



The
SUSTAINABILITY
Code

Declaration of conformity 2019

Stuttgarter Wohnungs- und Städtebaugesellschaft mbH

Indicator set

GRI SRS

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Indicator set

The declaration was drawn up in accordance with the following reporting standards:

GRI SRS

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Date: 2019, source: company data.
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General

General Information

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

With approx. 18,800 own rental apartments, Stuttgarter Wohnungs- und Städtebaugesellschaft mbH (SWSG) is one of the largest and financially-strong communal residential real estate companies in Baden-Württemberg. SWSG provides livable and affordable housing for the state capital Stuttgart. SWSG's main activities consist of managing and developing its own real estate portfolio and property development business. To optimize its portfolio, SWSG purchases and sells a small number of its residential units.

The sole shareholder is the Baden-Württemberg state capital, Stuttgart. The company's activities are based on the social mandate enshrined in SWSG's articles of association. Through innovative housing concepts and a large share of subsidized apartments, SWSG ensures access to affordable and livable homes on the Stuttgart housing market and actively develops local areas to strengthen social ties. SWSG primarily minimizes its ecological impact through various measures related to energy supply and the use of resources. SWSG's strong economic performance in recent years, its structure, stable shareholder organization and clear strategic focus allow SWSG to fulfill its corporate mandate. For more than 85 years, SWSG has pursued this sustainable business model, which represents continuity and reliability.

SWSG's business performance and results in 2019 are satisfactory overall. SWSG's stable situation is primarily due to the steady flow of liquidity from regular and long-term rental income, which can be used to refinance certain measures. Sustainable development of residential space accompanied by continuous maintenance and steady modernization stabilizes values and lowers tenants' living expenses. Long-term mortgage loans and a satisfactory equity ratio guarantee solid financing, including for the long term.

SWSG's Key Figures (2019):

Building management revenue: EUR 153.3 million

Balance sheet profit: EUR 5.2 million

Net profit for the year: EUR 15.2 million

Operating cash flow: EUR 53.0 million

Total assets: EUR 1,245.3 million

Equity: EUR 418.5 million
Equity ratio: 33.6%
Own rental apartments: 18,813
Employees: 162

Additional remarks:

SWSG's current financial statements and sustainability reports may be found
(in German) 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.

SWSG's business success is based on sustainable practices in social, ecological and economic dimensions and on socially responsible action that is used as a consistent measure. To keep this promise of success to its tenants, business partners and the public, SWSG bases its actions on a set of values to which its management and employees have committed themselves.

SWSG's focus on sustainability is reflected in its corporate purpose and long-term aims and is enshrined in its articles of association. Furthermore, SWSG's values and principles are specified in its corporate culture principles, its Business Partner Code and, since 2011, its "Integrity Policy." Through its voluntary commitment to the Public Corporate Governance Code of Stuttgart, SWSG, as an associated company of the city, adopted uniform standards for increasing efficiency, transparency and oversight. SWSG thereby pledged to comply with voluntary standards for sustainable action - beyond those required by law.

To comply with its sustainable corporate orientation, SWSG has obtained certification in form a declaration of conformity with the German Sustainability Code [Deutscher Nachhaltigkeitskodex (DNK)] [DNK-Erklärung] from the German Council for Sustainable Development [Rat für Nachhaltige Entwicklung] since 2015. This certification was updated in 2017 and is now being updated for the second time for the 2019 reporting year. Sustainability is part of SWSG's core entrepreneurial action and thinking. The implemented sustainability strategy was first presented to the public transparently in SWSG's first CSR report in 2018. SWSG based its sustainability strategy on the DNK's principles and its additional industry-specific requirements for housing companies. The Guide for the Housing Industry [Leitfaden zur Nachhaltigkeitsberichterstattung] of the Federal Association of German Housing and Real Estate Companies [Bundesverband deutscher Wohnungs- und

Immobilienunternehmen e. V. (GdW)], which, in turn, is based on international GRI standards, is also applied. As a founding member of Initiative Wohnen.2050, SWSG's focus on sustainability also follows the Sustainable Development Goals (SDG) of the United Nations and the Greenhouse Gas Protocol (GHG Protocol).

These strategic aims are regularly updated by the "Sustainability Management" team and are reviewed by management several times per year. Sustainability matters and aims are also discussed with managers and by the supervisory board. The primary sustainability targets pursued by SWSG, as a communal housing company, include permanent social justice, ecological sustainability, local development and transparency. SWSG believes that the achievement of these goals is a continuous process, the ongoing compliance and improvement of which is also ensured by the "Sustainability Management" team.

- Ecological targets: Environmental/climate protection
 - Overarching climate targets:
 - Reducing area-specific CO₂-equivalent emissions by 35%–40% by 2030 compared to 2010
 - Meeting climate neutrality requirements for buildings by 2035
 - Increasing the energy modernization rate to 4% step-by-step (building envelope modernization, renewable heat conversion, connecting to a heat supplier's green heat infrastructure)
 - Greenhouse gas reduction targets (area-specific CO₂-equivalent emissions) of main areas of activity from 2010–2030:
 - Energy modernization and new buildings: -24%
 - System efficiency: -5%
 - PV tenant electricity models and common electricity: -7%
- Social targets:
 - Social responsibility
 - Affordable housing
 - On average, 20% lower average SWSG rent than the mean of the Stuttgart rent index
 - Share of rent-based apartments at least 40%
 - Share of occupancy-based apartments at least 70%
 - Stuttgart staff housing
 - Providing 800 spaces in approx. 650 apartment units for Klinikum Stuttgart by 2025
 - Providing 300 spaces in approx. 250 apartment units for civil servants of Stuttgart by 2025
 - Social local area development
 - Balanced/heterogeneous apartment quantity
 - Broad offers for tenants in any life situation
 - Preventing gentrification of building investments
 - Very high customer satisfaction and loyalty: Achieving at least 75 index points during the next customer surveys/mystery shopping
 - Very high employee satisfaction due to motivated employees and

effective organization: Achieving at least 90 index points on the next employee survey (scheduled for 2024)

- Business targets
 - Growth
 - Increasing apartment portfolio to more than 20,000 apartments by 2024
 - (average new construction rate from 2020–2025 \geq 2% p.a.)
 - Medium to long-term increase of apartment portfolio to 30,000 apartments
 - Financial, earnings and liquidity power
 - Modest annual surpluses (EUR 15–EUR 18 million p.a. on average)
 - Stable earnings contributions from developer segment (EUR 3–EUR 5 million p.a. on average)
 - Maximum equity ratio: \geq 28
 - Maximum repayment ability: \geq 1.6x

SWSG considers effective and efficient sustainability management a task for the entire company. SWSG evaluates its strategic principles and sustainability aims at annual strategy and target workshops. The resulting company and department targets are communicated within the company with, among other things, the help of the “Sustainability Management” team and are adjusted if necessary. The targets and measures are then summarized and specified in the management document on the strategic focus, which is also submitted to the supervisory bodies and reflects the policy for implementing the strategy over the coming years.

SWSG’s business fields are subject to a number of risks that are inseparably linked to its entrepreneurial actions. To recognize, assess and manage these entrepreneurial risks in time, SWSG established management and monitoring systems based on the internationally-recognized “Three Lines of Defense” model. Three independent governance levels cooperate closely under the company’s management: Risk management, compliance management and internal auditing. Compliance management includes having liability risks under tax and criminal law monitored by tax compliance management. Both risk and compliance management are monitored regularly by the internal audit division independently of other processes. By implementing these three governance systems, the company created a long-term and sustainable foundation for a stable internal control system.

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.

SWSG has committed itself to preserving and improving Stuttgart's appeal as a place to live. Whether for new buildings, renovations or local area development- SWSG invests in Stuttgart's future as a trusted contact for its customers, the state capital and business partners. Through these measures, but also because of profound social activities, SWSG clears the path for functioning neighborhoods. Furthermore, through urban development and modernization and a consistent new building strategy, SWSG advances the communal apartment policy implemented by the "Living in Stuttgart" [Wohnen in Stuttgart] program initiated in 2014.

