



Green Finance Framework

DEUTSCHE
WOHNEN



COMPANY OVERVIEW

With its property portfolio comprising approximately 160,000 residential and commercial units with a fair value of around EUR 26.2 billion, Deutsche Wohnen SE Group ("Deutsche Wohnen") is one of Europe's leading property companies. Our clear focus is on residential properties in German metropolitan areas and conurbations, and at approximately 74%, the majority of our portfolio is located in the capital city of Berlin. The Deutsche Wohnen portfolio further comprises nursing properties offering approximately 10,500 beds and assisted living apartments with a fair value of around EUR 1.2 billion. In its project development business, Deutsche Wohnen additionally manages a project pipeline with a total investment volume of some EUR 4.1 billion for a total of around 9,000 residential units and about 1,000 commercial units. These projects are build-to-hold projects. In addition, Deutsche Wohnen holds a 40% share in QUARTERBACK Immobilien AG which has a project development pipeline with a total investment volume of around EUR 2.0 billion and approximately 7,400 residential units (all figures as of 31 December 2020).

Deutsche Wohnen has been listed on the Frankfurt Stock Exchange of Deutsche Börse AG since 1999 and was included in the DAX® index in 2020. The company is additionally listed in the international indices EPRA/NAREIT Europe, STOXX® Europe 600, DAX® 50 ESG and GPR 250.



Sustainability strategy

According to Germany's national climate goals, the building sector is to achieve greenhouse gas neutrality by the year 2050. As the second-largest property company in Europe we are part of the sector which accounts for some one third of Germany's carbon emissions. We thus consider ourselves responsible for contributing to achieving a near-carbon-neutral building sector in Germany by 2050, guided by the overall goal of aiming to reconcile affordable housing with climate-appropriate construction. Accordingly, Deutsche Wohnen has already invested extensively in its building portfolio in the past years in order to improve the energy efficiency of its holdings. Based on the energy performance certificates (EPCs) at year-end 2020, the energy efficiency of approximately 62% of our residential buildings is better than the average consumption of residential buildings in Germany which stood at 133.0 kWh/sqm per annum¹. By comparison, the average consumption of our holdings stands at 125.1 kWh/sqm per annum, which marks a further positive change compared to previous years (2015: 139.1 kWh/sqm per annum).

Over the coming years, we will continue to invest extensively in the quality, future viability and energy efficiency of our buildings and technical facilities as part of our programme for energy-saving refurbishments. Furthermore, with a view to sector coupling we will focus on providing our tenants with emission-free electricity from renewable sources via photovoltaic systems, on introducing efficient and decentralised heat generation, intelligent networking of buildings and digital heat management as well as on offering sustainable mobility concepts in our neighbourhoods. Together, these areas represent a core part of our contribution to reducing carbon emissions and achieving the national climate protection goals.



For further current
information
visit our website

[deutsche-wohnen.com](https://www.deutsche-wohnen.com)

¹ Source: BMWI, "Energieeffizienz in Zahlen", 2019 a, 107.

When carrying out energy-efficient refurbishment work, we take a socially conscious approach in order to ensure that our measures do not excessively burden our tenants. Moreover, we have presented a scientifically based concept for socially responsible climate protection in the property sector, which we believe can effectively contribute to achieving the climate targets. We view climate protection as a task for the society as a whole, which the government, businesses and citizens must all take on in equal measure.


In connection with new construction, Deutsche Wohnen intend to apply the DGNB certification standards for all buildings going forward. It is crucial that buildings' entire life cycles are taken into consideration – from the planning and construction phase through to usage and finally the dismantling at the end of the life cycle.

Sustainability reporting

Our sustainability strategy and sustainability reporting are based on our five areas of action. As a primary area of action, responsible corporate management provides the framework for the other areas of action also set out in our mission statement. These include responsibility for our customers and properties, responsibility for our employees, responsibility for the environment and climate, and responsibility towards society.

We firmly believe that acting sustainably is key to offering long-term benefits to our stakeholders. A strategic approach and consistent embedding of sustainability in our company's daily workflows are thus a top priority for us. Accordingly, we established an interdisciplinary sustainability committee in 2018 which is responsible for the strategic management of sustainability within the company and the further development of our strategic sustainability programme.

