



The  
SUSTAINABILITY  
Code

## Declaration of conformity

### Stuttgarter Wohnungs- und Städtebaugesellschaft mbH

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**Reporting year** 2017

**Indicator set** GRI SRS

**Contact** Nachhaltigkeitsbeauftragte  
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## General Information

*Describe your business model (including type of company, products / services)*

The Stuttgarter Wohnungs- und Städtebaugesellschaft mbH (SWSG) is one of the big municipal, economically strong housing associations in Baden-Württemberg, with close to 18,300 of their own rental apartments. On behalf of the City of Stuttgart, the SWSG provides liveable and affordable housing for broad sections of the population. The main activities of the SWSG are the management and development of its own residential property portfolio as well as the property development business. For portfolio optimization, SWSG buys residential units and sells residential units to a limited extent out of fixed assets. The sole shareholder is the state capital, Stuttgart. The activities of the company are based on the social mission of the SWSG, which is anchored in the articles of association. With innovative housing concepts and a high proportion of publicly subsidized apartments in the portfolio, the SWSG ensures access to affordable and liveable housing in the Stuttgart housing market and strengthens social interaction through active neighbourhood development. The SWSG minimizes significant environmental effects through various measures in the area of energy supply and the use of resources. The strong economic performance of recent years, the structure of the SWSG, the stable shareholder structure and the clear strategic orientation of the company are prerequisites for SWSG to be able to fulfil its corporate mission. SWSG has been pursuing this sustainable business model for more than 85 years, which stands for continuity and reliability. Business development in the year 2017 and the SWSG's business performance are generally satisfactory. Above all, the stable position of the SWSG arises from the constant inflow of liquidity through permanent and long-term stable rental income, which can be used to refinance measures. Sustainable housing management, accompanied by continuous maintenance and constant modernization, stabilizes value while at the same time reducing the cost burden of operating tenants. Long-term mortgage loans and a satisfactory equity ratio guarantee sound financing in the long term.

### Key corporate figures of the SWSG (2017):

Revenues for property management 144.3 million euro  
Balance sheet profit 5.1 million euro  
Net income for the year 16.0 million euro  
Cash flow from operating activities 65.0 million euro  
Total assets 1098.6 million euro  
Equity 390.1 million euro  
Equity Ratio 35.5 percent  
Own rental apartments 18,307  
Employees 161

*Additional remarks (eg indication of external audit):*

The annual reports and the the SWSG 's current CSR report can be found at: <https://www.swsg.de/downloads.html>

## Criteria 1–10: Sustainability Policy

### Criteria 1–4 concerning STRATEGY

#### 1. Strategic Analysis and Action

*The company declares whether or not it pursues a sustainability strategy. It explains what concrete measures it is undertaking to operate in compliance with key recognised sector-specific, national and international standards.*

The entrepreneurial success of the SWSG is based on sustainable economic activity in social, ecological and economic dimensions as well as on socially responsible action, which is consistently set as a standard. In order to keep this promise of success to tenants, business partners and the public, SWSG operates on the basis of a value channel to which the management and the employees have committed themselves.

The SWSG's sustainable orientation is reflected in the corporate purpose as well as in the long-term corporate goals and is firmly established in the articles of association. In addition, the company's values and principles are set out in the Corporate Culture Guidelines, the Business Partner Code, and since 2011, in the Compliance Manual. With its voluntary commitment to the Public Corporate Governance Code of the City of Stuttgart, the SWSG has become known as a municipal investment company for uniform standards for increasing efficiency, transparency and control. Thus, the company commits itself - even beyond the legal requirements - to voluntarily imposed standards for sustainable action.

In order to do justice to a sustainable business orientation, the SWSG has been voluntarily certified by the Sustainable Development Council since the year of 2015 in the form of a compliance statement. This was updated for the year 2017 for the first time. Sustainability is part and parcel of SWSG's core business activities and thinking. The sustainability strategy already implemented for this purpose was presented transparently to the public for the first time in the SWSG's first CSR report in the year of 2018. The objectives set out therein are constantly updated by the "Sustainability Management" team and reviewed several times a year by management. Likewise, the sustainability topics and goals are discussed together with the executives and communicated to the supervisory board. The key sustainability goals pursued by the SWSG as a municipal housing company are aspects such as lasting social justice, environmental sustainability, neighbourhood development and transparency. Achieving these goals is understood by the SWSG to be a continuous process, whose continuous compliance and improvement is also ensured by the "Sustainability Management" team.

The SWSG understands effective and efficient sustainability management to be an overarching corporate task. During annual strategy and target workshops, the SWSG evaluates its strategic guidelines and sustainable objectives. The resulting corporate and departmental goals are, amongst other things, communicated in-company with the help of the "Sustainability Management" team, and adjusted if necessary.

The SWSG's business segments are exposed to a large number of different risks that are inseparably connected to entrepreneurial activity. In order to be able to recognize, assess and handle these entrepreneurial risks at an early stage, SWSG has established higher-level control and monitoring systems. Oriented as a framework for this, the SWSG adheres to the (inter) nationally recognized "Three Lines of Defense Model". Three independent levels below corporate management - operational management, risk management and internal audit - work closely together.

## 2. Materiality

*The company discloses the aspects of its business operations that have a significant impact on sustainability issues and what material impact sustainability issues have on its operations. It analyses the positive and negative effects and provides information as to how these insights are integrated into the company's processes.*

The SWSG is committed to maintaining and improving the attractiveness of Stuttgart as a residential location. Whether it's new buildings, renovations or neighbourhood development - the company invests in the future of Stuttgart as a partner for its customers, for the state capital and for its business partners. Thanks to these measures, but also due to profound social activities, SWSG paves the way for functioning neighbourhoods. In addition, SWSG promotes a municipal housing policy through urban development and modernization measures as well as through a consistent new building strategy, which was adopted in the "Housing in Stuttgart" program initiated in 2014.

As a municipal housing company with a focus on responsible and sustainable orientation, the SWSG is exposed to specific risks. The basis for the long-term corporate strategy is sound business management. Only if the SWSG remains economically efficient, are the conditions met in order to consistently pursue the social and ecological objectives. Regular information on the net assets, financial position and performance results provide an overview of the economic situation of the SWSG. In addition, the SWSG has established control and measurement variables that are based on the content of its financial reporting and take into account other key performance indicators and management tools for sustainability reporting. It is also important to identify and prevent risks related to the use of resources and social segregation tendencies in terms of environmental and social aspects. In addition to the annual evaluation of the sustainability strategy, a modern risk management system is also implemented, which takes particular account of sustainability issues.

In its portfolio management, the SWSG relies on the provision of socially responsible housing at economically justifiable conditions. The SWSG offers the right space for every requirement and supports its tenants individually in their daily lives with tailor-made offers for home living. In order to prevent segregation and improve structures, the SWSG relies on intergenerational residences and on the social mixing of neighbourhoods. The company also supports the city of Stuttgart as project manager and consultant for urban development measures. The SWSG offers special concepts, especially when it comes to social integration or refugee assistance.

Efforts to renew the portfolio are made in commitment to sustainability: For the SWSG, contemporary means, not only modern equipment and efficient layouts, but also optimizing the apartments in terms of energy efficiency, both to reduce the costs for the tenants and to reduce emissions into the environment.

As a socially responsible housing company, the SWSG feels obliged to offer not only liveable, but also inexpensive housing. The company provides almost every second publicly subsidized apartment in the state capital and pursues a moderate portfolio rent adjustment in the area of privately financed housing. The average rent of the SWSG has a dampening effect on the rental prices in the Stuttgart housing market and is on average 20 percent below the average rent level of the state capital Stuttgart.

## 3. Objectives

*The company discloses what qualitative and/or quantitative as well as temporally defined sustainability goals have been set and operationalised and how their level of achievement is monitored.*

In order to meet the corporate purpose now and in the future, SWSG pursues a range of sustainability goals that are rated based on the principles of entrepreneurial activity. The focus of the target system and the value channel of the SWSG is on the well-being of the customer, but also on overall urban development in Stuttgart.