As a communal housing company that focuses on responsibility and sustainability, SWSG is subject to certain risks. The basis of SWSG's long-term business strategy is solid management. SWSG's focus on sustainability therefore also includes economic aspects, such as growth targets in the form of increasing its number of apartments and securing its financial, earnings and liquidity power. Only by maintaining its performance capacity can SWSG consistently pursue its social and ecological aims. This is also evident when considering other aspects of sustainability: Ecological aspects primarily include climate protection, energy efficiency and resource conservation. Social aspects primarily include affordable housing, Stuttgart staff housing and social local area development. Both fields of action present conflicts of interest: Prioritizing social aspects, such as affordable rent, conflicts with ecological aspects, such as investing in climate protection. To meet both needs, SWSG seeks a balanced middle path for which it stresses the necessity of a solid economic basis. In SWSG's view, this sustainable balancing of interests (solid management, social focus on tenants, achieving ambitious ecological aims) presents opportunities and risks. The company's sustainability management is shaped significantly by this permanent balancing of interests.

Regular information about its asset, financial and income situation provide SWSG with an overview of its economic situation. Furthermore, SWSG established the management and measurement variables that are based on its financial reporting and consider other indicators and management tools for sustainability reporting. Furthermore, ecological and social aspects require risks to be recognized and prevented for resource use and social segregation tendencies. In addition to the annual evaluation of the sustainability strategy,

SWSG implemented a modern risk management system that especially takes sustainability matters into account.

When developing its portfolio, SWSG aims to supply socially-responsible apartments at reasonable conditions. SWSG provides the right space for any requirement and assists its tenants in their everyday life through custom-fit joint-living offers. To avoid segregation and improve structures, SWSG strives to provide cross-generational living and socially-balanced areas. For this, SWSG assists Stuttgart as a project manager and advisor for urban development measures. If necessary, SWSG even offers special concepts for social integration and refugee aid.

Sustainability includes efforts to modernize the portfolio: For SWSG, being in line with the times means not only modern equipment and efficient layouts, but also optimizing apartments' energy consumption to reduce both costs for tenants and environmental emissions.

As a socially-responsible housing company, SWSG believes in its responsibility to not merely offer housing, but affordable living. SWSG provides nearly half of all subsidized apartments in Stuttgart and is pursuing modest rent adjustments for privately-financed living space. SWSG's average rents have a dampening effect on rent on Stuttgart's housing market and are, on average, 20% lower than the mean of the Stuttgart rent index.

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.

To achieve its purpose now and in the future, SWSG pursues a broad range of sustainability targets that are measured against the fundamentals of its entrepreneurial actions. SWSG's target system and values focus on the well-being of its customers and on the development of Stuttgart.

In addition to its main aim of creating sustainable, livable and affordable housing, other aims are also important to SWSG: For example, ensuring long-term financing enables SWSG to keep investments in new buildings and in its portfolio at a high level and contribute to local pacification by promoting neighborly ties (creating meeting places, local work, etc.). Another important aim is achieving the targets specified by the climate strategy.

In implementing the corporate mandate, it is also important to meet the - often very different - needs of customers, employees, partners, service providers and the shareholder. For SWSG, sustainability is a broad field that

consists of different topics, requirements, challenges and aims. This requires constant self-reflection and adjustments of aims and measures to changing conditions and requirements. SWSG considers sustainability a continuous development process, which it undergoes through the principle of "Understand. Improve."

As part of the annual strategy and target workshops, strategic guiding principles and targets are reviewed, redefined if necessary, and prioritized based on their urgency. All sustainability targets have been quantified and integrated into a strategy. Progress towards specified target values is regularly reviewed. The status quo is published annually in the [CSR Report](#) (in German).

Employee sensitization is also an important medium-term aim of SWSG. This is necessary to ensure that all aspects of sustainability are taken into account in the long term in all areas of the company and implemented in a well-grounded manner. SWSG's sustainability strategy is currently communicated through information for employees and at employee meetings and direct meetings (regular meetings, team and department meetings) or staff meetings and in press releases and CSR reports. In the future, internal sustainability reporting will focus more on the new interactive employee portal, which is currently in its implementation phase and will be available to all employees in the first half of 2021.

An example of SWSG's quantifiable sustainability targets is the consistent reduction of the greenhouse gas emissions of SWSG's building portfolio. As a significant part of its climate strategy, SWSG prepared its greenhouse gas emission results based on the scientific standards of Initiative Wohnen.2050 (IW.2050) and of the Federal Association of German Housing and Real Estate Companies (GdW). IW.2050 standards are based, among other things, on the United Nations' Sustainable Development Goals (SDG) and on the Greenhouse Gas Protocol (GHG Protocol). A reduction of weather-adjusted area-specific greenhouse gas emissions by 35%–40% by 2030 compared to 2010 was set as a target. These target values are based on the "Special Report on Global Warming of 1.5 °C" of the Intergovernmental Panel on Climate Change (IPCC) and therefore also satisfy the target requirements of the EU, the German federal government, the State of Baden-Württemberg and the state capital Stuttgart. SWSG's long-term aim is climate neutrality by the year 2050. These efforts are also reflected in SWSG's founding membership of Initiative Wohnen.2050.

In addition to this overarching goal of climate neutrality, specific aims for fields of action were defined for the period from 2010–2030 whose achievement is assessed annually to determine any necessary follow-up action. These fields of action especially include energy modernization of SWSG's building portfolio and new buildings, including portfolio adjustments, but also optimizing the efficiency of heating systems, targeted management of user behavior of SWSG's tenants through sensitization and implementing PV tenant

electricity models.

For further information about SWSR's climate strategy, please see the [2019 CSR Report](#), p. 72 *et seq* (in German).

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 a property-holding housing company, the core of SWSG's value chain consists in managing its own apartment portfolio. The main fields of management relate to providing, renting, maintaining and renovating and modernizing living space and assisting tenants. In addition to management, the value creation process also includes the planning (concepts and financing), construction (project management, construction project management, building construction) and exploitation (sales, demolition, disposal) of the apartment portfolio.

Along this value chain, SWSG cooperates with a number of companies and service providers. SWSG especially maintains strong partnerships with smaller local crafts businesses to express its regional solidarity. Close cooperation between property managers and crafts businesses on site is seen as an opportunity to offer reliable service and bring impulses to the local economy. "Partnership as equals" is an important part of supplier management through which SWSG wants to create optimal synergies for its customers.

SWSG's "Integrity Policy" specifies SWSG's values as ethical conditions for the company and its employees. When choosing and assessing suppliers, SWSG ensures that these values are recognized and shared. SWSG thereby creates an atmosphere of fairness and mutual trust, which is set forth in writing in a Business Partner Code. All business relationships are based on mutually-assured reliability and integrity and sustainable and cooperative treatment.

SWSG assesses suitable building material based on each project and under special consideration of the durability, which must also conserve resources and meet national environmental standards. Furthermore, in 2019, SWSG focused more on building standards and worked intensively on their further sustainable development. The main areas of building construction were subjected to scientific reviews and holistically ecologically assessed across all of their life cycle phases. On this basis, SWSG's building specifications have been revised to consider efficiency and sustainability and will continue to be regularly reviewed and, if necessary, updated (cf. [2019 CSR Report](#), p. 29 *et seq.* (in German)). However, complete monitoring of the value chain to the production

of building materials is not currently possible for SWSG.

Out of responsibility for future generations, conserving energy, lowering heating costs and reducing CO₂ emissions represent important aspects of SWSG's long-term investment strategy. SWSG's climate strategy, which was developed in 2020, serves as a guiding principle for future action on climate protection. SWSG's climate strategy was developed on the basis of the annual greenhouse gas emission results of SWSG's entire building portfolio. On this basis, SWSG specified its ambitious 2030 climate targets, which aim to lower area-specific greenhouse gas emissions by 35%–40% compared to the base year of 2010. These ecological targets and SWSG's actions are based on the CO₂ reduction targets of the Paris Agreement and on the targets derived from this agreement by the EU, the Federal Republic of Germany, the State of Baden-Württemberg and its state capital, Stuttgart. To achieve SWSG's ambitious climate targets for the year 2030, an extensive set of measures for the period from 2020–2030 was derived from the assessment of the energy and greenhouse gas emission results of SWSG's 2018 building portfolio. The determination of this set of measures also focused on the year 2050 by which climate neutrality should be achieved. This set of measures forms the four pillars of SWSG's climate strategy:

1. New buildings
2. Energy (building) modernization
3. Low-CO₂ power supplies
4. User focus

A detailed description of each field of action which together affect all essential parts of the value chain can be found in the [2019 CSR Report](#), p. 65 *et seq.* (in German).

