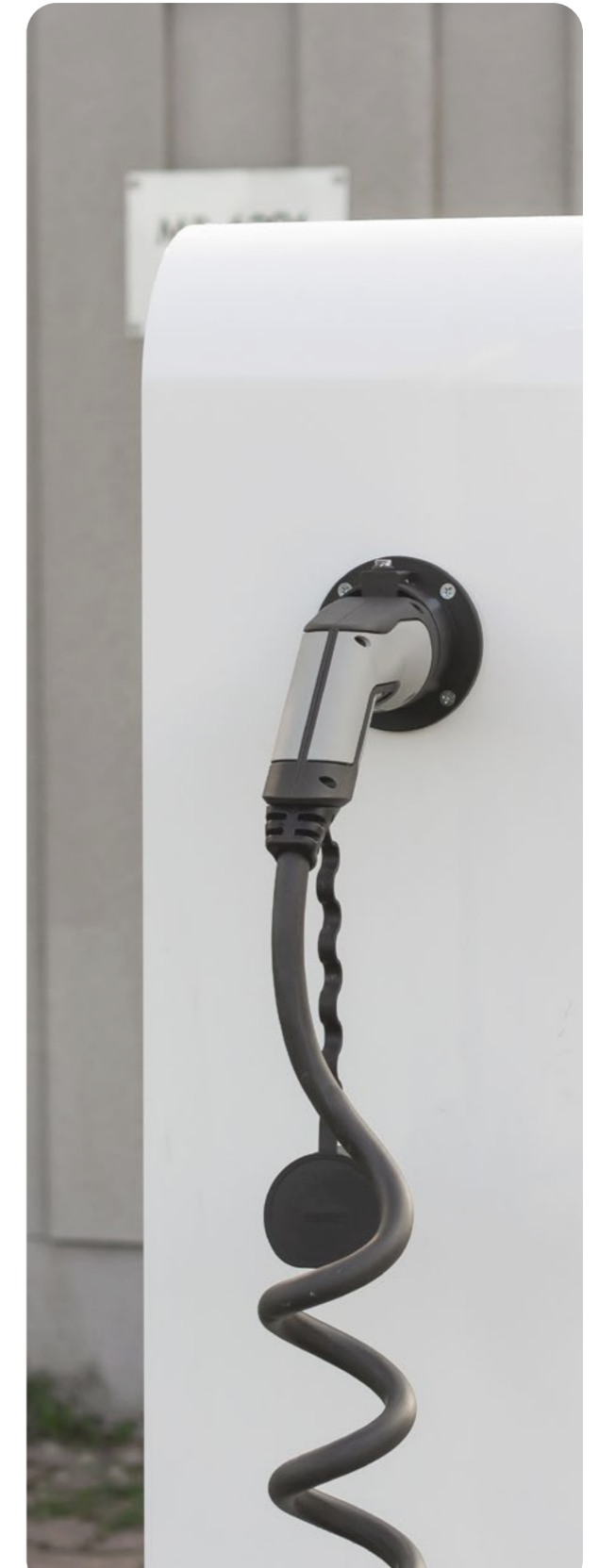
[DNK 12] [CSR-RUG] [GRI 301-1] [GRI 302-1] [GRI 302-4] [GRI 303-3] [GRI 306-2]

d.i.i.'s sustainability analysis of properties intended for acquisition focuses on identifying potential and financially viable opportunities to significantly limit (heating) energy consumption and greenhouse gas emissions. This serves to determine which upgrade measures will improve the intensity and how much CO<sub>2</sub> can be reduced through planned investments.

d.i.i. acquires properties of different sizes, condition and building structure. These properties require custom renovation plans that do not allow for the specification of standardized quantities and materials. The general goal is to achieve improved energy efficiency, use sustainable construction materials, provide high comfort of living and reach a balanced tenant mix for a pleasant neighborhood atmosphere.

The company also strives to effectively landscape its properties and provide conditions for electric mobility. Developments typically feature landscaped roofs and the ceilings of underground parking structures feature retention areas for rainwater.

d.i.i. also employs effective measures to reduce the use and consumption of resources at its own business locations.





### 3.4. CATEGORIES OF CLIMATE-RELEVANT EMISSIONS

[DNK 13] [GRI 305-1] [GRI 305-2] [GRI 305-3] [GRI 305-4] [GRI 305-5]

The largest volumes of greenhouse gases produced by the company are generated by the heating systems at the properties managed by d.i.i. The second largest volumes come from the production of the required building materials. That is why d.i.i. prioritizes the improvement of energy efficiency by insulating buildings, replacing windows and entrance doors, updating sanitary facilities and reducing emissions intensity by using modern heating technology. Fewer building materials are used in renovations than in developments. In new-build developments, however, it is possible to focus on ideal building placement and using equipment that contributes to protecting the environment.

Whenever possible, d.i.i. replaces heating systems with ones that use more climate friendly energy such as natural gas, district heating and, in some cases, ones that do not use fossil fuels at all. Shared electricity at the apartment buildings is switched over to green energy as far as possible and tenants have the option to purchase green energy as well. Where possible and environmentally sound, d.i.i. also installs photovoltaic systems on buildings to reduce greenhouse gas emissions caused by energy consumption. At the same time, d.i.i.'s extensive modernization and refurbishment measures will significantly improve energy efficiency and the intensity of emissions.