In addition to the core objective of creating sustainable, liveable and inexpensive housing, there are other goals of great importance for the SWSG: The long-term guarantee of the economic framework conditions enables the SWSG to keep investments in new buildings and existing buildings at a high level and at the same time to support neighbourly coexistence (creating meeting places, neighbourhood work, etc.), which contributes to neighbourhood satisfaction. When implementing the corporate mandate, it is also important to meet the often very different needs of customers, employees, partners, service providers and of the shareholders. In principle, sustainability is a broad field of activity for the SWSG, consisting of various different topics, requirements, challenges and goals. This requires constant self-reflection and the adaptation of goals and measures to meet changing conditions and demands. The SWSG sees sustainability as a continuous development process, which they go through with the motto "Understand. Improve."

As part of the annual strategy and target workshops, strategic guidelines and objectives are reviewed, redefined if necessary and prioritized according to their urgency. All sustainability targets were quantified and embedded in a corresponding strategy. The defined target values are regularly checked for progress. This status quo will be published once a year in the new format of the CSR report.

Raising employee awareness is also a key medium-term goal for the SWSG. Only in this way can all aspects of sustainability be considered in the long term in all areas of the company and implemented in a sound manner. So far, the sustainable corporate strategy has been communicated via employee information, press releases, the CSR report, as well as in direct talks or company meetings. In the future, the new interactive employee portal, which is currently in the implementation phase, will also be the focus of internal sustainability reporting.

An example of the quantifiable sustainability goals of the SWSG is the carbon (CO<sub>2</sub>) footprint. Thanks to the new construction and modernization efforts, by as early as 2015, the SWSG had lowered its CO<sub>2</sub> emissions from 1990 - the base year also used for the Kyoto Protocol - from 4.6 to 2.4 tons of CO<sub>2</sub> per household per year. Thus, the SWSG has almost halved its CO<sub>2</sub> emissions (48 percent) and already more than meets the German federal government target. A look into the future reveals further savings potential. The strategic goal of the SWSG is to invest around 900 million euro in new construction and modernization measures by 2026. In addition to the expected positive effects on the quality of life and housing for tenants and the positive consequences for neighbourhood development and urban planning, the environment will also benefit: The goal is to reduce emissions by a further 34 percent by the year 2027 to 1.5 tons per household per year. Overall, the SWSG will save around 10,900 tonnes of CO<sub>2</sub> per year.

With this strategy, the SWSG is also supporting the goals that the City of Stuttgart has set in its "100% Climate Protection Master Plan": From 2015 to 2050, private households in Stuttgart should save 200,000 tons of CO<sub>2</sub>. The SWSG's share is 9,900 tons of CO<sub>2</sub> - this is the target that the SWSG will have already achieved by 2025.

With these endeavours, the SWSG also contributes to the implementation of the sustainability goals of the UN agenda 2030 - an interaction between the federal government, states, municipalities, and above all companies, science and civil society. Municipal housing companies such as the SWSG, which also fulfil a social mission, play a key role in sustainable urban development.

#### 4. Depth of the Value Chain

*The company states what significance aspects of sustainability have for added value and how deep in the value chain the sustainability criteria are verified.*

As an existing housing company, the core of the SWSG's value chain lies in the management of its own residential portfolio. The main fields of management relate to the provision, rental, maintenance and renovation or modernization of living space as well as the care of tenants. In addition to management, the planning (conception and financing), the construction (project management, construction project management, building construction), and the utilization (sale, demolition, disposal) of the residential portfolio are important in the process of value creation.

As part of this value chain, the SWSG cooperates with a large number of companies and service providers. Above all, the SWSG maintains strong partnerships with smaller, local craft trade businesses, thus expressing their regional ties. Close cooperation between the property managers and the local craft trade businesses is seen as an opportunity to provide a reliable service and to stimulate the local economy. The "Partnership at eye level" is an integral part of the established supplier management, with which the SWSG wishes to create optimal synergies for its customers.

In the Compliance Manual, the values of the SWSG are anchored as ethical conditions for the integrity of the company and its employees. When selecting and evaluating suppliers, care is taken to recognize and share these values. In this way, the company creates an atmosphere of fairness and mutual trust, set out in writing in a business partnership code. All business connections are based on mutually assured reliability and integrity as well as a sustainable and cooperative approach.

The SWSG assesses suitable construction materials on a project-specific basis, with particular emphasis on the longevity of materials that also conserve resources and meet national environmental standards. However, complete control of the value chain up to the manufacture of the building materials is beyond the control of the SWSG.

For the SWSG, saving energy and heating costs and the reduction of CO<sub>2</sub> emissions represent essential aspects of long-term investment strategy out of responsibility for future generations. Not only the compliance guideline, but also the company's energy strategy are essential guidelines for dealing with renewable energies. With its energy strategy, the SWSG pursues the vision of being a pioneer in providing its tenants with affordable and up-to-date services while at the same time supporting the achievement of climate targets in Stuttgart. In order to realize this vision, the SWSG relies on three strategic pillars:

1. Generating the best possible commercial solution for tenants (utility bills) and SWSG (process costs)
2. The optimal installation of systems (continuous optimization e.g. through digital solutions)
3. Sustainably reducing greenhouse gases

## Criteria 5–10 concerning PROCESS MANAGEMENT

### 5. Responsibility

*Accountability within the company's management with regard to sustainability is disclosed.*

The overall responsibility for sustainable corporate governance lies with the two managing directors.

In addition, the SWSG has been employing a sustainability officer since mid-2016 who bears operational responsibility and is responsible for the organization, coordination and communication of sustainability issues and objectives. This includes regular reporting of all activities and key figures and thus reviewing and updating the sustainability strategy, goals and processes in accordance with their tasks. The third level of responsibility consists of executives and employees who, through their actions, act as drivers of sustainable action, identifying and implementing sustainability goals.

Within this framework of responsibility, a Compliance Officer, the Commissioner for Data Protection and those responsible for internal audits and risk management additionally ensure compliance with the company's agreed behavioural guidelines and legal requirements. The compliance officer is the contact person and mediator for conflicts between employees or with external parties and thus helps to preserve the company's values and standards framework.

The medium-term objective is to continue to sensitize employees to the issue of "sustainability" and to promote sustainable thinking and sustainable business as part of the corporate culture even more deeply in the minds of employees. Managing directors and executives regularly use opportunities, such as the annual company meeting, to explain the company's sustainable strategy. The publication of the CSR report, which was prepared with the participation of almost all departments of the SWSG, also serves this purpose.

Attention to sustainability issues in decision-making is also reiterated in employee newsletters, press releases as well as publications in the Intranet. In addition, various departments are involved in setting up and maintaining the key performance indicator system. In this way, the SWSG regularly collects ecological and social performance indicators, as well as economic performance indicators.

### 6. Rules and Processes

*The company discloses how the sustainability strategy is implemented in the operational business by way of rules and processes.*

The sustainability strategy and the objectives of the SWSG defined therein are reviewed annually by managing directors, discussed with executives, and additionally approved by the supervisory board. The Sustainability Officer coordinates and reports regularly on all activities and key figures of the company that are an expression of the sustainability strategy and enable a review of target achievement levels.

Organizational and procedural measures and regulatory processes are anchored in a compliance management system. The compliance officer is responsible for adherence to the company's internal code of conduct written in the Compliance Handbook. Furthermore, the principles laid down in the necessary work instructions as well as in the principles of self-image and corporate culture apply to all managers and employees. The Business Partner Code regulates compliance with the guiding principles and principles of cooperation with business partners and suppliers, the retention of data protection regulations and provides for an external, independent supplier audit.

The SWSG's mission is to analyse processes on a regular basis, to uncover possible efficiency potential and to develop measures for sustainable improvement of operational processes. In order to meet the requirements of holistic process management, the SWSG evaluates the optimization process from the following views: Process view (business process model), organizational view (organizational plan) and IT view (IT system model). These three perspectives are transparently displayed in a business process management software, so that the processes can be controlled on the basis of measurable quantities.