Generally: Energy optimization measures are always assessed in their overall context. Decisions are made in the interest of ecological sustainability in consideration of the resulting consequences. Moderate social rent determination, including low utility costs for heating, hot water and electricity, and economically-sound action must be possible.

The implementation of these climate strategy measures is managed by the "Strategic Energy Management" staff.

Criteria 5–10 concerning PROCESS MANAGEMENT

5. Responsibility

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

Responsibility for sustainable management lies with both of SWSG's managing directors.

Since mid-2016, SWSG has employed a chief sustainability officer who bears operational responsibility and is responsible for organizing, coordinating and communicating sustainability matters and targets. Due to the increasing importance of sustainability management, SWSG's organizational conditions were also restructured at the beginning of 2019. Since then, a "Sustainability Management" team under the management of the chief sustainability officer has been responsible for regularly reporting all activities and figures and reviewing and updating the sustainability strategy, targets and processes. Furthermore, the strategic energy management department, which is closely linked to sustainability management, was created in 2019. This department also reports directly to the management and is primarily responsible for developing and implementing the climate strategy. This organizational expansion further emphasizes the ecological and sustainable orientation of the company.

Managers and employees who act as driving forces and identify and implement sustainability targets constitute the third level of responsibility.

At this level of responsibility, two compliance officers, the (IT) data protection officers and the persons responsible for internal audits and risk management further ensure compliance with the internally-agreed code of conduct and with legal requirements. The compliance officer especially serves as contact person and mediator in case of conflicts among employees or with external third parties and helps uphold the company's values and standards.

SWSG's medium-term aims intend to continue to sensitize employees to "sustainability" and further increase awareness of sustainable thinking and action as part of SWSG's corporate culture. Furthermore, management and managers seize any opportunity, such as the annual staff meetings, to explain SWSG's sustainable business strategy. The publication of the CSR reports prepared with contributions from nearly all SWSG departments also serves this purpose.

Consideration of aspects relevant to sustainability when making decisions is also repeatedly noted in information for employees, press releases and publications on the Intranet. Most departments are also involved in the establishment and maintenance of the key figure management system through which SWSG regularly collects ecological and social figures in addition to business figures.

6. Rules and Processes

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

SWSG's sustainability strategy and the targets specified therein are reviewed annually by management, discussed with managers and approved by the supervisory board. The chief sustainability officer coordinates and regularly reports on all company activities and figures that are part of the sustainability strategy and enable target achievement to be assessed.

Procedural and organizational measures are specified by a compliance management system. The compliance officer is responsible for compliance with the internally-agreed "Integrity Policy." Furthermore, the principles set forth in the necessary works instructions and policies and that are part of SWSG's corporate culture apply to all managers and employees. The Business Partner Code regulates compliance with data protection requirements and with the principles of cooperation with business partners and suppliers and requires independent external supplier audits.

SWSG aims to regularly analyze processes, uncover possible efficiency potentials and derive measures for the sustainable improvement of company processes. To satisfy the requirements for holistic process management, SWSG assesses the optimization process from the following perspectives: Process perspective (business process model), organizational perspective (organizational structure) and IT perspective (IT system model). These three perspectives are presented transparently in a business process management software to allow these processes to be managed based on measurable figures.

Establishing an integrated sustainability management system has enabled SWSG to collect the key figures for comparative sustainability reporting in a coordinated manner. In addition to the standard target and key figure system, SWSG is also able to depict ecological and social developments quantitatively. These results are regularly included when developing SWSG's strategies.

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, SWSG determines the measures and activities with which the sustainability strategy is to be implemented. As part of a 5-year plan, SWSG annually agrees on specific key figure ranges within which solid and sustainable development may be realized in consideration of the social and ecological need for action. Primary aims, such as "sustainable renewal of SWSG's portfolio," "making Stuttgart attractive" or "living together," are reflected in the company's new construction and modernization efforts. From 2010–2018, SWSG's successful measures in its main fields of action, energy modernization and new buildings (including demolishing old buildings that are highly inefficient in terms of energy consumption and use of space), contributed to reducing the average area-specific CO_{2,eq} emissions of SWSG's total portfolio by 6.7% and 8.4%. At the same time, targets of SWSG's sustainable company strategy are presented in a transparent and comparative manner as key figures for maintenance expenses, rent developments or expenses for social projects, local development and donations.

These and other meaningful figures are regularly collected during fiscal years and discussed by various committees (supervisory board meetings, management meetings, department meetings, regular meetings, etc.). In addition to financial statements, CSR reports also provide information about SWSG's social and ecological commitment. This controlling makes the existing strategy and its sub-aims and specific measures verifiable and enables SWSG to plan and further develop its future strategic focus and necessary 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.

Various work instructions, responsibility specifications and policies that determine SWSG's business actions and internal processes have been created

over the years. SWSG's values and principles are documented in its corporate culture principles, "Integrity Policy" (2019 reissue), Business Partner Code (adjusted to new GDPR requirements in 2018) and customer-focused CFR manual (CFR: Competent – Friendly – Reliable). Furthermore, SWSG voluntarily committed itself to Stuttgart's Public Corporate Governance Code, which was prepared in 2006 and updated in October 2011. This Code summarizes the uniform standards for increasing efficiency, transparency and oversight for associated companies of Stuttgart.

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 reward systems guarantee that special achievements are properly honored at SWSG. "Leading with aims" is an important instrument of personnel management, support and planning to strengthen employee motivation and encourage individual responsibility. Targets are agreed annually with all employees, managers and management and variable remuneration based on the degree of target achievement is granted in addition to the fixed remuneration under the Collective Bargaining Agreement for Public Service [Tarifvertrag für den öffentlichen Dienst] (TVöD). Target agreements are based on SWSG's sustainable company aims as applicable to the respective area of responsibility. Targets that ensure and further develop SWSG's focus on sustainability are agreed with every employee. All economic, ecological and social aspects are taken into account as described above. Targets that do not correspond to SWSG's sustainable core are not agreed. Targets are reviewed by HR and evaluated with employees and, if necessary, adjusted or pursued through supportive measures at semi-annual location determination meetings. SWSG believes that every employee can make important contributions to intensifying the company's sustainable actions.

Sustainability targets are also reviewed at regular supervisory board meetings. The core elements of SWSG's economic, ecological and social focus are formulated with measurable targets and timeframes in strategic policies that are passed by management, the supervisory board and the municipal council. These include, e.g., the determined climate or building targets, such as general completion numbers or the share of subsidized apartments of the completed units. This sustainable economic focus is also part of the budgets discussed

and passed annually by the supervisory committees.

SWSG rewards innovative ideas of employees through its internal suggestion system. Suggestions that improve processes or services and create potentials for increasing efficiency are rewarded through the “Innovative SWSG” program. Monetary rewards may be granted depending on the degree of improvement to the area of application. Six employees received such rewards during the period under consideration. SWSG’s concept of a modern incentive and reward system corresponds to SWSG’s desire to be an attractive employer and supports all employees constructively. This creates additional incentives to promote sustainability in accordance with SWSG’s company aims. Sustainability targets are regularly reviewed by the chief sustainability officer and discussed with management. Regular employee satisfaction surveys confirm these efforts.

(Cf. [2019 CSR Report](#), p. 106 (in German)).

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:
 - i.** Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares;
 - ii.** Sign-on bonuses or recruitment incentive payments;
 - iii.** Termination payments;
 - iv.** Clawbacks;
 - v.** 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.

Management’s remuneration is stated individually by fixed basic salary, performance-based components and payments in kind in the notes to the annual report. In accordance with the Public Corporate Governance Code, the supervisory board’s remuneration is only stated in total.

The annual report may be found in the [2019 Annual Financial Statement](#) (in German).

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 to a regionally-active communal company, such as SWSG. For further information about SWSG's remuneration practices, 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.