Consumption and emissions data for d.i.i.'s offices came to 122,500 kWh of d.i.i. green energy in 2022. d.i.i. sources energy for its offices from renewable sources, making it carbon neutral, and gives employees access to these sources as well.

Heating costs were unfortunately not yet available at the time of publication.

#### Employee commuting

A relatively large part of greenhouse gas emissions caused by service companies is a result of employees commuting to the workplace as well as business travel to managed properties.

d.i.i. has initiated several measures to significantly reduce commuting and travel emissions:

- Choosing a company location near Wiesbaden's central train station for best possible access from the offices to the local public transportation system and to long-distance connections
- Offering of a free job ticket for using public transportation. In 2022, 112 employees, or 32%, took advantage of this offer (excluding employees with company cars).
- Improving the carbon footprint of company's vehicle fleet. We are planning to switch out even more vehicles for alternative drive technologies by 2025.
- Increasing the amount of phone and video conferences in order to reduce business trips as far as possible. A higher share of employees working from home reduces commuting.



### 3.5. INNOVATION MANAGEMENT

[DNK 10]

The construction and housing sectors have a significant impact on the environment because of the resource consumption and emission of greenhouse gases they entail, particularly as a result of generating heat. Innovation plays a key role on the path to sustainable business practices. d.i.i. initiated and accelerated two important processes in early 2022 to address this: the use of modern metering and evaluation technology at the residential properties managed by the company and digitalization of administrative processes.

d.i.i. uses innovative building technology to collect sustainability data. Data on electricity, water consumption and heating energy is recorded in real time and can be accessed on a daily basis ("smart metering") to the extent technically and legally feasible. This provides all of our tenants with an overview of their consumption.

This also makes it possible to anonymously compare the data of all residents at a property, which provides incentives for more energy-efficient behavior. By the end of 2024, all residential properties managed by d.i.i. will be equipped with smart metering technology. After completion of the required works, d.i.i. will be able to provide exact information on resource quantities and associated greenhouse gases on a significant scale.

For d.i.i., innovation management also includes targeted digitalization to improve the transparency and efficiency of its business processes. Examples:

- Digitally capturing all property and tenant files upon handover of the property
- Dashboard: Daily access to property management performance values and KPIs, including vacancy and rent price trends







# 4. SOCIAL



## 4.1 SOCIAL TARGETS AND PROGRESS AT PORTFOLIO AND PROPERTY LEVEL



The d.i.i. social charter with protection beyond legal requirements, is binding for all existing properties upon takeover.

### PROGRESS

Ever since its publication, the d.i.i. social charter has been used in all property acquisitions.

### OUTLOOK

The d.i.i. Social Charter will continue to be taken into account for all existing properties for tenants after the takeover.



All project developments feature barrier-free entrances and some barrier-free units.

### PROGRESS

The share of apartments completed in 2022 with universal access comes to 37% and is based on the building codes of the relevant state as well as any applicable DIN standards.

### OUTLOOK

We are creating universal access entrances and apartments in an amount that exceeds the respective state building codes and DIN requirements, e.g. in an amount sufficient to meet QNG requirements.



To the extent technically and economically viable, we also improve accessibility at existing properties, e.g. by upgrading elevators, changing door widths and installing ramps. In addition each year, 5% of the apartments to be refurbished will be made easier accessible.

### PROGRESS

A few apartments were converted to offer a high degree of universal access within the scope of development measures. This number fell short of 5% of all apartments scheduled for renovation.

### OUTLOOK

Although some apartments will be converted to offer a high degree of universal access in 2023, we do not anticipate meeting the targets.



Operating costs are reduced by 5%–10% within two years of acquiring an existing property in order to ease the financial burden on tenants.

### PROGRESS

Due to the crises in other European countries and the resulting cost increases, we only succeeded in reducing operating costs at 5% of the properties purchased. In many cases we also addressed necessary or legally mandatory maintenance services that had been backlogged to ensure the safety and well-being of tenants. This meant higher costs at 95% of all properties purchased.

### OUTLOOK

d.i.i. will continue its efforts to reduce operating costs at the assets, taking into account requirements and economic efficiency.



### 4.1 SOCIAL TARGETS AND PROGRESS AT PORTFOLIO AND PROPERTY LEVEL



Existing properties are upgraded to modern standards, creating residential quarters and apartments that offer a high standard of safety, comfort and quality of living.

#### PROGRESS

We invested roughly € 29m into construction measures at the assets under management in 2022, thereby ensuring greater safety, comfort, an upscale living environment and reduced energy consumption.

#### OUTLOOK

Investments will continue to be made in the development of the assets going forward with an intensified focus on ESG and an emphasis on reducing energy consumption and CO<sub>2</sub> emissions.



d.i.i. does not evict tenants in order to renovate and will continue to refrain from this practice in the future.

#### PROGRESS

No tenants were evicted in 2022 in line with the d.i.i. social charter. We always found solutions with tenants that were acceptable to both sides.

#### OUTLOOK

d.i.i. will continue to refrain from evicting residential tenants.



### 4.1 SOCIAL TARGETS AND PROGRESS AT d.i.i.



High occupational health and safety standards are promoted, e.g. by providing modern, ergonomic workplaces and granting more vacation days.