With the establishment of an integrated sustainability management system, the SWSG has created the prerequisites for the key figures in order to create a coordinated comparative sustainability report. In addition to the other target and key performance indicator system, the SWSG is also in a position to quantify ecological and social developments. These results are constantly incorporated into the company's strategy development. The SWSG will provide professional advice from an independent housing institute to uncover the potential for improvement and to accompany the process in a structured manner.

### 7. Control

*The company states how and what performance indicators related to sustainability are used in its regular internal planning and control processes. It discloses how suitable processes ensure reliability, comparability and consistency of the data used for internal management and external communication.*

Together with its shareholder, the SWSG determines with which measures and activities the sustainable corporate strategy is to be implemented. As part of a five-year plan, the company annually agrees on specific key performance indicator corridors within which sustainable and sound economic activity can be realized, taking into account social and ecological needs for action. Core goals such as "a sustainable renewal of the existing stock", "making Stuttgart attractive" or "living and residing together" can be identified as the company's efforts to build new buildings and modernize existing ones. Due to the structural measures taken in recent years, around 61 percent of the SWSG portfolio has already been modernized for improved energy use. At the same time, the desired goals for a sustainable corporate strategy are presented transparently and comparably in key figures for maintenance expenditure, rental price development or expenses for social projects, neighbourhood development and donations.

These and other meaningful key figures are collected regularly within a financial year and in various committees (Supervisory Board meetings, executive committee meetings, departmental rounds, jour fixe, etc.). In addition to the Annual Report, the CSR Report provides information on SWSG's social and environmental commitment. The existing strategy, its sub goals, as well as the concrete measures are verifiable on the basis of the controlling, on the one hand. On the other hand, SWSG can thus plan and develop the future strategic priorities and the associated implementation activities.

## Key Performance Indicators to criteria 5 to 7

*Key Performance Indicator GRI SRS-102-16: Values  
The reporting organization shall report the following information:*

*a. A description of the organization's values, principles, standards, and norms of behavior.*

Numerous operating instructions and competence regulations as well as guidelines have emerged over the years and determine commercial activities for the SWSG and the company's operations. The values and principles of the company are described in the Guidelines on Corporate Culture, in the Compliance Manual (new edition 2018), in the Business Partner Code (adaptation to new requirements of the GDPR in 2018) and recorded in the customer-oriented CFR manual (CFR: Competent - Friendly - Reliable). In addition, the SWSG has made a voluntary commitment to the Public Corporate Governance Code of the City of Stuttgart, which was prepared in the year 2006 and updated in October 2011. This set of rules summarizes uniform standards for increasing efficiency, transparency and control for municipal investment companies.

## 8. Incentive Systems

*The company discloses how target agreements and remuneration schemes for executives and employees are also geared towards the achievement of sustainability goals and how they are aligned with long-term value creation. It discloses the extent to which the achievement of these goals forms part of the evaluation of the top managerial level (board/managing directors) conducted by the monitoring body (supervisory board/advisory board).*

Modern incentive and bonus systems guarantee tailor-made fees for special services at the SWSG. "Leading with goals" is an important tool for personnel management, promotion and planning for strengthening employee motivation and promoting personal responsibility. Target agreements are made annually with all employees, executives and the management, whereby, in addition to the fixed salary under TVöD (Wage Agreement for Public Service), a variable remuneration is granted, which is measured by the degree of achievement of the goals set. In six-monthly site-specific discussions, the target agreements are monitored by the personnel management and evaluated together with the employees, adjusted if necessary, or promoted with supporting measures. The SWSG is of the opinion that every single employee can make an important contribution to intensifying the sustainable action of the company.

The SWSG rewards innovative ideas from its employees through its in-house suggestion system. Through the program "Innovative SWSG" those proposals that improve processes or services and create efficiency potential are rewarded. The monetary reward depends on the degree of improvement in the area of application. Six employees received awards in the year under review. The concept of the modern incentive and bonus systems of the SWSG is in line with its claim to be an attractive employer and at the same time supports constructive employee development. This creates an additional incentive to work towards corporate goals in the interests of sustainability. Sustainability goals are regularly evaluated by the sustainability officer and fed back to the management. Regular surveys on employee satisfaction confirm these efforts.

(see also CSR Report 2017, p. 117)

## Key Performance Indicators to criteria 8

Key Performance Indicator GRI SRS-102-35: Remuneration policies  
The reporting organization shall report the following information:

- a. Remuneration policies for the highest governance body and senior executives for the following types of remuneration:
- Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares;
  - Sign-on bonuses or recruitment incentive payments;
  - Termination payments;
  - Clawbacks;
  - Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees.
- b. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental, and social topics.

The remuneration of the management is designated in the notes to the annual financial statements in individualized fixed amounts, performance-related components and benefits in kind. In accordance with the Public Corporate Governance Code, the remuneration of the Supervisory Board is only stated in total.

Key Performance Indicator GRI SRS-102-38: Annual total compensation ratio  
The reporting organization shall report the following information:

- a. Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.

This performance indicator is not relevant for a regional acting, municipal enterprise like the SWSG. Additional documents Compensation practice of the SWSG cf. criterion 8.

## 9. Stakeholder Engagement

The company discloses how the socially and economically relevant stakeholders are identified and integrated into the sustainability process. It states whether and how an ongoing dialogue takes place with them and how the results are integrated into the sustainability process.

The SWSG regularly maintains close contact with its stakeholders and relies on transparent communication and good networking. Within regular strategy workshops with external consultants, the SWSG identifies their most important stakeholders. These stakeholders, with whom the company seeks dialogue in various ways, include not only the customers (tenants, interested parties, tenant advisers), but also the SWSG employees and the state capital of Stuttgart. In addition, banks, suppliers, competitors in the local market, interest groups (tenants' associations etc.), business-related trade associations (GdW, vbw, KoWo and AGW), associations and non-profit organizations, as well as the general public, and the local press are among the key stakeholders.

The SWSG maintains close contact with the tenant (who, as the customer, represents the central stakeholder of the company) on the one hand through the possibility of personal discussions or information events, but on the other hand through the tenant advisory boards of the individual neighbourhoods. On site, the offices of the property managers provide a direct point of contact so that the SWSG can react quickly to all concerns of the tenants. In new construction or modernization projects, the tenants' wishes are consulted as far as possible in the development of the portfolio and the living environment.

For a better coexistence in the neighbourhood, the company organizes regular tenant celebrations and offers support for self-organized neighbourhood or district festivals, where residents revive their quarters. Other platforms for communication with the customer are the company website and the quarterly tenant magazine "in Stuttgart zu Hause" ("At home in Stuttgart").

Due to the understanding of values of the SWSG, the company works closely with local and charitable organizations. By offering targeted group-specific housing concepts and with the participation of those affected, solutions are found together, so that even those who would otherwise hardly have any opportunities in the housing market can be offered a home. The SWSG communicates competently, friendly and reliably - not only with external stakeholders, but also with its own colleagues. The management of the SWSG informs its employees about the company goals and planned projects in the annual company meeting. Questions can be asked and suggestions can be made to the management. Further possibilities for dialogue can be found in staff discussions, journals or departmental rounds.

## Key Performance Indicators to criteria 9

*Key Performance Indicator GRI SRS-102-44: Key topics and concerns  
The reporting organization shall report the following information:*

- a. Key topics and concerns that have been raised through stakeholder engagement, including:*
- i. how the organization has responded to those key topics and concerns, including through its reporting;*
  - ii. the stakeholder groups that raised each of the key topics and concerns.*

At the centre of SWSG's activities, is the customer, who sets his individual requirements for a liveable and inexpensive home. The company sees itself as a partner and takes tenant concerns, complaints or claims very seriously. The company is committed to the task of finding suitable solutions and concepts for the different living situations of its tenants, so that heterogeneous and diverse living cultures are united in stable neighbourhoods. Through independent institutes and various methods, customer expectations and satisfaction are continuously and systematically determined.