SWSG regularly has close exchanges with its stakeholders through transparent communication and good networking. SWSG identifies its most important stakeholders at regular strategy workshops with external advisors. In addition to customers (tenants, prospective tenants, tenant advisory board), these stakeholders with whom SWSG communicates in various ways include the employees of SWSG and the state capital Stuttgart. Furthermore, banks, suppliers, local market competitors, interest groups (tenants' association, etc.), industry-related associations (GdW), the Association of Baden-Württemberg Housing and Real Estate Companies [Verband baden-württembergischer Wohnungs- und Immobilienunternehmen e. V.] (vbw), the Association of Communal Baden-Württemberg Housing Companies [Vereinigung baden-württembergischer kommunaler Wohnungsunternehmen] (KoWo) and the Association of Large Housing Companies [Arbeitsgemeinschaft Großer Wohnungsunternehmen] (AGW)), registered associations, charitable organizations and the general public and local press also constitute essential stakeholders.

SWSG maintains close contact with tenants who, as customers, represent SWSG's main stakeholders by offering personal discussions and informative events and through each local area's tenant advisory board. Locally, property managers' offices continue to serve as direct contact points and enable SWSG to respond to tenant concerns quickly. Tenants' wishes for the development of SWSG's portfolio and apartment environments are taken into account in new

building or modernization plans as much as possible.

To improve harmony in local areas, SWSG organizes regular festivities for tenants and offers assistance with self-organized neighborhood or district festivities. SWSG's website and quarterly magazine "atHOME in Stuttgart" [In Stuttgart zuHAUSE] provide additional platforms for communication with tenants.

Because of its values, SWSG works closely with communal and charitable institutions. By offering target group-specific living concepts and involving affected persons, SWSG seeks solutions jointly to provide homes to those who have few other opportunities on the housing market.

SWSG communicates in a competent, friendly and reliable manner—not only with external stakeholders, but also with its own employees. SWSG's management informs employees about the company's aims and plans at annual staff meetings. At these meetings, questions may be asked and suggestions may be made to management openly. Further opportunities for discussion are provided at personnel discussions, regular meetings and department meetings.

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.

SWSG's actions are focused on customers and their wishes for livable and affordable homes. SWSG sees itself as a partner and takes the concerns of tenants, complaints and damage reports very seriously. SWSG is committed to finding suitable solutions and concepts for its tenants' various life situations to unite heterogeneous and diverse living cultures in stable neighborhoods. Customer satisfaction is continuously and systematically determined by independent institutes and through various methods.

On-site customer service agents and property managers try to find fast solutions and suggestions for improvements in open dialogs with tenants. Furthermore, various problems, fears and concerns of tenants are discussed with the tenant advisory board, which currently has 57 members. As an

important link between tenants and SWSG, the tenant advisory board is committed to tenants living together in a harmonious, neighborly and pleasant environment.

Monthly meetings with the tenant advisory board's chairperson and SWSG's portfolio managers and on-site meetings between tenant advisory board members and SWSG employees that are scheduled when needed provide additional platforms for discussion. Through projects, such as [Böckinger Straße](#) (in German), SWSG also asks its tenants and all citizens of Stuttgart to actively participate in the development of local areas by submitting their own ideas and suggestions. Under the motto "shaping together," tenants and citizens are included in planning early to, in consideration of various wishes, — where possible—develop livable local areas in which people feel at home.

Conflicts within SWSG are managed by a compliance officer who, if necessary, offers confidential discussions to employees.

Transparent communication with all stakeholders "as equals" is very important to SWSG and is used to handle particularly contentious matters (cf. 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.

SWSG pursues an ambitious new building and modernization program that primarily aims to provide Stuttgart's citizens with contemporary, affordable housing. Particular emphasis is placed on a neighborhood-based approach that shapes the cityscape.

This concept includes sustainable and climate-friendly power supplies for SWSG's portfolio. For new building proposals, SWSG applies the KfW Efficiency House 55 standard and thereby significantly exceeds the requirements of the 2016 German Energy Saving Ordinance [Energieeinsparverordnung] (EnEV 2016) and the 2020 German Building Energy Act [Gebäudeenergiegesetz] (GEG 2020). With pilot projects, such as Efficiency House Plus at Prießnitzweg, SWSG also tests whether ambitious energy standards can be implemented affordably. Taking into account the efficiency and resource conservation of energy-saving measures, SWSG strives to use renewable sources of energy.

From the start, SWSG ensures that energy consumption is reduced effectively and supports the installation of heat pumps and photovoltaic (PV) systems. The first PV systems were already put into operation in 2019, such as in the Olga area: The first tenant electricity pilot project, which enables residents to use electricity from their roofs, was implemented here in cooperation with Stadtwerke Stuttgart. Since 2020, all of SWSG's new buildings and properties to be modernized are reviewed by Stadtwerke Stuttgart for the suitability of PV systems in accordance with SWSG's PV expansion targets. So far Stadtwerke Stuttgart has created 15 PV systems with a total performance of 337.5 kW_p for SWSG's portfolio. Ten additional systems with a total performance of more than 400 kW_p are currently planned or under review—including at the Keltersiedlung in Stuttgart-Zuffenhausen and at Stöckachplatz in Stuttgart-Ost. This extensive PV expansion on technically-suitable roofs of SWSG's portfolio is scheduled for 2021. As a preparatory measure, a PV potential analysis for all of SWSG's roofs was prepared in 2020 by an innovative scientific start-up on behalf of Stadtwerke Stuttgart and with SWSG's support.

Another important point of SWSG's sustainability strategy is sensitizing employees to their own user behavior. Tenants receive a consumption analysis with their utility bills, which shows the extent to which their heating, hot water and water consumption costs are considered "high" or "low." In addition to brochures about matters such as proper heating and ventilation, SWSG offers free electricity cost consultation to tenants.

SWSG intensified its utility cost management efforts in recent years. Active utility cost management focuses primarily on reducing energy consumption and lowering CO₂ emissions. For this, SWSG obtained certification in the form of a seal of the Geislingen Convention [Geislinger Konvention] and thereby adopted external utility cost benchmarks.

Utility cost management also entails changes for tenants. Utility bills now include a QR code that can be used to view a personal explanation video. This video is also available in English, Russian, Greek and Turkish.

SWSG supports innovative ideas of employees via the program "Innovative SWSG" and rewards suggestions that improve internal processes or offered services and efficiency.

One service being that is being further developed is "senior living." Accessible and multifunctional layouts and alternative housing forms, such as a self-organized outpatient care community, are especially aimed at the elderly who are thereby enabled to live independently for longer. A working policy was developed for this with the objective of showing possibilities for support and allowing older tenants to stay at their own apartments through living space adjustments. The housing counseling department of the German Red Cross (GRC), as a cooperation partner, assists SWSG with this.

This subject matter also includes the apartment exchange program "From Big to Fitting" [Aus groß mach passend]. This is a special model for seniors that meets their needs for smaller and more comfortable apartments. Seniors willing to move receive special offers for vacant apartments from SWSG's portfolio for which their net base rent per m² will remain unchanged. Seniors may also consult the GRC's housing counseling department about any 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. (Note: the indicator should also be reported when reporting to GRI SRS)

This performance indicator is not relevant to or used by SWSG as a housing company. For further information, please 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.

Combining ecological sustainability with efficiency and the social mandate is not only SWSG's fundamental aim, but also one of its greatest challenges. Energy efficiency and building in a manner that conserves resources are therefore important decision-making criteria for the development of SWSG's portfolio. Saving energy and heating costs and reducing CO₂ emissions out of respect for future generations are also essential parts of SWSG's long-term investment strategy. This is why SWSG's "Integrity Policy" states: SWSG expects and supports environmentally-conscious action. This requires using products that conserve natural resources, are reusable, reduce pollution as much as possible and protect the environment.

SWSG makes various efforts to achieve these objectives. One example is its document management system: Digital access to data allows more efficient work and significantly reduces the need for paper. A reduction of paper consumption is also achieved by measures, such as mobile apartment inspections, documenting repair services on tablets or electronic invoice processing. In addition, document shredding was adjusted to make consumables available to employees again and destroy what cannot be reused. This reduces both waste and expenses for procuring new products.

As early as 2014, SWSG had its administrative building certified under the ECOfit program, a funding program of the Ministry of the Environment, Climate Protection and the Energy Sector Baden-Württemberg. In addition to SWSG's basic data, data on energy, water, waste, raw materials, auxiliaries, main electricity consumers, hazardous substances and refrigerants were collected. This identified fields of action that were reviewed and improved through the implementation of the program. Suggestions for improvement were made - including by SWSG's employees - and implemented, such as

automatically switching off monitors to reach energy savings potentials.