#### PROGRESS

All employees have ergonomic workspaces with height-adjustable desks. We review the requirements published by employers' liability insurance associations annually and keep our measures up to date.

#### OUTLOOK

d.i.i. will continue to follow occupational and health safety standards going forward and have these regularly reviewed.



## 4.1 SOCIAL TARGETS AND PROGRESS AT d.i.i.



We offer our employees fair conditions at the workplace, appropriate remuneration, excellent training and continuing education opportunities and individual development concepts.

### PROGRESS

The d.i.i. Group is committed to a maintaining fair and positive work environment. Extensive measures support these efforts and we intensified these in 2022.

### OUTLOOK

We have again planned various measures to increase employee satisfaction in 2023.



At least 20 trainee, student trainee and internship positions are made available each year.

### PROGRESS

We provided 4 vocational training positions, 6 trainee positions, 23 working student positions and 9 intern positions in 2022.

### OUTLOOK

In 2023 we will continue to provide young people with the opportunity to become familiar with professional life within the context of a vocational program, internship, as a trainee or as a working student.



Employees are supported in wealth creation through company pension schemes and opportunities to participate in d.i.i. funds.

### PROGRESS

Employees were again offered the opportunity to participate in a d.i.i. fund in 2022. Employees also make good use of the company pension plan.

### OUTLOOK

We will continue to offer our employees the opportunity to participate in a d.i.i. fund going forward. The company pension plan is firmly established and continues to be used.



Cultural diversity within the d.i.i. Group is promoted by hiring employees with different nationalities.

### PROGRESS

d.i.i. employees from 16 different nations were working at the company in 2022.

### OUTLOOK

Employees with different nationalities enrich the corporate culture at d.i.i. We will continue to recruit new employees regardless of gender, age or nationality going forward.



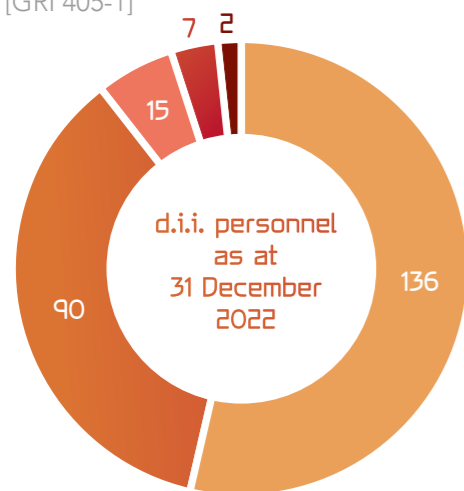


## 4.2. d.i.i. PERSONNEL

[GRI 102-8]

d.i.i. was employing 250 people (permanent personnel excluding trainees, student employees, interns, temporary staff) at the end of the reporting period, up from 183 people in the previous period. 43% of current personnel are women (107 employees) and 57% are men (143 employees) with a total of 16 different nationalities.

[GRI 405-1]



- Full-time employees (male)
- Full-time employees (female)
- Part-time employees (female)
- Employees at first management level (male)
- Employees at first management level (female)

### HEALTH AND SAFETY AT d.i.i.

	2019	2020	2021	2022
Number of workplace accidents	0	0	0	0
Downtime caused by workplace accidents	0	0	0	0
Sick days per employee	8.8	7.1	9.9	13.6

## 4.3. RESPONSIBILITY FOR EMPLOYEES

[GRI 102-11] [GRI 403-4] [GRI 403-6] [GRI 403-9]

d.i.i. is committed to the well-being of its employees. Having motivated employees is critical to the d.i.i. Group's success. That is why the d.i.i. Group provides its employees with a variety of benefits including

- Participation in the Corporate Benefits Program
- Free job ticket for public transportation
- Discount membership to a fitness studio in Wiesbaden
- "Vital Days"
- Cooperation with the "Wiesbaden Holiday Program"
- Employee coverage by group accident insurance
- 30 days annual leave plus additional special leave days for employees that have been with the company longer

Almost all employees have the option to work from home up to two days a week. Managers, assistants and trainees can work from home one day a week.

## 4.4. EQUAL OPPORTUNITY AND DIVERSITY

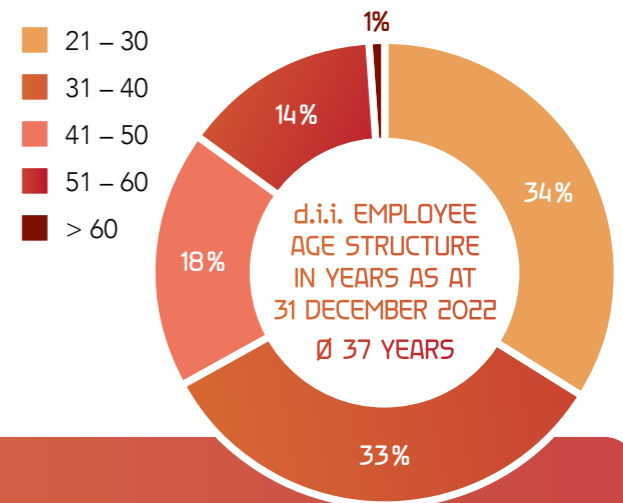
[DNK 15] [GRI 405-1]

Discrimination (Employment and Occupation) Convention, 1958 (No. 111)

d.i.i. prohibits any discrimination, exclusion or preferential treatment based on race, color, gender, religion, political opinion or national or social origin which prevents or impairs equal opportunities or equal treatment in the context of employment or occupation.

d.i.i. attaches great importance to fairness, equal treatment, appreciative communication and the cooperative conduct of all employees at the workplace.