We share the belief that global challenges can only be overcome if developing countries, emerging countries and industrialised nations work together. We therefore welcome the adoption of the 2030 Agenda by the United Nations, which aims to enable global economic progress to be made in harmony with social justice and environmental protection. The Agenda was adopted in 2015. Its heart is formed by the 17 Sustainable Development Goals (SDGs) to which we have linked our sustainability strategy. We have identified seven SDGs to the achievement of which we can effectively contribute through our business activities. These are Good Health and Well-being (SDG 3), Affordable and Clean Energy (SDG 7), Industry, Innovation and Infrastructure (SDG 9), Sustainable Cities and Communities (SDG 11), Climate Action (SDG 13), Life on Land (SDG 15) and Partnerships for the Goals (SDG 17).

 For further current information visit our website [deutsche-wohnen.com](https://www.deutsche-wohnen.com)



We further reinforce our engagement on behalf of climate protection by supporting the organisation Foundation 2° – German Businesses for Climate Protection, of which we have been a sponsoring member since 2019, as well as a member of the sector initiative Initiative Wohnen.2050, which was founded with the aim of bundling the climate protection activities of the residential property sector.

The results of Deutsche Wohnen's sustainability activities are published annually in a sustainability report prepared according the global standards of the Global Reporting Initiative (GRI), a non-financial statement prepared in accordance with the CSR Directive Implementation Act (CSR-RUG) as well as on the company website. In addition, we continuously strive to improve the transparency of our reporting and in doing so we are guided by the key sustainability reporting standards for our sector.



For further current
information
visit our website

[deutsche-wohnen.com](https://www.deutsche-wohnen.com)



GREEN FINANCE FRAMEWORK





Raising green financing is a natural continuation of Deutsche Wohnen's commitment to sustainable development and integrates the company's overall strategy with its access to financial markets. The introduction of the Green Finance Framework enables us to raise funding through a range of green products, including bonds, loans, commercial paper, etc. ("Green Finance Instrument"). To ensure alignment with international market practice Deutsche Wohnen's Green Finance Framework meets the core pillars of the voluntary process guidelines as set out in the International Capital Market Association (ICMA) Green Bond Principles (GBP) and the Loan Market Association (LMA) Green Loan Principles (GLP).

- Use of Proceeds
- Evaluation and selection of Eligible Assets
- Management of Proceeds
- Reporting

Use of Proceeds

Deutsche Wohnen or its Subsidiaries will use the proceeds ("Green Finance Proceeds") to finance and refinance new and existing Eligible Assets, in whole or in part, by supporting the development of low-carbon buildings, renewable energy installations and clean transportation infrastructure.

Eligible Assets

Green Bond Principles, Green Loan Principles	Eligible Asset categories	Targeted SDGs
Green buildings	<p>Acquisition, new construction, refurbishment and management of new or existing residential or commercial buildings which meet the following criteria:</p> <ol style="list-style-type: none"> Buildings that have either received, or are due to receive, one of the following green building certifications <ul style="list-style-type: none"> ✓ DGNB (minimum certification "Gold") ✓ NaWoh ✓ Any other equivalent systems as determined by Deutsche Wohnen Buildings that have either achieved, or are due to achieve, Primary Energy Demand requirements in accordance with the KfW 55 Standard² Buildings that have either received, or are due to receive, an Energy Performance Certificate (EPC) of a minimum of "B" <p>Refurbishment of existing buildings</p> <ul style="list-style-type: none"> ✓ Expenditure targeted at the renovation of residential or commercial buildings to improve energy consumption resulting in at least 30% reduction in Primary Energy Demand (PED) <p>Energy efficiency measures in existing buildings</p> <ul style="list-style-type: none"> ✓ Expenditure for individual renovation measures (e.g. replacement of windows, insulation, combined heat and power (CHP) plants³) 	 
Renewable Energy	<ul style="list-style-type: none"> ✓ Installation of onsite renewable energy, such as photovoltaic panels 	
Clean transportation	<ul style="list-style-type: none"> ✓ Conversion of Deutsche Wohnen's car fleet to electric vehicles (EV) ✓ Installation, operation and maintenance of EV charging stations, smart meters and energy management systems, and related infrastructure 	

2 The KfW efficient housing standard "KfW-Effizienzhaus-Standard" is comprised of two criteria: How high is the total energy usage of the building? And how good is the thermal insulation of the shell (/surface) of the building? This is covered in the values of primary energy usage ("Primärenergiebedarf") and transmission heating loss ("Transmissionswärmeverlust"). The statutory new construction standard is at 75% of the level of a reference building. Therefore you start to receive support for your building of the KfW efficient housing standard 55 if your building exceeds the minimum requirements of the EnEV by only ca. 25%, <https://www.kfw.de/inlandsfoerderung/Privatpersonen/Neubau/Das-KfW-Effizienzhaus/>.