Furthermore, SWSG had its first energy audit under DIN EN 16247-1 performed by EnBW in 2015. This included a systematic inspection and an analysis of the administrative building's energy usage and consumption with the aim of identifying the flow and potentials for improving the efficiency of energy. Both the ECOfit certification and the energy audit resulted in a number of measures that have already been implemented in the past years. SWSG had EnBW conducted another energy audit in 2019, which found the following potentials for optimization:

- Installing a PV system (implemented in 2019)
- Installing regulated heat pumps (implemented in 2020)
- Converting conventional lights to LEDs (implemented in 2020)
- Reducing fuel consumption (SWSG's vehicle fleet has already been fully converted to electric cars, the number of electric vehicles was increased again in 2019)
- Renewing the measurement, control and regulation technology of various systems (planned for system technology and intended for air conditioning/ventilation in 2021)

The energy audit confirmed the good status of the energy efficiency of SWSG's headquarters. Energy-saving measures have been consistently pursued and optimized and developed further based on regular analyses.

The PV system on the roof of SWSG's headquarters was put into operation in April 2019 and has a capacity of approx. 30,000 kW_p. A total of 26,329 kWh of electricity were generated in 2019.

An overview of the use of essential resources is provided by the performance indicators for Criteria 11–12.

(Energy consumption: Performance indicator GRI SRS-302-1

Water consumption: Performance indicator GRI SRS-303-3

Waste: Performance indicator GRI SRS-306-2)

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.

Energy modernization of its portfolio is one of SWSG's core aims, which is

primarily supported by its new building and modernization program for sustainable energy. Another aim of SWSG is to lower energy and resource consumption through active resource management of its portfolio and of its own administration. One of the main objectives is therefore a reduction in CO₂ emissions. The aim is to reduce CO₂ emissions by 35%–40% between 2010 and 2030.

Between 2017 and 2020, SWSG participated in the “i_city” research project of HFT Stuttgart. The project aimed to develop sustainable city planning with innovative energy systems and information and communications solutions from which sustainable area and building concepts could be derived. With HFT Stuttgart, SWSG studied the use of a local heating network for new building projects and took the following objectives into account:

- Sustainable development of an interim and post-war settlement, linking city conversion strategies (maintenance, demolition, infill development) with climate concepts and social planning.
- Creation of affordable housing with high energy efficiency and alternative concepts for network-based heat supplies.

Based on SWSG’s specific new building plans, an assessment matrix for various energy concepts was prepared with students in consideration of the existing neighboring buildings. This assessment matrix may be applied to similar local concepts and enables SWSG to - in consideration of legal requirements - determine the optimal energy concept for each area in a project’s early planning phases.

Furthermore, SWSG also participates in Stuttgart’s “Energy and Climate Protection” [Energie und Klimaschutz] council: Helmuth Caesar, SWSG’s technical managing director, is a member of the “Buildings and Housing” [Gebäude und Wohnen] work group.

In 2019, together with an external consulting company, SWSG also launched the “Sustainable SWSG Building Standard” project with the aim of reviewing and further developing its building standards. The main construction areas of buildings were thereby subjected to scientific reviews and holistically ecologically assessed. The components of the shell construction, façade and interior work were analyzed based on an extensive assessment matrix using physical-chemical data and compared to other alternative building products. SWSG adjusted its building specifications for 2020 on the basis of these findings and will continue this project for other construction areas in 2021. SWSG’s aim is to establish more sustainable products as the standard in all areas. The building specifications will be reviewed cyclically and updated to take current developments and new products into account and contribute to resource-conserving construction in Stuttgart (cf. [2019 CSR Report](#), p. 29 *et seq.* (in German)).

In addition to construction measures, SWSG especially aims to sensitize its tenants and employees through informative events (for example, with Stuttgart's waste management company to separate garbage and reduce the volume of residual waste), extensive information material, programs, such as ECOfit, and specific consultation offers, such as Caritas' consultation on saving energy. New insights are first discussed with the departments involved in their implementation and the measures and their results are reported by SWSG internally through information to employees or via the Intranet.

SWSG also supports environmental protection by offering mobility alternatives to its employees and tenants. SWSG converted its entire fleet - except for one van - to electric vehicles and provides e-bikes to employees for work-related travel. Independently thereof, SWSG encourages its staff to use bicycles. Due to recent additions, such as changing and shower rooms, more employees now ride bicycles to work. The German Cyclists' Association [Allgemeiner Deutscher Fahrrad-Club] (ADFC), which already certified SWSG as a bicycle-friendly employee in 2016 honored these efforts. The next such audit will be performed in the first quarter of 2021.

Interested tenants may also obtain extensive information about electric mobility and charging station costs and services from SWSG. For new building proposals, SWSG equips its underground parking garages with Wallbox chargers for at least 20 parking spaces if permitted by the electrical grid capacity. Wallbox chargers are purchased by SWSG and made available to tenants and connected to the tenant's apartment meter so that the electricity for electric vehicles can be obtained under the tenant's power supply contract.

SWSG practices the principle of revitalizing existing areas to meet the city's urban development aims. Through removal from and new construction on developed areas and by closing building gaps or using conversion areas, SWSG contributes to a more efficient and energetically-optimal use of urban areas. To improve the city's climate, SWSG preserves green areas and fresh air corridors whenever SWSG performs any construction measures.

Risks resulting from SWSG's business activities have been listed under Criterion 2 (Focus).

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:
- i.** non-renewable materials used;
 - ii.** 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:

- i.** electricity consumption
- ii.** heating consumption
- iii.** cooling consumption
- iv.** steam consumption

d. In joules, watt-hours or multiples, the total:

- i.** electricity sold
- ii.** heating sold
- iii.** cooling sold
- iv.** 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 2018, the energy consumption of SWSG's headquarters amounted to 1,007,050 kWh. By energy type, approx. 63.3% consisted of district or local heating, 36.5% of electricity and the remaining 0.2% of diesel fuel. Heating therefore amounted to approx. 638,087 kWh. This data is based on the energy audit performed in accordance with DIN EN 16247-1 in 2019. These audits are updated every four years and new results will be available in 2022.

A number of measures to save electricity at SWSG's headquarters have been implemented since 2012. In 2019, electricity consumption amounted to 337.7 MWh. The amount of consumed district heating amounted to 637.3 MWh.

These figures are not currently divided into renewable and non-renewable sources.

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.

In 2018, the energy consumption of SWSG's headquarters amounted to 1,007,050 kWh and was therefore 11,995 kWh lower than in 2016 (1,019,045 kWh). By energy type, approx. 63.3% consisted of district or local heating, 36.5% of electricity and the remaining 0.2% of diesel fuel. Heating therefore amounted to approx. 638,087 kWh and was 198,883 kWh lower than in 2015 (836,970 kWh). This data is based on the energy audit performed in accordance with DIN EN 16247-1 in 2019. These audits are updated every four years and new results will be available in 2022.

A number of measures to save electricity at SWSG's headquarters have been implemented since 2012. Based on approx. 434.1 MWh in 2012, consumption was reduced to 384.9 MWh in 2017 and amounted to 337.2 MWh in 2019. SWSG has therefore saved 22% (96.9 MWh) of electricity since 2019.

These figures are not currently divided into renewable and non-renewable

sources.

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 2019, SWSG's portfolio consumed 1,645,652 m³ of water. SWSG's headquarters consumed 1,272 m³ of water and the customer service center in Bad Cannstatt consumed 102 m³.

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

SWSG's portfolio and administrative building produced approx. 135,903 m³ of waste of which approx. 71% consisted of 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.

SWSG's ecological aims and actions are based on the CO₂ reduction targets of

the Paris Agreement and on the targets derived from this agreement by the EU, the Federal Republic of Germany, the State of Baden-Württemberg and its state capital Stuttgart. The long-term objective is climate neutrality by the year 2050.

Due to the importance of fast and clear emissions reductions by the year 2030, SWSG aims to reduce average area-specific CO_{2,eq} emissions by at least 35%–40% between 2010 and 2030. As part of these “2030 climate protection targets,” SWSG will also do anything in its power and in consideration of rent compatibility to achieve this reduction of -45% for the period between 2010–2030 necessary for the 1.5 °C scenario.