Compliance with the General Equal Treatment Act (Gleichbehandlungsgesetzes, AGG) is a given at d.i.i. We treat all employees, as well as everyone that does business with the d.i.i. Group, with the greatest respect. All employees are treated equally and fairly, regardless of their ethnic origin, gender, age or other personal characteristics.



### DIVERSITY AT d.i.i.

End of year	2019	2020	2021	2022
Number of employees (total)	149	168	183	250
Percentage of female employees	46%	47%	45%	43%



## 4.5. EMPLOYEE RIGHTS

[DNK 14] [CSR-RUG] [GRI 102-6] [GRI 403-4]

Because d.i.i. exclusively employs staff in Germany, the company is subject to German labor law. The company is also required to meet high safety and health standards. d.i.i. has based its own employment policy and the employment policies required of affiliated companies and suppliers with the fundamental principles of the International Labour Organization (ILO) and the relevant conventions.

d.i.i. expressly undertakes to respect, respect for and enforcement of the Universal Declaration of Human Rights of the United Nations and the fundamental principles and the Fundamental Principles, Conventions and Core Labour Standards of the ILO.

d.i.i. protects the freedom of employees to form organizations or trade unions of their own choosing without discrimination and without prior authorization and to join such organizations/trade unions subject only to the condition that they comply with the relevant statutes.

d.i.i. respects the right of employees to form associations, i.e. their right to organize (in trade unions) and to carry out their activities freely and without restriction or interference. The company also protects these activities against any measures directed against them.

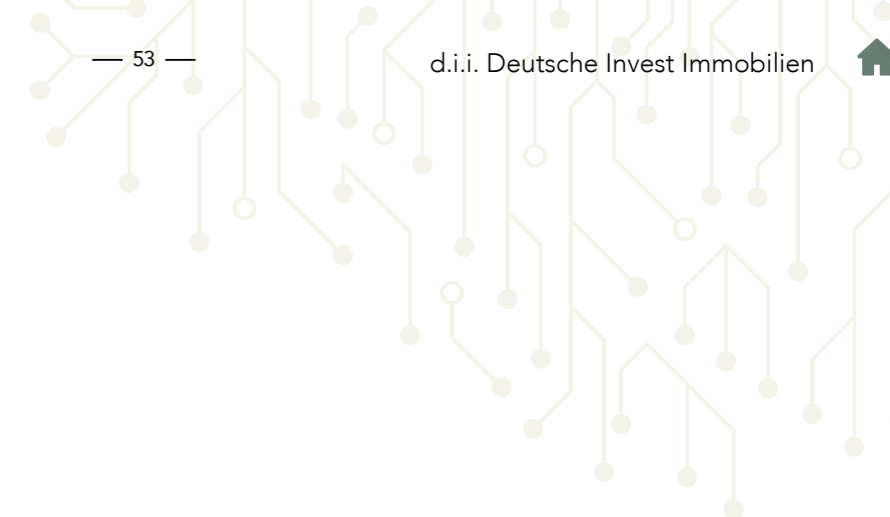
## 4.6. REMUNERATION AND SUSTAINABILITY INCENTIVES

[DNK 8] [GRI 102-35] [GRI 405-2]

The companies of the d.i.i. Group are not bound by collective agreements. Employee remuneration is generally negotiated freely and agreed under contract and consists of a fixed base salary and, in individual cases, a variable compensation component.

d.i.i. is aware of its responsibility to the environment, society and the community as well as its responsibility as a business, which is why it integrates achievement of qualitative sustainability targets into its remuneration program. The ESG risks and targets identified at company and fund level were included in the company's annual employee performance reviews in 2022.

Salaries at d.i.i. are not based on gender. Remuneration is primarily based on the tasks and responsibilities associated with a position and the employee's professional and academic background. It is also based on fair team structures and equivalent positions at the d.i.i. Group as well as average.



## 4.7. TRAINING AND CONTINUING EDUCATION

[DNK 16] [GRI 205-2] [GRI 403-5] [GRI 404-1] [GRI 404-2]

Having exceptionally well-qualified employees is key to the d.i.i. Group's success. In addition to the professional expertise that employees bring with them, d.i.i. promotes ongoing professional development through internal expert presentations, IT training courses and external seminars.

We have greatly expanded our internal training program since 2022 and continue to do so. Our offer includes individual support and development programs, team development measures and our internal, cross-departmental d.i.i. Learning Friday training program.

Different formats and topics are offered in the company-wide Learning Friday program, which is open to all employees. Employees can sign up for the program after consulting their manager. In addition to growing expertise, this format aims to promote networking within the company as well as develop a shared understanding among our employees and around the activities of other departments.