3 Fossil-related technologies are excluded.

Allocation of Green Finance Proceeds will be made strictly in accordance with the Use of Proceeds definitions as specified in this framework. Deutsche Wohnen will, on a best-efforts basis, refrain from financing commercial buildings where the core operations are related to fossil fuel, nuclear, defence, alcohol, tobacco or gambling industries, with Green Finance Proceeds raised under this framework.

Evaluation and Selection of Eligible Assets

Deutsche Wohnen has established a Green Finance Committee ("GFC") to evaluate and approve potential assets in accordance with its Green Finance Framework. The responsibilities of the GFC are to:

- Review and approve new assets requested for inclusion in accordance with internal policies and the Use of Proceeds definitions under the Green Finance Framework
- Monitor the Eligible Asset pool on an ongoing basis to ensure Green Finance Proceeds are allocated exclusively to Eligible Assets
- Review and approve any additional green building certification systems to be included in the Green Finance Framework
- Approve the Green Finance Investor Reports

The GFC meets semi-annually and consists of the following members:

- Chief Finance Officer
- Chief Development Officer
- Representative of Asset Management
- Representative of Corporate Finance/Treasury
- Representative of Sustainability Management/CSR

Any updates of the Green Finance Framework must be approved by the GFC, and a new Second Party Opinion will be obtained in the event of material changes.

Management of Proceeds

An amount equal to the net Green Finance Proceeds will be exclusively used to finance or refinance Eligible Assets on a portfolio basis. Deutsche Wohnen's Corporate Finance Department will monitor any Green Finance funding raised against its Eligible Asset Portfolio and intends, to the best of its abilities, to allocate Green Finance Proceeds within 24 months of issuance/borrowing. Capital expenditure disbursements to existing Eligible Assets will not date back further than 36 months from the date of any Green Finance transaction. All existing buildings under management can be included in the Eligible Asset Portfolio provided that a valid green building certification or standard in accordance with the Use of Proceeds section has been obtained. These existing buildings which qualify as Eligible Assets are recognised at market value equivalent to the assets reported in the company's balance sheet at the time of the annual reporting.

Deutsche Wohnen is able to track investments, expenditures or costs that are related to the Eligible Asset Portfolio based on internal reporting systems.

Pending the full allocation to the Eligible Asset Portfolio, Deutsche Wohnen will hold and/or invest the balance of net Green Finance Proceeds not yet allocated, at its own discretion, in its treasury liquidity portfolio, in cash or other short term and liquid instruments or pay back a portion of its outstanding indebtedness. Deutsche Wohnen intends to allocate the Green Finance Proceeds to Eligible Assets as soon as feasible.

In case of divestment or if an asset no longer meets the eligibility criteria, Deutsche Wohnen intends to replace such asset with other Eligible Assets. Additionally, Eligible Assets can be removed or added to/from the Eligible Asset Portfolio whenever needed.

Reporting

Deutsche Wohnen will provide a Green Finance Investor Report until full allocation of Green Finance Proceeds, and thereafter in case of any material change to their allocation. The first Report will be published within the first year from issuance of the Green Finance Instrument and shall report on both the allocation of Green Finance Proceeds and the estimated environmental impact.



Allocation reporting will include, where relevant:

1. A breakdown of funding instruments
2. A breakdown of allocated amounts per Eligible Asset category
3. Number of properties covered by this Green Finance Framework
4. The share of capex financing and existing buildings under management
5. The balance of unallocated Green Finance Proceeds

Impact reporting will include, where relevant, but is not limited to:

1. CO₂ emissions avoided/saved/reduced in tonnes
2. Energy savings in kWh/sqm²
3. Certification levels achieved
4. Selection of project examples

The methodology for obtaining the calculated impact will be disclosed in the report. The report will be available on <https://ir.deutsche-wohnen.com/>.

External Review

To ensure alignment with national and international guidelines Deutsche Wohnen has obtained an external review from Sustainalytics. The review report is available at <https://ir.deutsche-wohnen.com/>.