An essential part of the development of SWSG’s climate strategy were the energy and greenhouse gas emission results of the entire rental space determined on the basis of the scientific standards of Initiative Wohnen.2050 and GdW. Not only directly-produced CO₂ emissions (e.g., when burning gas), but also pre-supply chain and CO₂ equivalent emissions (CO_{2,eq} emissions) were taken into account.

Actual area-specific greenhouse gas emissions amounted to 32.6 kg CO_{2,eq}/m²/a in 2018. This corresponds to a reduction of 25.7% compared to 2010.

Weather-adjusted area-specific greenhouse gas emissions could also be reduced and, at 37.7 kg CO_{2,eq}/m²/a, were approx. 9.5% lower than in 2010.

Further information about greenhouse gas emission results can be found in the [2019 CSR Report](#), p. 60 (in German).

To achieve these climate targets for the year 2030, SWSG derived an extensive set of measures for the period from 2020–2030. The determination of this set of measures also focused on the target of achieving climate neutrality by the year 2050. This set of measures forms the four pillars of SWSG’s climate strategy:

Pillar 1: New Buildings

For several years, SWSG has applied the energy and cost-efficient KfW Efficiency House 55 standard to new buildings. Furthermore, SWSG also uses Efficiency House Plus reference projects to test whether ambitious energy standards can be implemented affordably. To create enough affordable housing and achieve its climate targets, SWSG intends to construct a large number of sustainable new buildings.

Pillar 2: Energy Modernization

For energy (building) modernization, SWSG applies energy and cost-efficient

energy standards, such as KfW Efficiency House 100, if technically and economically reasonable. At the same time, SWSG reviews the feasibility of pilot projects with even more ambitious energy standards. For this, SWSG plans to implement a serial renovation approach for currently-planned renovations

Pillar 3: Low-CO₂ Power Supplies

The long-term target of climate neutrality by 2050 cannot be achieved solely by optimizing the envelopes of new and existing buildings. A need for energy will nonetheless remain which SWSG will limit as much as possible. To cover the remaining energy needs, SWSG will focus on renewable energy, innovative energy-efficient heating technology and green local and district heating. SWSG focuses strongly on renewable energy for both heating and electricity. In addition to 100% green power as the general source of electricity, SWSG will generate non-CO₂ electricity from photovoltaic systems or low-CO₂ electricity through co-generation plants. Tenant participation in the form of a tenant electricity offer from a service provider is intended especially for PV systems.

Pillar 4: User Focus

Tenants are the main focus of SWSG's actions. This is why measures, such as support for PV tenant electricity systems and efficient heating system operations, which, in addition to positive environmental effects, help minimize utility costs, are part of this pillar. Another essential element of user focus is influencing user behavior in a positive manner by providing targeted user information or technical solutions (e.g., smart home systems).

For further information, please see the [2019 CSR Report](#), p. 51 *et seq* (in German).

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 CO₂ equivalent.
- b.** Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃ or all.
- c.** Biogenic CO₂ emissions in metric tons of CO₂ 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.

SWSG prepared its greenhouse gas emission results based on the scientific standards of IW.2050 and GdW. Not only directly-produced CO₂ emissions (e.g., when burning gas), but also pre-supply chain and CO₂ equivalent emissions (CO_{2,eq} emissions) were taken into account.

Actual area-specific greenhouse gas emissions amounted to 30.8 kg CO_{2,eq}/m²/a in the 2019 period under consideration. This corresponds to a reduction of 29.7% compared to 2010.

Weather-adjusted area-specific greenhouse gas emissions could also be reduced and, at 34.1 kg CO_{2,eq}/m²/a, were approx. 18.2% lower than in 2010.

For further information about greenhouse gas emission results, please see the

[2019 CSR Report](#), p. 60 or the [2020 Annual Report](#) p. 90/91 (both in German).

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 CO₂ equivalent.
- b.** If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO₂ equivalent.
- c.** If available, the gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, 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.

SWSG prepared its greenhouse gas emission results for heating and hot water in its building portfolio on the basis of the guidelines of IW.2050 and GdW. Not only directly-produced CO₂ emissions (e.g., when burning gas), but also pre-supply chain and CO₂ equivalent emissions (CO_{2,eq} emissions) were taken into account.

Actual area-specific greenhouse gas emissions amounted to 30.8 kg CO_{2,eq}/m²/a in the 2019 period under consideration. This corresponds to a reduction of 29.7% compared to 2010.

Weather-adjusted area-specific greenhouse gas emissions could also be reduced and, at 34.1 kg CO_{2,eq}/m²/a, were approx. 18.2% lower than in 2010.

For further information about greenhouse gas emission results, please see the [2019 CSR Report](#), p. 60 or the [2020 Annual Report](#) p. 90/91 (both in German).

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 CO₂ equivalent.
- b.** If available, the gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, or all.
- c.** Biogenic CO₂ emissions in metric tons of CO₂ 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.

SWSG prepared its greenhouse gas emission results for heating and hot water in its building portfolio on the basis of the guidelines of IW.2050 and GdW. Not only directly-produced CO₂ emissions (e.g., when burning gas), but also pre-supply chain and CO₂ equivalent emissions (CO_{2,eq} emissions) were taken into account.

Actual area-specific greenhouse gas emissions amounted to 30.8 kg CO_{2,eq}/m²/a in the 2019 period under consideration. This corresponds to a reduction of 29.7% compared to 2010.

Weather-adjusted area-specific greenhouse gas emissions could also be reduced and, at 34.1 kg CO_{2,eq}/m²/a, were approx. 18.2% lower than in 2010.

For further information about greenhouse gas emission results, please see the [2019 CSR Report](#), p. 60 or the [2020 Annual Report](#) p. 90/91 (both in German).

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 CO₂ equivalent.
- b.** Gases included in the calculation; whether CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃, 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.

SWSG prepared its greenhouse gas emission results for heating and hot water in its building portfolio on the basis of the guidelines of IW.2050 and GdW. Not only directly-produced CO₂ emissions (e.g., when burning gas), but also pre-supply chain and CO₂ equivalent emissions (CO_{2,eq} emissions) were taken into account. The base year for these results was 2010—as in the “Special Report on Global Warming of 1.5 °C” of the Intergovernmental Panel on Climate Change. This special report specifies the reduction in global CO₂ emissions necessary for achieving the 2 °C or 1.5 °C target as 25%–45% between 2010 and 2030. SWSG’s greenhouse gas reduction targets are based on these aims and the related assessment period.

Actual area-specific greenhouse gas emissions amounted to 30.8 kg CO_{2,eq}/m²/a in the 2019 period under consideration. This corresponds to a reduction of 29.7% compared to 2010.

Weather-adjusted area-specific greenhouse gas emissions could also be reduced and, at 34.1 kg CO_{2,eq}/m²/a, were approx. 18.2% lower than in 2010.

For further information about greenhouse gas emission results, please see the [2019 CSR Report](#), p. 60 or the [2020 Annual Report](#) p. 90/91 (both in German).

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.

SWSG is only active in Stuttgart and therefore subject to corresponding employment laws. In addition to applicable employment laws, SWSG is also subject to the Public Service Collective Bargaining Agreement for Administration [Tarifvertrag des öffentlichen Dienstes für den Bereich Verwaltung] (TVöV-V) and separate works agreements that regulate individual concepts for flexible working time and work-life balance. These were negotiated with management by the works council, which represents SWSG's workforce. The works council exercises its co-determination rights by representing employee interests and discussing any employee concerns with management. The content and changes of laws that must be posted are regularly communicated to employees on the Intranet or notice board. In the future, information will be provided via the new employee portal.

All employees - except for management, interns and working students - are subject to a collective bargaining agreement under the Public Service Collective Bargaining Agreement for Administration.

SWSG expressly aims to expand its modern and attractive HR management. Work-life balance, a balanced employee structure, worthwhile incentives, internal and external further training offers and a variety of career options define these aims of SWSG's HR policy, which is based on solidarity, continuity and sustainability. These aims are regularly reviewed and continuously improved.