140 hours of internal continuing education take place each year:

- 8 – 10 expert presentations, 1 hour each
- 8 – 10 IT training days, 6 hours each
- 15 special manager workshops, 2 hours each
- 20 employee workshops, 2 hours each

Training/initial briefings on compliance, risk management, occupational health and safety, preventive health care and remote working were once again compulsory for all new employees of the d.i.i. Group in 2022.

The d.i.i. Group also strategically supports its employees with various development offers.

### Continuing professional education

The d.i.i. Group supports people who are just starting their careers in their personal and professional development. We offer a trainee program, positions for working students and interns and apprenticeship. The d.i.i. Group also offers brief trainee programs for people just starting their careers after getting a degree in real estate to help them adjust to their new professional life.

### NUMBER OF NEW TRAINEES AND INTERNS PER YEAR

Year	Trainees	Apprenticeships
2019	2	2
2020	3	6
2021	4	1
2022	6	4
2023 (in planning)	2-3	5





#### 4.8. CONTRIBUTING TO SOCIETY

[DNK 18] [CSR-RUG]

d.i.i. strives to make a positive contribution to society through its business activities.

#### Portfolio and property level

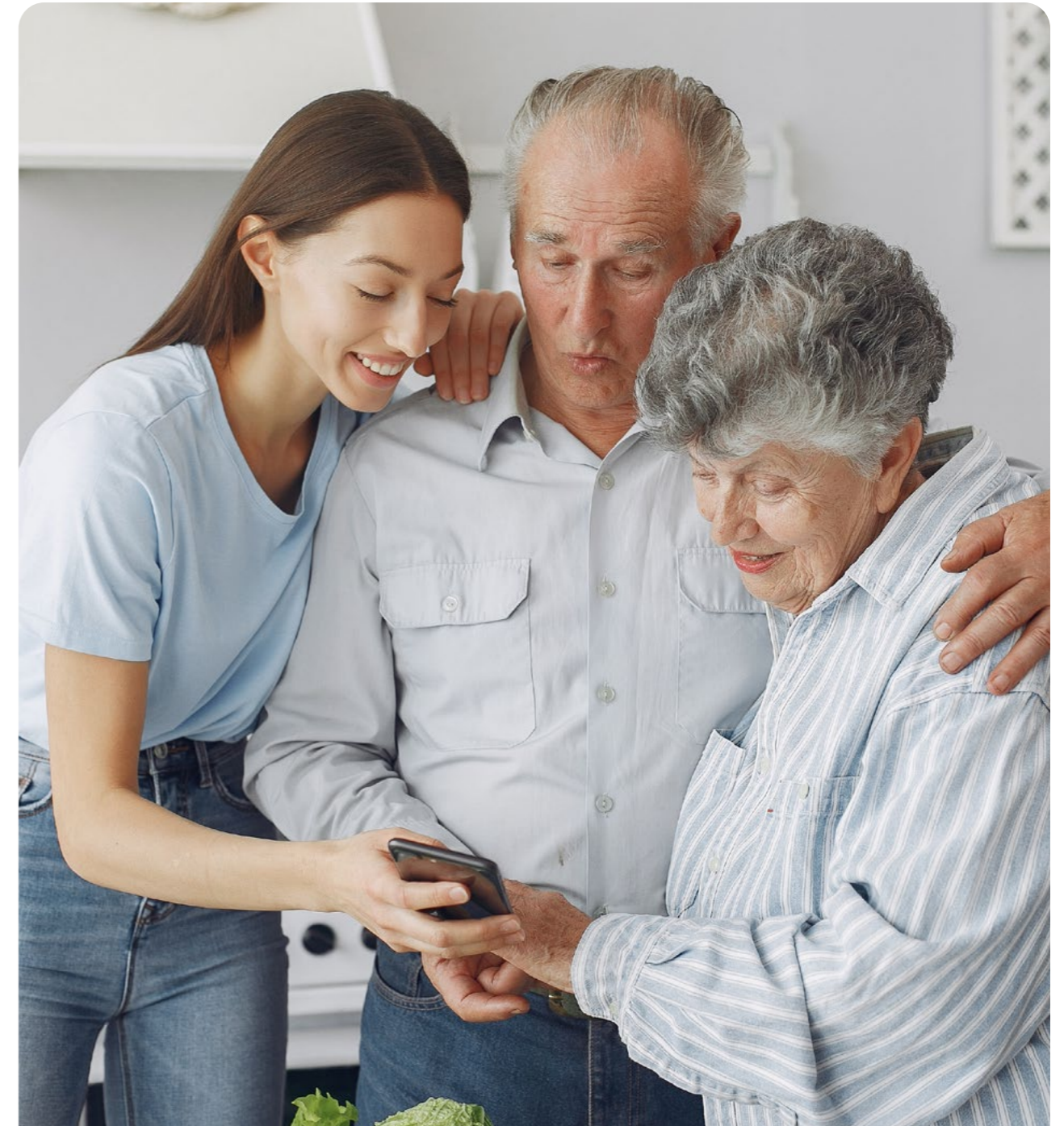
Because we often acquire rental properties for our investment, the d.i.i. Group has adopted its own social charter, which regulates respectful tenant relationships. It sets out guidelines and principles intended to ensure compliance with social obligations when it comes to investing in and managing residential real estate. This includes extended protection against eviction for older or physically disabled tenants living at our properties, hardship provisions for low-income tenants and, under certain conditions, an extensive housing guarantee.