The local customer and property managers seek quick solutions or suggestions for improvement in an open dialogue with the tenant. In addition, various issues, fears and concerns of tenants are discussed on-site with the tenant advisory board, which currently has 57 members. Another platform for discussion is offered through the monthly meetings with the tenant board of directors and portfolio management executives, as well as on-demand meetings between the local tenant advisory council concerned and the respective SWSG employees.

The handling of conflicts within the company is entrusted to a compliance officer, who consults the employees in a confidential conversation, if required. In principle, the SWSG attaches great importance to transparent communication that takes place "on an equal footing" with the various stakeholder groups. The SWSG is particularly concerned with conflicting concerns (see also Criterion 9).

## 10. Innovation and Product Management

*The company discloses how innovations in products and services are enhanced through suitable processes which improve sustainability with respect to the company's utilisation of resources and with regard to users. Likewise, a further statement is made with regard to if and how the current and future impact of the key products and services in the value chain and in the product life cycle are assessed.*

The SWSG is pursuing an ambitious new build and modernization program, primarily aimed at providing Stuttgart's citizens with contemporary, affordable housing. Special emphasis is placed on a cityscape-focused and neighbourhood-based approach.

An integral part of the concept is the sustainable and climate-friendly energy supply of the portfolio. For new construction projects, the SWSG implements the KfW-energy efficiency standard 55 and thus already significantly falls below the specifications of the EnEV 2016. Taking economic efficiency and resource conservation of energy-saving measures into account, the SWSG relies on the use of renewable energy sources. It promotes the installation of wood pellet and biomass heating, heat pumps or photovoltaic systems and takes energy-efficient insulation into consideration from the beginning.

Another key topic of the sustainability strategy is raising tenants' awareness of their own user behaviour. With their utility bills, tenants receive a consumption analysis that shows the extent to which the costs of heating, hot water or water consumption are to be considered as "high" or "low". In addition to all information brochures on topics such as the right heating and ventilation procedures, SWSG offers its tenants free energy-saving advice.

In recent years, SWSG has intensified its efforts in the area of operating cost management. The focus of the active operating cost management is the reduction of energy consumption and reduction of CO2 emissions. To this end, the company was certified according to the seal of the Geislinger Convention and among other things, set an external operating cost benchmark for themselves.

Operating cost management is also linked with improvements for the tenant. Each utility bill includes a QR code which can be used to access a personal "explanatory video".

The SWSG promotes innovative ideas from employees through the "Innovative SWSG" program and awards proposals which improve internal processes or the the services offered whilst increasing efficiency.

The topic "living in old age" is the focus of developing of services further. Accessible and multifunctional floor plans as well as alternative living arrangements such as a self-organized, outpatient caring residential community are aimed particularly at older people, who are thus able to live independently for longer. For this purpose, an adaptation guideline was developed with the aim of enabling older tenants to stay longer in their own home by adapting their housing and by pointing out support opportunities. Here, the SWSG is supported by the housing counselling agency of the German Red Cross (DRK) as a cooperation partner.

Part of this topic is the home exchange program "From big, make convenient". This is a targeted model for senior citizens that fulfils the wish of older tenants' for apartments that are smaller and more comfortable for elderly inhabitants. Senior citizens willing to relocate will not only receive a targeted offer for vacant apartments from the SWSG portfolio, but will also retain their previous net cold rent rate per m<sup>2</sup> / of living space. Similarly, seniors can take advantage of the DRK housing counsel for any housing adjustments.

## Key Performance Indicators to criteria 10

Key Performance Indicator G4-FS11

(report also in accordance with GRI SRS): Percentage of assets subject to positive and negative environmental or social screening. [Link](#) (Note: the indicator should also be reported when reporting to GRI SRS)

This performance indicator is not relevant for the SWSG as a housing company nor is not tracked. For further information see Criterion 10.

## Criteria 11–20: Sustainability Aspects

### Criteria 11–13 concerning ENVIRONMENTAL MATTERS

#### 11. Usage of Natural Resources

*The company discloses the extent to which natural resources are used for the company's business activities. Possible options here are materials, the input and output of water, soil, waste, energy, land and biodiversity as well as emissions for the life cycles of products and services.*

The compatibility of environmental sustainability with profitability and the social mission is not only the fundamental corporate objective of the SWSG, but also one of its biggest challenges. Energy efficiency and a resource-saving construction method are therefore important decision criteria for the development of the building portfolio. In addition, saving energy and heating costs as well as reducing CO2 emissions out of responsibility for future generations are essential aspects of the long-term investment strategy. For this reason, the SWSG has essentially stated in the compliance guidelines: The company expects and supports environmental awareness. It is important to use products that conserve natural resources, enable recycling, reduce environmental pollution as far as possible and preserve the natural environment.

To meet these goals, the SWSG undertakes a wide variety of efforts. For example, the SWSG works with a document management system. Digital data access allows for more efficient work and helps to significantly reduce paper usage. Innovations such as mobile housing purchase, the capture of repair services via tablet or electronic invoice processing also help to reduce paper consumption. Document shredding has been adjusted so that some of the expendable materials are made available again to employees and only that that cannot be reused is destroyed. In this way not only 250 kg of waste per year can be saved, but also the cost of new products can be reduced by 10,000 euro per year.

Its administration building has been certified by the SWSG according to the ECOfit program, a funding program of the Ministry of the Environment, Climate and the Energy Industry of Baden-Württemberg. In addition to the company's basic data, data on energy, water, waste, raw and auxiliary materials, main electricity consumers, hazardous substances and refrigerants were collected. This resulted in fields of action that were examined and improved with the implementation of the program. Suggestions for improvement - including from the workforce - were developed and implemented on these topics, such as the automatic switch-off of the monitors in order to achieve energy-saving potential. A large part of the proposed measures has already been implemented so that around 223 MWh less energy is used each year. Another contribution will also be made by the photovoltaic system on the roof of the company headquarters planned for 2019.

#### 12. Resource Management

*The company discloses what qualitative and quantitative goals it has set itself with regard to its resource efficiency, in particular its use of renewables, the increase in raw material productivity and the reduction in the usage of ecosystem services, which measures and strategies it is pursuing to this end, how these are or will be achieved, and where it sees there to be risks.*

The renewal of the energy systems of the existing building is a core objective of the SWSG, supported primarily through the energy sustaining construction of the new building and modernization program. Another goal of the SWSG is to reduce energy and resource consumption through active resource management in the housing portfolio as well as in its own administration. Another focus in this context are the efforts to reduce CO2 emissions. The goal is to achieve a further 34 percent reduction of CO2 emissions by the year 2027 through the described measures.

The SWSG participates in the i-City research project by the University of Applied Sciences (HFT) Stuttgart. Its goal is to design sustainable urban development with innovative energy systems and information and communication solutions, from which sustainable neighbourhood and building concepts can be derived. Together with HFT Stuttgart, the SWSG is investigating the use of local heating in new construction projects. Currently, the sub project 1.1 is being worked on with the following goals:

- Sustainable development of a between or post-war settlement, linking urban redevelopment strategies (conservation, demolition, re-densification) with a climate concept and social planning.
- Creating low-cost housing with high energy efficiency and alternative concepts of grid-based heat supply.

The various concepts are currently being checked for plausibility. The first concrete results will be available in the first quarter of 2019. The SWSG is also participating in the Climate Adaptation Concept Stuttgart (KLIMAKS) of the state capital. It is based on the "German Adaptation Strategy on Climate Change" and specifies this for the City of Stuttgart.

In addition to structural measures, the SWSG focuses primarily on raising the awareness of tenants and employees through information events (e.g. with the waste management company of the state capital Stuttgart for the reduction of residual waste volume and for waste separation), extensive information material, programmes such as ECOfit or concrete consulting services such as the energy saving advice of Caritas.