Every three years, SWSG surveys its employees to determine their satisfaction and concerns. SWSG accepts both wishes and criticism. The findings of these surveys are documented in a management report and presented to the

departments by the managers. Since 2011, employee satisfaction has improved significantly on past surveys from 2014 and 2017 in all categories. These categories include working conditions and activities/tasks, but also information/communication, work procedures/processes and corporate culture. In the final assessment, SWSG achieved high employee satisfaction. SWSG aims to maintain this degree of satisfaction until the next survey in 2024. (Further information about [employee satisfaction](#) (in German)).

SWSG considers itself a training company and provides a broad range of training and further training options. After completing their training, trainees are offered positions at SWSG, which strives for a hiring rate of 100%.

In addition to its legal obligations, SWSG committed itself to an integrity policy. These values for business and internal ethics developed with its employees offer guidance for the treatment of customers and business partners, address questions about SWSG's social responsibility, specify principles of environmental protection, data protection and work safety and explain the internal control and reporting system. By signing SWSG's Business Partner Code, contractors agree to comply with German law - including when commissioning subcontractors. Furthermore, SWSG only chooses service providers who uphold employee rights.

To ensure work safety and health protection, a work safety committee, in which all of SWSG's first aid and fire safety staffers and an external work safety expert of the city of Stuttgart participate, meets every quarter. The work safety expert also has extensive discussions about the personal workplace situation of employees performing mobile office work and conducts on-site workplace inspections.

SWSG does not believe that its business activities or offered services present significant risks or adverse effects for employee 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.

SWSG places great value on its corporate culture and issued written policies for good cooperation in 2015. Under the SWSG-specific abbreviation CFR (competent – friendly – reliable), management agreed on a tolerant, open and binding treatment with the works council and executives.

Because diversity is an important part of SWSG's corporate culture, SWSG is committed to providing a work environment without prejudice. All employees are appreciated equally, irrespective of their gender, nationality, ethnic origin, religion/beliefs, disabilities, age, sexual orientation or identity. To emphasize this, SWSG signed the Diversity Charter – a voluntary commitment to communicate these values internally and address them in CSR reports – in 2019. Equal opportunity is regulated by the German Act on Equal Treatment [Allgemeines Gleichbehandlungsgesetz] (AGG), the German Minimum Wage Act [Mindestlohngesetz] (MiLoG) and the German Transparency in Wage Structures Act [Entgelttransparenzgesetz] (EntgTranspG). SWSG values diversity when filling vacancies with equally-qualified applicants.

To SWSG, being an attractive employer also means having its employees trust their company and identify with the values for which it stands. This is why SWSG is committed to promoting equal opportunity not only through compliance with the German Act on Equal Treatment, but also through its "Integrity Policy." Work-life balance paired with challenging tasks rich in variety and opportunities for personal development constitute the core elements of employee satisfaction and are provided through flexible working times and performance-based remuneration models.

As a pillar of work-life balance, SWSG also focuses on balancing work with family commitments. SWSG's family-friendly and sustainable HR policy was certified under the "workandfamily" audit after which SWSG integrated binding targets for family awareness in its organizational culture. This includes binding works agreements for professional and family time off and targets for child support bonuses. Making it easy to return to work through flexible working time models after parental leave and providing child support bonuses are examples of the family-friendly principles for which SWSG stands and intends to expand to meet employees' changing needs. SWSG's family-friendly policies are not only aimed at young parents, but also at employees who have to nurse close relatives and require assistance from their employer. SWSG therefore allows its employees to take two days off per year to care for their children or other relatives in need of assistance. This was recertified in 2018 and 2020 after all agreed targets were achieved (cf. the [2017 CSR Report](#), p. 110-123 and the [2019 CSR Report](#), p. 82-85 (both in German)). In the coming years, SWSG aims to make its working times even more flexible and expand mobile office work.

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 prospects and finding specialists for its company: These are SWSG's aims as a training company. During the period under consideration, SWSG trained six young people as real estate agents and supervised five students at the Baden-Württemberg Cooperative University who performed the practical part of their training at SWSG. After completing their training, every graduate is offered a fixed-term contract to gain professional experience and start their career. Furthermore, SWSG employed three trainees in 2019.

Individual support for and the development of employees according to their strengths and weaknesses is also important to SWSG. Specific needs are determined by managers and the HR department with the employee. This may be done in various ways - from one-day seminars to several-day training and further training sessions. The success of these individual further development efforts may be demonstrated by a number of examples: 56% of managers were employed at SWSG before assuming an executive function. In addition, nearly all team leader and expert positions were filled with SWSG employees.

SWSG aims to qualify young people and further develop its own employees based on need. SWSG regularly reviews options for further training and qualification to maintain and pursue the described aims.

SWSG knows that its long-term success depends on the motivation and performance of its employees. Satisfied and healthy employees therefore form the basis of SWSG's success and the achievement of SWSG's sustainability targets. This is why, in addition to training and further training, SWSG also provides various social benefits, such as a company pension scheme and benefits from the "workandfamily" audit. Company and other events for employees, which may be organized by managers, also contribute to a relaxed and collegial work environment.

Furthermore, SWSG offers its employees active health management which includes annual check-ups (e.g., flu shots and regular eye exams), workshops and health consultation, such as "Healthy and Vigorous at Work," or fitness classes. With its "Bicycle-friendly SWSG" certificate, SWSG also encourages employees to ride their bicycles to work - with three effects: Employees not only do something for their health, but protect the environment and their

wallets.

SWSG does not believe that its business activities or offered services present significant risks or adverse effects for qualification or further development.

(Cf. [2019 CSR Report](#), p. 76-90 (in German)).

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.

There were, on average, nine absences due to illness in the year under review.

Including long-term illnesses that lasted more than six weeks, the average number amounted to 13 days of absence.

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 conducted every three years, employee participation and consultation is also regulated by the “Employee Discussion” works agreement. At these discussions, employees may share suggestions for the improvement of work safety. This firmly integrates employees into the management system.

Furthermore, SWSG’s internal suggestion system rewards suggestions that improve company processes and uncover possible efficiency potentials.

Health and safety matters are not discussed 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 spent on training and further training is not currently recorded. Nearly half of all employees (47%) completed further external training during the year under consideration. On average, SWSG spent EUR 951 on professional and personal training and further training for each employee.

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 SWSG is borne by its managing directors - Samir M. Sidgi as CEO and Helmuth Caesar as technical managing director. On 31 December 2019, SWSG's supervisory board consisted of 13 members (69.23% male, 30.76% female).

In the year under review, the active number of employees amounted to 160 (full-time) employees on average. 46.45% were female. In addition, nine trainees served at SWSG.

Age distribution (with an average age of 45):

- Younger than 30: 15%
- Between 31 and 40: 20%
- Between 41 and 50: 25%
- 51 and older: 40%

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.

No incidents of discrimination occurred.

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 communal housing company in Stuttgart, SWSG has strong local ties and collaborates primarily with regionally-based companies, which - like SWSG - are subject to EU and German law. Furthermore, all of SWSG's service providers agree to comply with SWSG's Business Partner Code, which requires integrity, reliability and economically and legally responsible conduct and regulates the commissioning of third parties, which business partners must report to SWSG. In addition, minimum wage payments are guaranteed through corresponding agreements with subcontractors. In this way, SWSG does everything in its power to ensure fair and dignified dealings with its service providers and their subcontractors.

Because SWSG, as a communal housing company, primarily works with

regional service providers, no further targets other than those described above are currently intended. Nor does SWSG believe that its business activities present risks of human rights violations.

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 SWSG is a communal housing company and its partners are primarily subject to German law, this performance indicator not relevant to 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 SWSG is a communal housing company and its partners are primarily subject to German law, this performance indicator not relevant to 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 SWSG is a communal housing company and its partners are primarily subject to German law, this performance indicator not relevant to 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 SWSG is a communal housing company and its partners are primarily subject to German law, this performance indicator not relevant to 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 equity are part of SWSG's core objectives. SWSG aims to develop local areas under the motto of "living together." In addition to the work of customer service agents and property managers, social management also plays an important role in this. The overarching aim is to unite local heterogeneous and diverse living cultures in stable neighborhoods. For this, SWSG's social management cooperates closely with city departments and social organizations, free institutions and "Social City" work groups and develops need-based concepts for certain target groups, such as families, children, seniors or people in need of care or in difficult living or financial situations. These concepts include offers for tenant debt consultation, (intercultural) mediation for neighborhood conflict prevention and having residents participate in shaping their living environments. In 2019 alone, SWSG invested

EUR 109,500 in active local development and work.