Active service charge management, transparent communication, sustainable district development and the exclusion of luxury refurbishments are also specified in the social charter (chapter 2.3).

#### The d.i.i. Group

The d.i.i. Group is committed to social responsibility beyond its core business and regularly supports social institutions, associations and fundraising campaigns. We supported the following projects and campaigns in 2022:

- Donation to the "Bärenherz" foundation, a children's hospice in Wiesbaden that cares for and accompanies children suffering from a life-shortening illness and their families, regardless of culture, origin or religion.
- 300 tree sponsorships with Hofgut Mappen, a subsidiary of FIBONA GmbH.
- Efficient, direct support for families and relatives of d.i.i.'s Ukrainian employees that have fled Ukraine to Germany. Aid includes assistance with housing, initial care and, if possible, job opportunities.







# 5. GOVERNANCE



### 5.1 GOVERNANCE TARGETS AND PROGRESS AT PORTFOLIO AND PROPERTY LEVEL



We improve and expand communication with tenants through tenant meetings and a tenant app.

#### PROGRESS

Tenant meetings were held in 2022 and provided an effective space for dialog. The tenant app has not yet been updated.

#### OUTLOOK

We will hold even more tenant meetings in 2023. The tenant app will also be finalized and rolled out.



We continue to expand the complaint management feature on the d.i.i. homepage.

#### PROGRESS

Complaint management for tenants on the d.i.i. homepage was not completed in 2022. Complaint management for investors is up and running.

#### OUTLOOK

d.i.i. plans to implement and further expand complaint management for tenants on its homepage in 2023.



We are planning to further improve investor communication via transparent ESG reporting as of 2022.

#### PROGRESS

We further intensified the topic of ESG in our fund reporting in 2022.

#### OUTLOOK

Revision and ongoing improvement of investor reporting on ESG is also planned for 2023. A concept has already been finalized.



We are setting up a system to report incidents to the management that will be used for rapid processing of incidents and targeted communication.

#### PROGRESS

The incident reporting system for the management has not yet been completed.

#### OUTLOOK

We are planning to introduce a system for reporting incidents to the management in 2023.





## 5.1 GOVERNANCE TARGETS AND PROGRESS AT PORTFOLIO AND PROPERTY LEVEL



Sustainability management is firmly anchored at the levels of the board of management and supervisory board.

### PROGRESS

The chairman of the board has been a member of the ESG committee since 2021. Reporting ist provided for the supervisory board.

### OUTLOOK

The board of management remains involved in the ESG committee. They will continue to report to the supervisory board.



Observing the compliance policy is an integral part of the employment contract signed by all of our managers and employees.

### PROGRESS

All new employment contracts include d.i.i.'s compliance policy as an annex and this is also made available to employees.

### OUTLOOK

The compliance policy is an integral part of d.i.i.'s employment contracts.



All of our business partners are required to comply with our code of conduct for business partners.

### PROGRESS

We have made our code of conduct for business partners mandatory for all works commissioned as far as possible.

### OUTLOOK

d.i.i. will continue to require its business partners to comply with the d.i.i. code of conduct.



We enforce a zero tolerance strategy by taking consistent action if our compliance policy is violated and through the management implementing appropriate sanctions.

### PROGRESS

The board of management of d.i.i. Deutsche Invest Immobilien AG and the managing directors of d.i.i. Investment GmbH carefully investigated every indication of possible compliance violations in 2022. After receiving the results of the internal and/or external investigations and their legal assessment, the appropriate measures were initiated without delay.

### OUTLOOK

The training concept for employees addresses current compliance issues. Mandatory compliance training will be held on the topic of "conflicts of interest & fraud prevention" in 2023.



## 5.1 GOVERNANCE TARGETS AND PROGRESS AT d.i.i.



We will be increasing the percentage of female managers at the Group across all management levels (management, leaders, team leaders).

### PROGRESS

As of 17 March 2023, 32% of all managers across all management levels at d.i.i. are female.

### OUTLOOK

In 2023, d.i.i. will further increase the percentage of female managers across all management levels.



We are systematically pursuing digitalisation.

### PROGRESS

We advanced many digitalisation measures in 2022. We have strengthened our client management processes by introducing Salesforce.

### OUTLOOK

We will again purchase new software products to drive digitalization in 2023.



ESG targets will be included in employee bonus target agreements in 2022 and will be further expanded in the future.

### PROGRESS

ESG targets were included in the target agreement for bonus-eligible managers and individual employees in 2022.

### OUTLOOK

Mandatory ESG targets will be included in the target agreement for each employee in 2023.



We will be expanding our process and project management as well as central services, products and materials purchasing.

### PROGRESS

Process and project management was supported by working students in 2022. We did not establish central purchasing.

### OUTLOOK

The expansion target will be adjusted within the context of the materiality analysis that will be conducted in 2023.





## 5.2. RESPECT FOR HUMAN RIGHTS

[DNK 17] [GRI 102-13] [CSR-RUG]

d.i.i. carries out its business activities within the Federal Republic of Germany. This means that the company's business activities are subject to EU law and German law, which prohibit forced and child labor as well as any form of exploitation. d.i.i. is committed to the high ethical standards of European human and civil rights.

d.i.i. is a signatory of the UNPRI and the UN Global Compact. In doing so, d.i.i. has made a commitment to supporting and adhering to the values and goals of these to agreements.