SWSG also supports the idea of environmental protection by offering mobility alternatives to its employees and tenants. Firstly, the SWSG has completely converted its fleet to electric cars and also provides its staff with e-bikes for business trips. It also tries to motivate employees to ride a bicycle. Thanks to innovations such as changing rooms and showers, more employees are getting on their bikes to get to work. These aspirations were recognized by the ADFC which awarded the SWSG as a bicycle-friendly employer in 2016. Interested tenants can now also obtain extensive advice on the subject of e-mobility and charging stations at the SWSG, where they can find out about the costs and services. For new construction projects, the SWSG is equipping its underground garages so that at least 20 percent of the parking spaces can be equipped with Wallboxes, provided that the power grid has sufficient capacity. The Wallboxes are bought by the SWSG and made available to the tenants. They are connected via the apartment meter, so that the tenant pays for the electricity for his vehicle via his own electricity contract.

The SWSG pursues the principle of revitalizing existing neighbourhoods in order to meet the urban goal of inner-city development. By demolishing and newly constructing existing developed sites, and by filling vacant lots or using redevelopment areas, the SWSG contributes to making urban areas more efficiently used and more energy saving. In order to improve the urban climate, the SWSG pays close attention to the preservation of green areas and fresh air corridors in all measures.

Risks arising from the business activities of the SWSG are already listed in Note 2 (materiality).

## Key Performance Indicators to criteria 11 to 12

*Key Performance Indicator GRI SRS-301-1: Materials used*  
The reporting organization shall report the following information:

- a. Total weight or volume of materials that are used to produce and package the organization's primary products and services during the reporting period, by:
- non-renewable materials used;
  - renewable materials used.

This performance indicator is not relevant for the SWSG as a housing company whose main activity is the provision of housing. The company does not belong to the manufacturing industry; therefore there is no collection of used material.

*Key Performance Indicator GRI SRS-302-1: Energy consumption*  
The reporting organization shall report the following information:

- a. Total fuel consumption within the organization from non-renewable sources, in joules or multiples, and including fuel types used.
- b. Total fuel consumption within the organization from renewable sources, in joules or multiples, and including fuel types used.
- c. In joules, watt-hours or multiples, the total:
- electricity consumption
  - heating consumption
  - cooling consumption
  - steam consumption
- d. In joules, watt-hours or multiples, the total:
- electricity sold
  - heating sold
  - cooling sold
  - steam sold
- e. Total energy consumption within the organization, in joules or multiples.
- f. Standards, methodologies, assumptions, and/or calculation tools used.
- g. Source of the conversion factors used.

In 2014, the energy consumption of the SWSG locations in the business centre (Augsburger Straße) was 1,019,045 kWh and in the Rostocker Straße branch 62,845 kWh. Broken down into energy sources for the corporate headquarters, about 82.1 percent was accounted for by district or local heating, 11.4

percent by electricity and the remaining 6.5 percent by diesel fuel. The heating energy consumption accounts for 82 percent of the energy consumption of the location at 836,970 kWh. The data is based on an energy audit conducted in the year 2015 according to DIN EN 16247-1. This will be renewed every four years, meaning that there will be new results in the year under review, 2019.

Since 2012, a series of measures to save electricity at its headquarters have been implemented. It was possible to sink the power consumption from 434.1 MWh in 2012 to 423.3 MWh in 2013 and to 423.9 MWh in 2014. In 2016, electricity consumption was 385.9 MWh and in the 2017 review year it was again reduced to 384.9 MWh. Since 2012, the SWSG has been able to save around 11 percent of electricity.

A breakdown of the values for renewable and non-renewable sources is not yet in progress.

*Key Performance Indicator GRI SRS-302-4: Reduction of energy consumption  
The reporting organization shall report the following information:*

- a. Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples.*
- b. Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all.*
- c. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it.*
- d. Standards, methodologies, assumptions, and/or calculation tools used.*

See comments on criteria 10 and 13.

*Key Performance Indicator GRI SRS-303-3: Water withdrawal  
The reporting organization shall report the following information:*

- a. Total water withdrawal from all areas in megaliters, and a breakdown of this total by the following sources, if applicable:*
  - i. Surface water;*
  - ii. Groundwater;*
  - iii. Seawater;*
  - iv. Produced water;*
  - v. Third-party water.*
- b. Total water withdrawal from all areas with water stress in megaliters, and a breakdown of this total by the following sources, if applicable:*
  - i. Surface water;*
  - ii. Groundwater;*
  - iii. Seawater;*
  - iv. Produced water;*
  - v. Third-party water, and a breakdown of this total by the withdrawal sources listed in i-iv.*
- c. A breakdown of total water withdrawal from each of the sources listed in Disclosures 303-3-a and 303-3-b in megaliters by the following categories:*
  - i. Freshwater ( $\leq 1,000$  mg/L Total Dissolved Solids);*
  - ii. Other water ( $> 1,000$  mg/L Total Dissolved Solids).*
- d. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.*

In the year 2017, the SWSG portfolio's water consumption totalled 1,620,365 m<sup>3</sup>. The SWSG's head office's water consumption was 1,568.33 m<sup>3</sup> and the customer centre Bad Cannstatt used 79.25 m<sup>3</sup>.

Key Performance Indicator GRI SRS-306-2: Waste

The reporting organization shall report the following information:

a. Total weight of hazardous waste, with a breakdown by the following disposal methods where applicable:

- i. Reuse
- ii. Recycling
- iii. Composting
- iv. Recovery, including energy recovery
- v. Incineration (mass burn)
- vi. Deep well injection
- vii. Landfill
- viii. On-site storage
- ix. Other (to be specified by the organization)

b. Total weight of non-hazardous waste, with a breakdown by the following disposal methods where applicable:

- i. Reuse
- ii. Recycling
- iii. Composting
- iv. Recovery, including energy recovery
- v. Incineration (mass burn)
- vi. Deep well injection
- vii. Landfill
- viii. On-site storage
- ix. Other (to be specified by the organization)

c. How the waste disposal method has been determined:

- i. Disposed of directly by the organization, or otherwise directly confirmed
- ii. Information provided by the waste disposal contractor
- iii. Organizational defaults of the waste disposal contractor

The amount of waste in the portfolio and the administration was around 68,736 m<sup>3</sup>. Of the total volume, around 75 percent was residual waste.

### 13. Climate-Relevant Emissions

The company discloses the GHG emissions in accordance with the Greenhouse Gas (GHG) Protocol or standards based on it and states the goals it has set itself to reduce emissions, as well as its results thus far.

As part of the ambitious new construction and modernization program, the SWSG attaches great importance to a sustainable and climate-friendly power supply. In addition to complying with the statutory provisions of the Renewable Energy Sources Act, the energy strategy examines concepts that include the use of regenerative energy sources for both buildings and neighbourhoods. The focus is on the use of proven technologies. The SWSG has defined the vision and mission of the energy strategy for implementation and has defined measures in the areas of economy, efficiency, ecology and innovation. With the vision "The SWSG is a role model and pioneer for cheap and up-to-date energy supply for its tenants as well as for the achievement of the climate goals in Stuttgart" three goals were defined:

- as a business, provide the best possible service: Reduce utility costs for tenants sustainably and significantly, reduce process costs for the SWSG.
- set up optional facilities: Capture and continuously optimize facilities and inventory measuring points, including through digital solutions.
- Sustainably reduce greenhouse gases: Achieve self-imposed climate goals through new construction and modernization of existing buildings.

These goals culminate in the mission "to provide tenants with cheap, safe and environmentally-friendly energy (heat, electricity and adjacent services)" and are subject to the implementation of action-specific guidelines. The energy strategy is being implemented and is subject to constant intensive development in order to anchor energy management even more deeply in the organization and with other topics.

In total, about 12 percent of the SWSG apartments are supplied with renewable energy sources (including renewable energy from district heating). From an ecological standpoint, the electricity concept for the common area in SWSG buildings is far-sighted. For example, SWSG draws 100% of this electricity from renewable energy. SWSG tenants receive clean energy at reasonable prices through a particularly inexpensive purchase.

The positive effects that SWSG has already achieved with its new construction and modernization efforts is shown by taking the carbon footprint into consideration. The SWSG has nearly halved its CO<sub>2</sub> emissions since 1990 (48 percent). By 2027, the SWSG plans to invest around 900 million euro. If the plans are implemented, a reduction of emissions by another 23 percent to 1.5 tons per household per year is to be expected. Overall, the SWSG will thus save around 10,900 tons of CO<sub>2</sub> per year, which corresponds to the CO<sub>2</sub> emissions of approximately 7,700 cars.