An appropriate independent assurance provider will annually examine Deutsche Wohnen's evaluation and selection process for the financing of Eligible Assets and that such process and the allocation of Green Finance Proceeds are in accordance with Deutsche Wohnen's Green Finance Framework. The opinion of the assurance provider will be made available in the Green Finance Investor Report.

Disclaimer

THIS DOCUMENT IS INTENDED TO PROVIDE NON-EXHAUSTIVE, GENERAL INFORMATION. THIS DOCUMENT MAY CONTAIN OR INCORPORATE BY REFERENCE PUBLIC INFORMATION NOT SEPARATELY REVIEWED, APPROVED OR ENDORSED BY DEUTSCHE WOHNEN AND ACCORDINGLY, NO REPRESENTATION, WARRANTY OR UNDERTAKING, EXPRESS OR IMPLIED, IS MADE AND NO RESPONSIBILITY OR LIABILITY IS ACCEPTED BY DEUTSCHE WOHNEN AS TO THE FAIRNESS, ACCURACY, REASONABLENESS OR COMPLETENESS OF SUCH INFORMATION.

THIS DOCUMENT MAY CONTAIN STATEMENTS ABOUT FUTURE EVENTS AND EXPECTATIONS THAT ARE FORWARD-LOOKING STATEMENTS. NONE OF THE FUTURE PROJECTIONS, EXPECTATIONS, ESTIMATES OR PROSPECTS IN THIS DOCUMENT SHOULD BE TAKEN AS FORECASTS OR PROMISES NOR SHOULD THEY BE TAKEN AS IMPLYING ANY INDICATION, ASSURANCE OR GUARANTEE THAT THE ASSUMPTIONS ON WHICH SUCH FUTURE PROJECTIONS, EXPECTATIONS, ESTIMATES OR PROSPECTS HAVE BEEN PREPARED ARE CORRECT OR EXHAUSTIVE OR, IN THE CASE OF THE ASSUMPTIONS, FULLY STATED IN THE DOCUMENT. DEUTSCHE WOHNEN HAS AND UNDERTAKES NO OBLIGATION TO UPDATE, MODIFY OR AMEND THIS DOCUMENT, THE STATEMENTS CONTAINED HEREIN TO REFLECT ACTUAL CHANGES IN ASSUMPTIONS OR CHANGES IN FACTORS AFFECTING THESE STATEMENTS OR TO OTHERWISE NOTIFY ANY ADDRESSEE IF ANY INFORMATION, OPINION, PROJECTION, FORECAST OR ESTIMATE SET FORTH HEREIN CHANGES OR SUBSEQUENTLY BECOMES INACCURATE.

THIS DOCUMENT IS NOT INTENDED TO BE AND SHOULD NOT BE CONSTRUED AS PROVIDING LEGAL OR FINANCIAL ADVICE. IT DOES NOT CONSTITUTE AN OFFER OR INVITATION TO SELL OR ANY SOLICITATION OF ANY OFFER TO SUBSCRIBE TO OR PURCHASE OR A RECOMMENDATION REGARDING ANY SECURITIES; NOTHING CONTAINED HEREIN SHALL FORM THE BASIS OF ANY CONTRACT OR COMMITMENT WHATSOEVER AND IT HAS NOT BEEN APPROVED BY ANY SECURITY REGULATORY AUTHORITY.

THE DISTRIBUTION OF THIS DOCUMENT AND OF THE INFORMATION IT CONTAINS MAY BE SUBJECT TO LEGAL RESTRICTIONS IN SOME COUNTRIES. PERSONS WHO MIGHT COME INTO POSSESSION OF IT MUST INQUIRE AS TO THE EXISTENCE OF SUCH RESTRICTIONS AND COMPLY WITH THEM.

THE INFORMATION IN THIS DOCUMENT HAS NOT BEEN INDEPENDENTLY VERIFIED.

THE ADDRESSEE IS SOLELY LIABLE FOR ANY USE OF THE INFORMATION CONTAINED HEREIN AND DEUTSCHE WOHNEN SHALL NOT BE HELD RESPONSIBLE FOR ANY DAMAGES, DIRECT, INDIRECT OR OTHERWISE, ARISING FROM THE USE OF THIS DOCUMENT BY THE ADDRESSEE.