We place particular importance on integrity, fairness, reliability, respect and trust as guiding principles that we practice in all business relationships. The d.i.i. Group is also committed to eliminating all forms of forced labor (Convention No. 105 of 1957) and child labor (Convention No. 182 of 1999) in its supply chain.

Signatory of



## 5.3. MEMBERSHIPS AND POLITICAL INFLUENCE

[DNK 19] [GRI 102-13] [GRI 415-1]

The d.i.i. Group does not exercise any direct political influence but it is a member of the interest group INREV.

Some employees of the d.i.i. Group are members of various national and international industry associations and federations but maintain neutrality and independence. d.i.i. as a company and its employees do not exert any political influence, do not make donations to public officials or political organizations and do not actively lobby. The company does not make any party donations for political influence.

d.i.i. makes donations of money and goods to regional institutions and associations that are committed to the common good.



## 5.4. STAKEHOLDER COMMUNICATION

[DNK 9] [GRI 102-40] [GRI 102-43]

Ongoing exchange and mutually beneficial cooperation with the company's various stakeholders is crucial to the growth of d.i.i.'s business. We have identified 10 stakeholder groups as socially and economically relevant:

- Investors participating in real estate funds managed by d.i.i.
- People interested in buying real estate who purchase directly from d.i.i.
- Business partners such as craftspeople, construction companies, suppliers and service providers with which d.i.i. communicates regularly
- Employees that frequently discuss matters related to business and sustainability with each other and with their managers
- Shareholders that receive information from the supervisory board and board of management pertaining to all significant developments on an ad hoc basis outside the annual general meeting and that are regularly asked for suggestions and opinions
- Tenants with which open communication is always encouraged within the context of property or district development or at tenant meetings
- The public and the media to which d.i.i. regularly provides information on important company and market developments and to which a contact at the d.i.i. Group has been assigned
- Lenders that provide loans to finance land or real estate and to which d.i.i. provides all relevant information
- The public sector, authorities and municipalities with which d.i.i. maintains an open and trusting relationship
- Partners with which d.i.i. networks in order to share information on trends and new developments at an early stage

d.i.i. regularly communicates with its stakeholders. d.i.i.'s employees are involved in regular and open communication with different stakeholders in a variety of ways.

## 5.5. COMPLIANCE AND RISK MANAGEMENT

[DNK 20][CSR-RUG][GRI 102-56][GRI 205-1][GRI 419-1]

### Compliance

The activities of d.i.i. Deutsche Invest Immobilien AG and d.i.i. Investment GmbH are subject to laws and regulatory requirements. However, there is always a chance that business situations may arise to which no specific legal or regulatory requirements apply. All of the actions and decisions of the companies and their employees are therefore required to be in line with the highest ethical standards. Ethical business conduct is essential in safeguarding the reputation of the d.i.i. Group and the trust of its stakeholders.

d.i.i. has taken a number of precautions to identify, stop and report cases of money laundering. d.i.i. always complies with the principles of fair business, fair advertising and fair competition. d.i.i. does not tolerate any form of bribery, corruption, extortion or embezzlement.

The company complies with data privacy and information security laws and government regulations when collecting, storing, processing, transmitting and disclosing personal information.

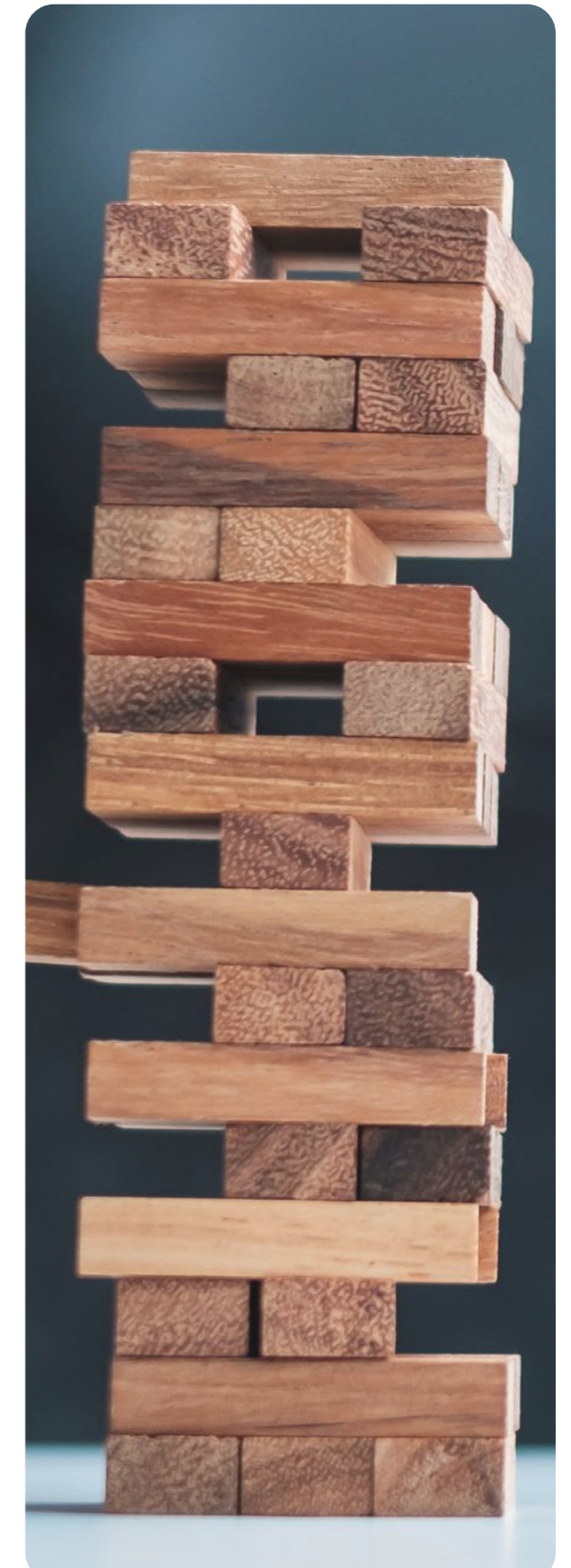
d.i.i. maintains open and respectful communication with its employees. In addition to having access to various ways to get information, employees can contact a supervisor or the compliance officer at any time if they need to talk or if problems arise. d.i.i. has also established an external whistle-blower system that employees of the d.i.i. Group can use to anonymously submit confidential reports about potential or actual violations. Confidential reports sent to the external whistle-blower system by d.i.i. employees are reviewed and violations or information on defective processes are anonymously passed on to the managing directors for processing or correction.