## Key Performance Indicators to criteria 13

Key Performance Indicator GRI SRS-305-1: Direct (Scope 1) GHG emissions  
The reporting organization shall report the following information:

- a. Gross direct (Scope 1) GHG emissions in metric tons of CO<sub>2</sub> equivalent.
- b. Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub> or all.
- c. Biogenic CO<sub>2</sub> emissions in metric tons of CO<sub>2</sub> equivalent.
- d. Base year for the calculation, if applicable, including:
  - i. the rationale for choosing it;
  - ii. emissions in the base year;
  - iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.
- e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.
- f. Consolidation approach for emissions; whether equity share, financial control, or operational control.
- g. Standards, methodologies, assumptions, and/or calculation tools used.

So far, no figures on greenhouse gas emissions have been collected in the company. Due to the establishment of comprehensive sustainability reporting, this indicator will be included in future reporting.

Key Performance Indicator GRI SRS-305-2: Energy indirect (Scope 2) GHG emissions  
The reporting organization shall report the following information:

- a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO<sub>2</sub> equivalent.
- b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO<sub>2</sub> equivalent.
- c. If available, the gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.
- d. Base year for the calculation, if applicable, including:
  - i. the rationale for choosing it;
  - ii. emissions in the base year;
  - iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.
- e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.
- f. Consolidation approach for emissions; whether equity share, financial control, or operational control.
- g. Standards, methodologies, assumptions, and/or calculation tools used.

So far, no figures on greenhouse gas emissions have been collected in the company. Due to the establishment of comprehensive sustainability reporting, this indicator will be included in future reporting.

Key Performance Indicator GRI SRS-305-3: Other indirect (Scope 3) GHG emissions  
The reporting organization shall report the following information:

- a. Gross other indirect (Scope 3) GHG emissions in metric tons of CO<sub>2</sub> equivalent.
- b. If available, the gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.
- c. Biogenic CO<sub>2</sub> emissions in metric tons of CO<sub>2</sub> equivalent.
- d. Other indirect (Scope 3) GHG emissions categories and activities included in the calculation.
- e. Base year for the calculation, if applicable, including:
  - i. the rationale for choosing it;
  - ii. emissions in the base year;
  - iii. the context for any significant changes in emissions that triggered recalculations of base year emissions.
- f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.
- g. Standards, methodologies, assumptions, and/or calculation tools used.

So far, no figures on greenhouse gas emissions have been collected in the company. Due to the establishment of comprehensive sustainability reporting, this indicator will be included in future reporting.

Key Performance Indicator GRI SRS-305-5: Reduction of GHG emissions  
The reporting organization shall report the following information:

- a. GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO<sub>2</sub> equivalent.
- b. Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.
- c. Base year or baseline, including the rationale for choosing it.
- d. Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).
- e. Standards, methodologies, assumptions, and/or calculation tools used.

See comments on criteria 10 and 13.

## Criteria 14–20 concerning SOCIETY

### Criteria 14–16 concerning EMPLOYEE-RELATED MATTERS

#### 14. Employment Rights

*The company reports on how it complies with nationally and internationally recognised standards relating to employee rights as well as on how it fosters staff involvement in the company and in sustainability management, what goals it has set itself in this regard, what results it has achieved thus far and where it sees risks.*

The SWSG operates exclusively in Stuttgart and is thus subject to the applicable employee rights. In addition, employee laws are enforced through the collective bargaining agreement of the public service for the area of administration, as well as separate company agreements, which regulate individual concepts for flexible working hours or the balance between work and family. This has been negotiated by the works council in representation for the workforce with the management. The works council represents the interests of the employees and discusses all employee issues with the management.

The SWSG has the express objective of further expanding its modern and attractive personnel management in the future. Balancing career and family, a balanced employee structure, rewarding incentives as well as in-house and external training offers and diverse career opportunities determine the objectives of SWSG's personnel policy based on solidarity, continuity and sustainability. This objective is regularly tracked and continuously improved.

The satisfaction and the concerns of the employees is the subject of an employee survey by the SWSG every three years. It also addresses wishes or

accepts criticism. The findings from the survey are recorded in a management report and are transmitted to the departments by the managers. The SWSG sees itself as a training company and offers a wide range of ambitious funding and training and further education opportunities.

In addition to the legal framework, SWSG has committed itself to the compliance guidelines. These business and corporate ethics values, developed together with the employees, provide orientation in dealing with customers and business partners, address issues relating to social responsibility at the SWSG, define the guidelines for environmental protection, data protection and occupational safety and explain the internal control system and reporting system. Contractors also undertake to comply with German law through the Business Partner Code - even when using subcontractors. In addition, the SWSG already ensures during the selection process that the workers' rights on the part of the service providers are maintained.

From SWSG's point of view, no material risks or negative effects arise from its business activities and the services it offers for workers' rights.

## 15. Equal Opportunities

*The company discloses in what way it has implemented national and international processes and what goals it has for the promotion of equal opportunities and diversity, occupational health and safety, participation rights, the integration of migrants and people with disabilities, fair pay as well as a work-life balance and how it will achieve these.*

A strong corporate culture is of particular importance to the SWSG. There have already been principles of good coexistence since 2015. In accordance with the SWSG-internal acronym CFR (Competent - Friendly - Reliable), the management teamed up with the works council and executives to agree on a tolerant, open and binding approach.

For SWSG, being an attractive employer also means that their employees trust the company and identify with the values for which it stands. For this reason, in addition to complying with the provisions of the General Equal Treatment Act, the company has committed itself via its compliance guidelines to promoting equal opportunities and diversity. Work-life balance and performance-based pay are the core elements of employee satisfaction and are promoted through flexible working hours and salary models.

As a pillar of the work-life balance, the SWSG also focuses on the balance of work and family life. For their family-conscious and sustainable personnel policy, the company has had itself certified in accordance with the "work and family" audit and has since anchored binding target agreements for family awareness in the organizational culture. These include binding company agreements for professional and family time-outs and set target agreements for childcare allowances. Facilitating the return to work after parental leave through flexible working hours models and a childcare allowance reflect the family-friendly principles that the company stands for and that are constantly evolving to meet the changing needs of employees. However, family-friendliness is not only aimed at young parents, but also applies to employees who, for example, have to care for a close relative and need support from the employer. In the year 2018, a re-certification of the audit was successfully completed.

(see also CSR Report 2017, pp. 110-123)

Diversity is an integral part of the corporate culture. The SWSG is committed to a work environment free of prejudice. Regardless of gender, nationality, ethnicity, religion / belief, disability, age, sexual orientation and identity, each employee enjoys the same level of appreciation. These values are communicated internally and are also mentioned in the CSR report. As a logical consequence, the SWSG 2019 will sign the Diversity Charter in order to publicize the basic idea of the SWSG in the form of a voluntary commitment.

## 16. Qualifications

*The company discloses what goals it has set and what measures it has taken to promote the employability of all employees, i.e. the ability of all employees to participate in the working and professional world, and in view of adapting to demographic change, and where risks are seen.*

Giving young people a perspective and at the same time attracting specialists for their own capability: These goals are pursued by the SWSG as a training company. In the year under review, the company is training seven young people to become real estate agents and supervising three other students of the Baden-Württemberg Cooperative State University, who are completing the practical part of their training at the SWSG. Each graduate will be offered a fixed-term employment contract following the training, to facilitate initial work experience and to facilitate their entry into professional life. In addition, the SWSG 2017 has employed three trainees and four working students.

Another important concern is the individual promotion and further development of their own employees according to their strengths and weaknesses. Concrete needs are determined by executives and the human resources department together with the respective employee. There are a variety of possibilities - from one-day seminars to several years of continuing education and training. The success of these individual further development efforts can be seen in many good examples: For example, 47 percent of executives were already employed by the SWSG before they took on the role in a managerial capacity. Furthermore, all specialist team leader and expert positions were able to be filled without exception from the SWSG ranks.