Furthermore, SWSG has close exchanges with communal authorities, district advisory committees, associations and charitable organizations involved in local work. SWSG supports initiatives that benefit both its tenants and all other citizens and have a sustained positive influence on local togetherness. Regular support is also provided to neighborhood meeting places, such as the Raitelsberg Neighborhood and Family Center or the Lauchhau Youth Center, specific assisted living offers and projects, such as the concierge service in Stuttgart-Botnang.

SWSG also donates approx. EUR 100,000 to large and small projects every year. In 2019, approx. 54 organizations and charitable institutions benefited from SWSG's donations, which especially supported initiatives for local development, education and integration projects and aid for Stuttgart's citizens. It is important to SWSG that its assistance is used as "self-help help" to create long-term value for the community. For example, in 2019, SWSG donated EUR 10,000 to the Rudolf Sophien Foundation [Rudolf-Sophien-Stift] to provide horse-based rehabilitation therapies to psychologically ill and socially disadvantaged persons and EUR 5,000 to the Evangelical communities of Obertürkheim and Uhlbach to assist their "welcoming spaces", which support the integration of refugees through cross-cultural and cross-religious community work.

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, please see the [2019 Financial Statement](#), p. 62 *et seq* (in German).

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.

Currently, there are no legislative proceedings of significant relevance to SWSG's business activities.

SWSG does not support political parties, politicians or any related institutions and does not provide politically-motivated donations. SWSG voluntarily committed itself to the Public Corporate Governance Code of Stuttgart, which expressly prohibits donations to political parties.

SWSG possesses a large network of partners and members of the German housing and real estate industry with whom SWSG works on current issues and solutions for future challenges. Because all housing companies are subject to similar conditions and issues, close cooperation often offers great potential for innovative solutions.

SWSG is a member of the following trade associations and work groups (as of 2020):

- AGW Arbeitsgemeinschaft Großer Wohnungsunternehmen
- Deutsche Entwicklungshilfe für soziales Wohnungs- und Siedlungswesen e. V. (DESWOS)
- Deutscher Verband für Wohnungswesen, Städtebau und Raumordnung e. V. (DV)
- Freunde und Förderer der EBZ Business School e. V.
- Energieberatungszentrum e. V.
- Gemein nützige Förderer gesellschaft für die Mannheimer Arbeits - gemeinschaft für Wohnungs wesen, Kredit wirtschaft und Raum planung der Universität Mannheim e. V. –

- Förderverein Bundesstiftung Baukultur e. V.
- Stuttgarter Kinderstiftung
- Freundeskreis Hochschule für Wirtschaft und Umwelt Nürtingen-Geislingen
- GdW - Bundesverband deutscher Wohnungs- und Immobilienunternehmen e. V.
- Kompetenzzentrum Großsiedlungen e. V.
- vbw - Verband baden-württembergischer Wohnungs- und Immobilienunternehmen e. V.
- Vereinigung baden-württembergischer kommunaler Wohnungsunternehmen (KoWo)
- Initiative Wohnen.2050
- Verschönerungsverein Stuttgart e. V.
- Freundeskreis Stadtmuseum Stuttgart

In each case, SWSG decides which associations to join.

Secondary positions of Samir M. Sidgi, CEO of SWSG:

- Board member of Arbeitsgemeinschaft Großer Wohnungsunternehmen (AGW)
- Board member of Vereinigung baden-württembergischer kommunaler Wohnungsunternehmen (KoWo)
- Advisory board member of Immowelt AG und des GdW – Bundesverband deutscher Wohnungs- und Immobilienunternehmen e. V.
- Business committee member of GdW – Bundesverband deutscher Wohnungs- und Immobilienunternehmen e. V.
- Member of the board of trustees of Stiftung Freundeskreis Immobilienwirtschaft, Hochschule für Wirtschaft und Umwelt, Nürtingen-Geislingen
- Member of the board of trustees of Stuttgarter Kinderstiftung
- SAP advisory board chairperson of Aareon AG
- Advisory board member for legal studies (LL.M.) at HBC. Biberach University of Applied Sciences

Secondary positions of Helmuth Caesar, technical managing director of SWSG:

- Technology committee member of vbw – Verband baden-württembergischer Wohnungs- und Immobilienunternehmen e.V.
- Serial construction advisory committee member of GdW – Bundesverband deutscher Wohnungs- und Immobilienunternehmen e.V.
- Board member of Förderverein Bundesstiftung Baukultur e. V.

Member of Stuttgart's "Energy and Climate Protection" council / Buildings and Housing" work group

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 (cf. 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.

SWSG's corporate culture requires respectful treatment based on tolerance, openness and commitment. This is why SWSG's "Integrity Policy" specifies binding standards for the actions of managers and employees. These values for business and internal ethics developed with SWSG's employees offer guidance for the treatment of customers and business partners, address questions about SWSG's social responsibility, specify principles of environmental protection, data protection and work safety and explain the internal control and reporting system.

At training sessions, the compliance officer informs employees about laws and regulations and thereby strengthens awareness of compliance with standards and values. As part of her tasks, the compliance officer must cooperate with and inform management, managers, other SWSG officers, all employees and third parties. This ensures management's regular involvement in the process. Furthermore, control systems, such as internal audits and risk management, have been implemented for compliance with these principles and to prevent corruption. These measures allow developments that may threaten the company's continued existence to be detected early.

In 2019, the continuous development and establishment of SWSG's compliance management system focused on the following: Providing four standard compliance training sessions for new employees. Furthermore, the "Integrity Policy" was revised and formulated more clearly in certain parts, such as the rules for accepting gifts or other contributions. Suggestions from employees and the works council were submitted to the compliance officer independently of scheduled targets and extensively integrated into the Policy in 2019.

Corruption prevention was last reported on in writing in 2008. No significant issues were detected and no separate corruption prevention audit has since been performed. Due to SWSG's current audits that always concern the regularity of internal processes and the internal control system, attention is always paid to corruption prevention. Furthermore, compliance management monitors compliance with all laws, internal regulations and voluntary commitments relevant to SWSG.

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.

SWSG's company size provides no reason to, in addition to the stated control mechanisms, inspect individual business units for risks of corruption.

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 cases of corruption 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.

No fines or other monetary punishments were imposed due to non-compliance with laws or regulations in the year under review.

Overview of the GRI indicators in the Sustainable Code declaration

In this Sustainable Code declaration, we have reported according to the "comply or explain" principle on the GRI indicators listed below. This document refers to the GRI Standards 2018 for GRI SRS 303 and 403 and to the GRI Standards 2016 for all other GRI Standards applied.

Areas	Sustainable Code criteria	GRI SRS indicators
STRATEGY	1. Strategic Analysis and Action	
	2. Materiality	
	3. Objectives	
	4. Depth of the Value Chain	
PROCESS MANAGEMENT	5. Responsibility	GRI SRS 102-16
	6. Rules and Processes	
	7. Control	
	8. Incentive Systems	GRI SRS 102-35 GRI SRS 102-38
	9. Stakeholder Engagement	GRI SRS 102-44
	10. Innovation and Product Management	G4-FS11
ENVIRONMENT	11. Usage of Natural Resources	GRI SRS 301-1
	12. Resource-Management	GRI SRS 302-1 GRI SRS 302-4 GRI SRS 303-3 GRI SRS 306-2
	13. Climate-Relevant Emissions	GRI SRS 305-1 GRI SRS 305-2 GRI SRS 305-3 GRI SRS 305-5
SOCIETY	14. Employment Rights	GRI SRS 403-4
	15. Equal-Opportunities	GRI SRS 403-9
	16. Qualifications	GRI SRS 403-10 GRI SRS 404-1 GRI SRS 405-1 GRI SRS 406-1
	17. Human Rights	GRI SRS 412-3 GRI SRS 412-1 GRI SRS 414-1 GRI SRS 414-2
	18. Corporate-Citizenship	GRI SRS 201-1
	19. Political Influence	GRI SRS 415-1
	20. Conduct that Complies with the Law and Policy	GRI SRS 205-1 GRI SRS 205-3 GRI SRS 419-1