The companies of the d.i.i. Group are audited by an outsourced "internal" audit department as well as formally by auditing firms. No significant issues have been identified during the audits to date and unqualified reports have been issued.

### Risks

d.i.i. is exposed to many risks in the course of its business, which are inextricably linked to its entrepreneurial activities. The company uses effective management and control systems at both corporate and fund level in order to identify these risks at an early stage, quantify them and manage them. Together, these form a standardized risk management system.

Standardized risk management ensures that opportunities and risks are systematically recorded, assessed, controlled, monitored and communicated. The goal is to obtain information about the type and scope of risks as well as any financial impact as early as possible and to manage this information in such a way that the continued existence of the company is not jeopardized and that the company's value can be sustainably secured and increased.







# 6. GRI OVERVIEW

## GRI Content Index

## GRI 102 General disclosures 2016

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102-14	Statement from senior decision-maker	1.1. Preface
102-15	Key impacts, risks, and opportunities	Page 12, 66 - 167
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## GRI 201 Economic performance 2016

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201-1	Direct economic value generated and distributed	d.i.i. annual report

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## GRI 302 Energy 2016

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302-2	Energy consumption outside of the organization	Page 3
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## GRI 303 Water and effluents 2018

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## GRI 305 Emissions 2016

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## GRI 306 Waste 2020

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## GRI 401 Employment 2016

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401-1	New employee hires and employee turnover	Page 50
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Page 49 - 50
401-3	Parental leave	16 employees took parental leave in 2022. Of these, 6 were male.



## GRI Content Index

### GRI 400 Social topics

#### GRI 403 Occupational health and safety 2018

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#### GRI 404 Training and education 2016

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404-1	Average hours of training per year per employee	Page 53
404-2	Programs for upgrading employee skills and transition assistance programs	Page 53
404-3	Percentage of employees receiving regular performance and career development reviews	100%

#### GRI 405 Diversity and equal opportunity 2016

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#### GRI 406 Non-discrimination 2016

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## IMPORTANT INFORMATION / LEGAL INFORMATION

[GRI 102-53]

### Important information

This Sustainability Report 2022 is the sustainability report of the d.i.i. Group (d.i.i. Deutsche Invest Immobilien AG and d.i.i. Investment GmbH). It covers the key developments around the environment, society and community at the d.i.i. Group. This document has been prepared for general information purposes only.

This sustainability report does not constitute an offer or invitation to submit an offer to invest in closed-end special AIFs or public AIFs, nor does it constitute investment brokerage or advice or an advertisement or recommendation to invest in AIFs or other investment products. The information contained in this sustainability report does not replace or supplement the information provided in information documents pursuant to sec. 307 German Capital Investment Code nor that provided in sales prospectuses. The information contained in the latter is authoritative.

Most investments are long-term entrepreneurial investments (investments in domestic closed-ended alternative investment funds) that do not guarantee a fixed return or a fixed repayment of the capital investment made. Partial or total loss of the invested equity cannot be ruled out in the event of unfavorable performance of the investment fund.

The Sustainability Report 2022 is published in German and the German text is authoritative. The report primarily targets the following: investors, parties engaged in acquiring real estate, business partners, employees, shareholders, tenants, the public and the media, lenders, authorities, municipalities and network partners. This is an English translation of the original German version.

All of the information contained in this report is derived from our own sources or from publicly available sources that we deem credible. All statements are based on our current state of knowledge. The company's own statements are based on assessment by the person responsible at the time this report was written. Forecasts are based in part on estimates and on the experience of the d.i.i. Group. Forecasts are not a reliable indicator of future performance.

This sustainability report contains forward-looking statements that involve risks and uncertainties that could cause actual events to differ from those described in the forward-looking statements. These forward-looking statements should therefore not be relied upon.

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