The SWSG pursues the goals of qualifying young people and developing their own employees according to their needs. Thus, in an ongoing process tests are carried out to determine which possibilities of further education and qualification exist. The goals described are permanently maintained and pursued.

The SWSG is confident that its long-term success depends largely on the motivation and performance of its employees. Satisfied and healthy employees

thus form the basis for the company's success and the achievement of sustainability goals. For this reason, SWSG offers a wide range of further education and training opportunities as well as numerous social benefits, for example in the area of company pensions or benefits from the "work and family" audit. Corporate events and other events, which the managers organize for their employees, among other things, also contribute to a relaxed and collegial working environment.

The SWSG operates an active health management system for better employee health, which, amongst other things, initiates annual health checks (flu jabs and regular eye tests), workshops and consultations on health topics such as "healthy and spirited on the job" or fitness courses. The SWSG also promotes employees who come to work by bicycle with the "Bicycle friendly SWSG" certificate - with a threefold effect: Employees not only do something for their health, but at the same time protect the environment and their wallets.

From SWSG's point of view, no material risks or negative effects arise from its business activities and the services it offers for qualification and further development.

(see also CSR Report 2017, pp. 110-123)

## Key Performance Indicators to criteria 14 to 16

*Key Performance Indicator GRI SRS-403-9: Work-related injuries*  
*The reporting organization shall report the following information:*

- a. For all employees:**
- i. The number and rate of fatalities as a result of work-related injury;*
  - ii. The number and rate of high-consequence work-related injuries (excluding fatalities);*
  - iii. The number and rate of recordable work-related injuries;*
  - iv. The main types of work-related injury;*
  - v. The number of hours worked.*

- b. For all workers who are not employees but whose work and/or workplace is controlled by the organization:**
- i. The number and rate of fatalities as a result of work-related injury;*
  - ii. The number and rate of high-consequence work-related injuries (excluding fatalities);*
  - iii. The number and rate of recordable work-related injuries;*
  - iv. The main types of work-related injury;*
  - v. The number of hours worked.*

*You will find the remaining numbers c-g of the indicator SRS 403-9 in the GRI standard and may additionally report them here.*

*Key Performance Indicator GRI SRS-403-10: Work-related ill health*  
*The reporting organization shall report the following information:*

- a. For all employees:**
- i. The number of fatalities as a result of work-related ill health;*
  - ii. The number of cases of recordable work-related ill health;*
  - iii. The main types of work-related ill health.*
- b. For all workers who are not employees but whose work and/or workplace is controlled by the organization:**
- i. The number of fatalities as a result of work-related ill health;*
  - ii. The number of cases of recordable work-related ill health;*
  - iii. The main types of work-related ill health.*

*You will find the remaining numbers c-e of the indicator SRS 403-10 in the GRI standard and may additionally report them here.*

In the reporting year, there were on average ten sick leave days. Long-term illnesses lasting over six weeks make up an average of twelve sick days.

There were no work-related deaths.

*Key Performance Indicator GRI SRS-403-4: Worker participation on occupational health and safety*  
*The reporting organization shall report the following information for employees and for workers who are not employees but whose work and/or workplace is controlled by the organization:*

- a. A description of the processes for worker participation and consultation in the development, implementation, and evaluation of the occupational health and safety management system, and for providing access to and communicating relevant information on occupational health and safety to workers.**
- b. Where formal joint management-worker health and safety committees exist, a description of their responsibilities, meeting frequency, decision-making authority, and whether and, if so, why any workers are not represented by these committees.**

In addition to the employee surveys, which are conducted every three years, employee participation and consultation is also regulated by the company agreement "employee appraisals". In these discussions, employees can, among other things, also make comments and suggestions for improvement in the areas of occupational safety and health and safety, thereby ensuring that they are firmly integrated into the management system.

In addition, there is an internal suggestion system, which awards proposals, that improve the processes and services within the company and thus create efficiency potential.

No health and safety issues are dealt with in formal agreements with unions.

*Key Performance Indicator GRI SRS-404-1: Average hours of training  
The reporting organization shall report the following information:*

- a. Average hours of training that the organization's employees have undertaken during the reporting period, by:*
- i. gender;*
  - ii. employee category.*

The annual number of hours for education and training is not yet been calculated. Overall, in 2017, around 151 people at departmental level have taken part in training courses; 82 employees completed external training. The SWSG spent an average of 788 euro on each of its employees' dedication to professional and personal training.

*Key Performance Indicator GRI SRS-405-1: Diversity  
The reporting organization shall report the following information:*

- a. Percentage of individuals within the organization's governance bodies in each of the following diversity categories:*
- i. Gender;*
  - ii. Age group: under 30 years old, 30-50 years old, over 50 years old;*
  - iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).*
- b. Percentage of employees per employee category in each of the following diversity categories:*
- i. Gender;*
  - ii. Age group: under 30 years old, 30-50 years old, over 50 years old;*
  - iii. Other indicators of diversity where relevant (such as minority or vulnerable groups).*

Overall responsibility for the SWSG is borne by the managing directors - Samir Sidgi as Chairman of the Management Board and Helmuth Caesar as Technical Director. As of 31 December 2017, the Supervisory Board of the SWSG consisted of 16 members (68.75 percent male, 31.25 percent female).

The active workforce averaged 161 full-time employees in the year under review. 44.65 percent of them are women. Moreover, seven apprentices worked at the SWSG.

Age distribution (at an average of 43 years):

- Younger than 30 years, 13.3 percent
- Between 31 and 40 years: 20.8 percent
  - Between 41 and 50 years: 28.3 percent
  - 51 years and older: 37.6 percent

*Key Performance Indicator GRI SRS-406-1: Incidents of discrimination  
The reporting organization shall report the following information:*

- a. Total number of incidents of discrimination during the reporting period.*
- b. Status of the incidents and actions taken with reference to the following:*
- i. Incident reviewed by the organization;*
  - ii. Remediation plans being implemented;*
  - iii. Remediation plans that have been implemented, with results reviewed through routine internal management review processes;*
  - iv. Incident no longer subject to action.*

There have been no incidents of discrimination.

## Criterion 17 concerning RESPECT FOR HUMAN RIGHTS

### 17. Human Rights

*The company discloses what measures it takes, strategies it pursues and targets it sets for itself and for the supply chain for ensuring that human rights are respected globally and that forced and child labour as well as all forms of exploitation are prevented. Information should also be provided on the results of the measures and on any relevant risks.*

As a municipal housing company in the state capital of Stuttgart, the SWSG is locally connected with and works primarily with regional companies that - like the SWSG - are subject to European and German law. In addition, all SWSG service providers undertake to comply with the Business Partner Code. This aims at integrity, reliability as well as economically and legally correct behaviour. It also regulates the handling of commissioning third parties. Business partners are obliged to inform the SWSG if third parties are commissioned with the execution of services. In addition, it is contractually ensured that subcontractors pay the minimum wage. In this way, SWSG is doing its utmost to ensure a fair and dignified relationship between its service providers and their subcontractors.

Since the SWSG deals as a municipal housing company predominantly with regional service providers, there are no further objectives aside from the named guidelines. Nor does SWSG perceive any risks in the area of violation of human rights as a result of its business activities.

### Key Performance Indicators to criteria 17

*Key Performance Indicator GRI SRS-412-3: Investment agreements subject to human rights screenings  
The reporting organization shall report the following information:*

- a. Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening.*
- b. The definition used for 'significant investment agreements'.*

Because of its activity as a municipal housing company and the predominant cooperation with partners which are subject to German law, this performance indicator is not relevant for the SWSG.

*Key Performance Indicator GRI SRS-412-1: Operations subject to human rights reviews  
The reporting organization shall report the following information:*

- a. Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country.*

Because of its activity as a municipal housing company and the predominant cooperation with partners which are subject to German law, this performance indicator is not relevant for the SWSG.

*Key Performance Indicator GRI SRS-414-1: New suppliers subject to social screening  
The reporting organization shall report the following information:*

- a. Percentage of new suppliers that were screened using social criteria.*

Because of its activity as a municipal housing company and the predominant cooperation with partners which are subject to German law, this performance indicator is not relevant for the SWSG.

Key Performance Indicator GRI SRS-414-2: Social impacts in the supply chain  
The reporting organization shall report the following information:

- a. Number of suppliers assessed for social impacts.
- b. Number of suppliers identified as having significant actual and potential negative social impacts.
- c. Significant actual and potential negative social impacts identified in the supply chain.
- d. Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment.
- e. Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why.

Because of its activity as a municipal housing company and the predominant cooperation with partners which are subject to German law, this performance indicator is not relevant for the SWSG.

## Criterion 18 concerning SOCIAL MATTERS

### 18. Corporate Citizenship

*The company discloses how it contributes to corporate citizenship in the regions in which it conducts its core business activities.*

Integration and social balance are among the core business objectives of the SWSG. The ambitions under the motto "living and residing together" are aimed at social neighbourhood development. In addition to the customer and property manager's work, social management also plays an important role. The overriding goal is to promote social structures in residential areas and to unite heterogeneous and diverse living cultures in stable neighbourhoods. To do this, the social management department works closely with the city's specialist offices as well as with social organizations, independent agencies and the working groups of the "social city". The department develops needs concepts for specific target groups such as families, children, seniors, people in need of care or those in precarious living and income situations. These include offers for rent debt counselling, (intercultural) mediation to prevent tensions in residential areas at an early stage, as well as resident participation in the design of the living environment. In the 2017 yearly review alone, the SWSG invested 100,300 euro in active neighbourhood development and work.

In addition, the SWSG maintains close contact with the municipal offices and the district advisory boards, but also with associations, federations and non-profit organizations that contribute locally to the neighbourhood work. The SWSG supports initiatives that benefit its tenants as well as all other citizens and have a lasting influence on the coexistence in the neighbourhoods. Regular support is also provided to neighbourhood clubs such as the Raitelsberg neighbourhood and family centre or the Lauchhau youth club, concrete offers for servicing or successful projects such as the concierge service in Stuttgart-Botnang, which has meanwhile become a permanent institution on site.

In addition, the SWSG donated approximately 100,000 euro annually to large and small projects. About 60 organizations and charities were the beneficiaries of the SWSG donations. Above all, initiatives that serve neighbourhood work, education and integration projects or offers of assistance for Stuttgart citizens are supported. The key factor for the SWSG is that its support is used as a "self-help aid" in order to achieve sustainable added value for the community. For example, in 2017, the SWSG donated 10,000 euro to the project "Vielseits", which provides a sheltered space for women, as well as 6,000 euro for the choir project "Zora".

### Key Performance Indicators to criteria 18

Key Performance Indicator GRI SRS-201-1: Direct economic value generated and distributed  
The reporting organization shall report the following information:

- a. Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components:
  - i. Direct economic value generated: revenues;
  - ii. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments;
  - iii. Economic value retained: 'direct economic value generated' less 'economic value distributed'.
- b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.

For further information see Annual Report 2017, p. 72 et. seq.

## Criteria 19–20 concerning ANTI-CORRUPTION AND BRIBERY MATTERS

### 19. Political Influence

*All significant input relating to legislative procedures, all entries in lobby lists, all significant payments of membership fees, all contributions to governments as well as all donations to political parties and politicians should be disclosed by country in a differentiated way.*

There are currently no legislative procedures that are of immediate relevance to the SWSG's business activities.

In principle, the SWSG does not support parties, politicians or any associated institutions and makes no politically motivated donations. In addition, the SWSG has voluntarily committed itself to the Public Corporate Governance Code of the City of Stuttgart, which expressly prohibits donations to political parties.

The SWSG has a large network of partners and players within the German housing and real estate industry, with whom they can work on current topics, but also on the solutions for future challenges. Since all housing companies have similar basic conditions and topics, good cooperation often offers great potential for innovative solutions.

Samir Sidgi, Chairman of the Management Board of the SWSG, is a member of the Executive Board of the Working Group of Large Housing Enterprises (Arbeitsgemeinschaft Große Wohnungsunternehmen - AGW) and of the Board of the Association of Baden-Württemberg municipal housing company (KoWo). In addition, the SWSG is a member of the following industry associations and working groups (status 2018):

- AGW, Arbeitsgemeinschaft Großer Wohnungsunternehmen (Working Group of Large Housing Enterprises)
- German Development Assistance for Social Housing and Settlements e. V. (DESWOS)
- German Association for Housing, Urban Planning and Spatial Planning registered association (DV)
- European Education Centre for the Housing and Real Estate Industry (EBZ) - charitable foundation
- Energy Consulting Centre registered association - Development Society of the University of Mannheim - Development Association Baukultur registered association
- Development Association Kinderfreundliches Stuttgart registered association University of Economics and Environment, Nürtingen-Geislingen
- GdW - Association of German Housing and Real Estate Companies registered association
- Competence Centre of Large Settlements registered association
- vbw - Association of Baden-Württemberg Housing and Real Estate Companies registered association - Association of Baden-Württemberg municipal housing companies (KoWo)

In unique cases, the SWSG decides individually which federations or associations it joins.

### Key Performance Indicators to criteria 19

*Key Performance Indicator GRI SRS-415-1: Political contributions  
The reporting organization shall report the following information:*

- a. Total monetary value of financial and in-kind political contributions made directly and indirectly by the organization by country and recipient/beneficiary.
- b. If applicable, how the monetary value of in-kind contributions was estimated.

No political donations were made (see criterion 19).

### 20. Conduct that Complies with the Law and Policy

*The company discloses which measures, standards, systems and processes are in place to prevent unlawful conduct and, in particular, corruption, how they are verified, which results have been achieved to date and where it sees there to be risks. The company depicts how corruption and other contraventions in the company are prevented and exposed and what sanctions are imposed.*

The corporate culture of the SWSG includes respectful coexistence based on tolerance, openness and commitment. Because of this, the SWSG has

formulated binding standards for the actions of executives and employees in a "compliance manual". These values for business and corporate ethics, developed together with the employees, provide orientation in dealing with customers and business partners, address issues relating to social responsibility at the SWSG, define the guidelines for environmental protection, data protection and occupational safety and explain the internal control system and reporting system.

A compliance officer informs employees about legal regulations and rules (in training courses) and thus strengthens awareness for maintaining the set norms and values. Within the scope of their task, the compliance officer has a cooperation and consultancy mandate vis-à-vis the management, the executives, other company representatives, all employees in the company as well as to third parties. This ensures that the management is also constantly involved in the process. Furthermore, to comply with the Compliance Principles and to prevent corruption, appropriate control systems exist, such as the Internal Audit and a regularly updated risk report. These instruments serve to detect developments that threaten the survival of society at an early stage.

## Key Performance Indicators to criteria 20

*Key Performance Indicator GRI SRS-205-1: Operations assessed for risks related to corruption*  
The reporting organization shall report the following information:

- a. Total number and percentage of operations assessed for risks related to corruption.
- b. Significant risks related to corruption identified through the risk assessment.

The company size of the SWSG does not give rise to any further investigations for corruption risks within individual business units, in addition to the aforementioned control systems.

*Key Performance Indicator GRI SRS-205-3: Incidents of corruption*  
Die berichtende Organisation muss über folgende Informationen berichten:

- a. Total number and nature of confirmed incidents of corruption.
- b. Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.
- c. Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.
- d. Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.

There were no confirmed corruption cases in the year under review.

*Key Performance Indicator GRI SRS-419-1: Non-compliance with laws and regulations*  
The reporting organization shall report the following information:

- a. Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of:
  - i. total monetary value of significant fines;
  - ii. total number of non-monetary sanctions;
  - iii. cases brought through dispute resolution mechanisms.
- b. If the organization has not identified any non-compliance with laws and/or regulations, a brief statement of this fact is sufficient.
- c. The context against which significant fines and non-monetary sanctions were incurred.

In the year under review, no fines or monetary sanctions were imposed for non-compliance with laws or regulations.