



# Sustainable Finance Framework

VONOVIA

# Strategic housing stock by regional market

565,334

Total Vonovia Housing  
Portfolio



\* Including 26,569 residential units at other strategic locations, 1,461 residential units at non-strategic locations and 151,367 units of Deutsche Wohnen.





## Profile of Vonovia

Founded as Deutsche Annington GmbH in 1998 and renamed in 2015 following the merger with GAGFAH and the inclusion in the DAX, Vonovia can look back on more than 100 years of experience in the German residential property sector. With around 565,334 residential units in all attractive cities in Germany, Austria, and Sweden, Vonovia manages a portfolio of around € 95.4 bn. As a result, Vonovia provides homes for over 1 Million customers and is an attractive employer for more than 10,000 employees which makes it the leading private residential real estate company in Europe.





# Vonovia Sustainability Strategy

Vonovia is a part of society. As a sustainable and responsible housing company, we feel a special obligation towards our customers in Germany, Sweden and Austria - and at the same time towards society, the environment and our shareholders. Vonovia aims to maintain the value and foster the long-term development of the real estate portfolio as well as the fulfilment of its performance promise towards customers. Our business is deeply rooted around the three dimensions of Environmental, Social and Governance (ESG). As part of the materiality analysis we conducted in 2020, we identified eleven material topics in seven action areas<sup>1</sup>.

## **Dimensions of sustainability at Vonovia and mapping of Vonovia's seven action areas:**

### **ENVIRONMENTAL**

#### **Contribution to climate protection and carbon reduction**

- Environment and climate
- Sustainable construction and development

### **SOCIAL**

#### **Social responsibility for our tenants, customers and employees**

- Society and contribution to urban development
- Homes and customers
- Corporate culture and employees

### **GOVERNANCE**

#### **Reliable, transparent and trustworthy governance**

- Corporate governance and responsible business practices
- Future viability and capital market

<sup>1</sup>For further information, see here: [Vonovia Sustainability Report 2020](#)





## Environmental

With the treaty signed at the United Nations Climate Change Conference in Paris in 2015, the global community committed to restrict global warming to a maximum of two degrees by taking appropriate action. As a signatory to the Paris Agreement, the Federal Republic of Germany derived a target for itself to achieve a virtually climate-neutral building stock in Germany by the middle of the century. As the market leader in the housing industry, we want to be a key driver for climate protection. Our goal is a climate-neutral building stock. To achieve this, we focus on the levers of energetic modernization of the building envelope, increasing the energy efficiency heating systems and the shift to renewable energies for the provision of heating and electricity in our buildings. Since 2017, Vonovia aims to conduct energy-efficient refurbishments of around 3% of the building stock per year (compared to a refurbishment rate of 1% in Germany). Vonovia's tenants also benefit directly from these measures as electricity and heating savings result in lower expenses. In our neighborhoods, we promote the expansion of renewable energies like photovoltaics, the implementation of climate-friendly mobility concepts such as installation of EV



charging stations as well as innovative technologies to introduce sector coupling solutions. New construction also impacts the climate and environment through the materials used during the construction.

With the climate plan developed in 2020, we are committing to the goal of a climate-neutral building portfolio by 2050. This requires both a more consistent level of refurbishment than in the past and increased, decentralized use of renewable energies for heating and powering neighborhoods. Vonovia's climate path under different scenarios as developed together with Fraunhofer ISE is available in Vonovia's sustainability report<sup>2</sup> and will be updated in future sustainability reports for the combined entity including Deutsche Wohnen.

# Social

We assume social responsibility for our tenants and employees. Our products respond to one of our customers' fundamental needs - a place they call home. That is why our tenants' satisfaction is the focus of our activities. We adapt our apartments to people's needs and living conditions. Our products reflect the different housing requirements and the impacts of demographic change. We give people a home in our urban quarters, and we want them to enjoy a good neighborhood. Our goal is for people from different generations to live together and feel at home. To achieve this, we develop and maintain an infrastructure tailored to the individual situation of each neighborhood and geared to the needs of our tenants. In doing so, we rely on a socially responsible, reliable rent policy and see the expansion of a social infrastructure incorporating innovations and new technologies in our neighborhoods as an integral part of community development projects in order to shape urban, ecological and affordable housing in a socially responsible manner. We offer our employees an attractive working environment characterized by diversity and personal scope for development<sup>3</sup>.

We want to be able to offer our tenants long-term and secure housing prospects. We achieve this primarily through fair and transparent prices for our homes that are affordable for different sections of society. By further expanding this core business, we are making an important contribution to easing the current situation on residential property markets. In addition to our new build activities, a moderate rent policy is a basic prerequisite for Vonovia. Our rental prices are based on local rent prices, and, if available, on certified rent indices. From our point of view, this regulation of residential property markets is necessary and conducive to achieving our goals. We would therefore welcome an extension of certified rent indices on all residential property markets. When renting, we always comply with the applicable country-specific legislation<sup>4</sup>.

Our social approach in Sweden has specific characteristics within our portfolio, because the Swedish rental market is highly regulated, resulting in rents well below a theoretical market rent, and because our portfolio in Sweden is mostly located in areas where the unemployment rate is higher and social integration lower than the Swedish average. To create attractive living spaces and protect the economic value of our investment, we are committed to social sustainability. We therefore refresh public areas with new playgrounds and green outdoor environments increasing well-being and security, establish collaborations with authorities, municipalities and NGOs in order to contribute to and support local development, and increase employment by offering work opportunities to residents for 12 months ("Environmental Host Programme") or during a summer ("Summer Workers Programme" targeted at 16-20 year olds). For the purpose of this framework, only buildings that are located in "vulnerable areas", "particularly vulnerable areas", and "risk areas" as identified by the Swedish police will be considered as social assets. Since we believe in the success of our social integration programs, we expect that the overlap of our portfolio of buildings with the mapping by the Swedish police will decline over time, benefiting both residents and Vonovia.



<sup>3</sup> See here: [Homes and Customers, Society and Contribution to Urban Development, Corporate Culture and Employees](#)

<sup>4</sup> See here: [Vonovia Sustainability Report 2020](#)



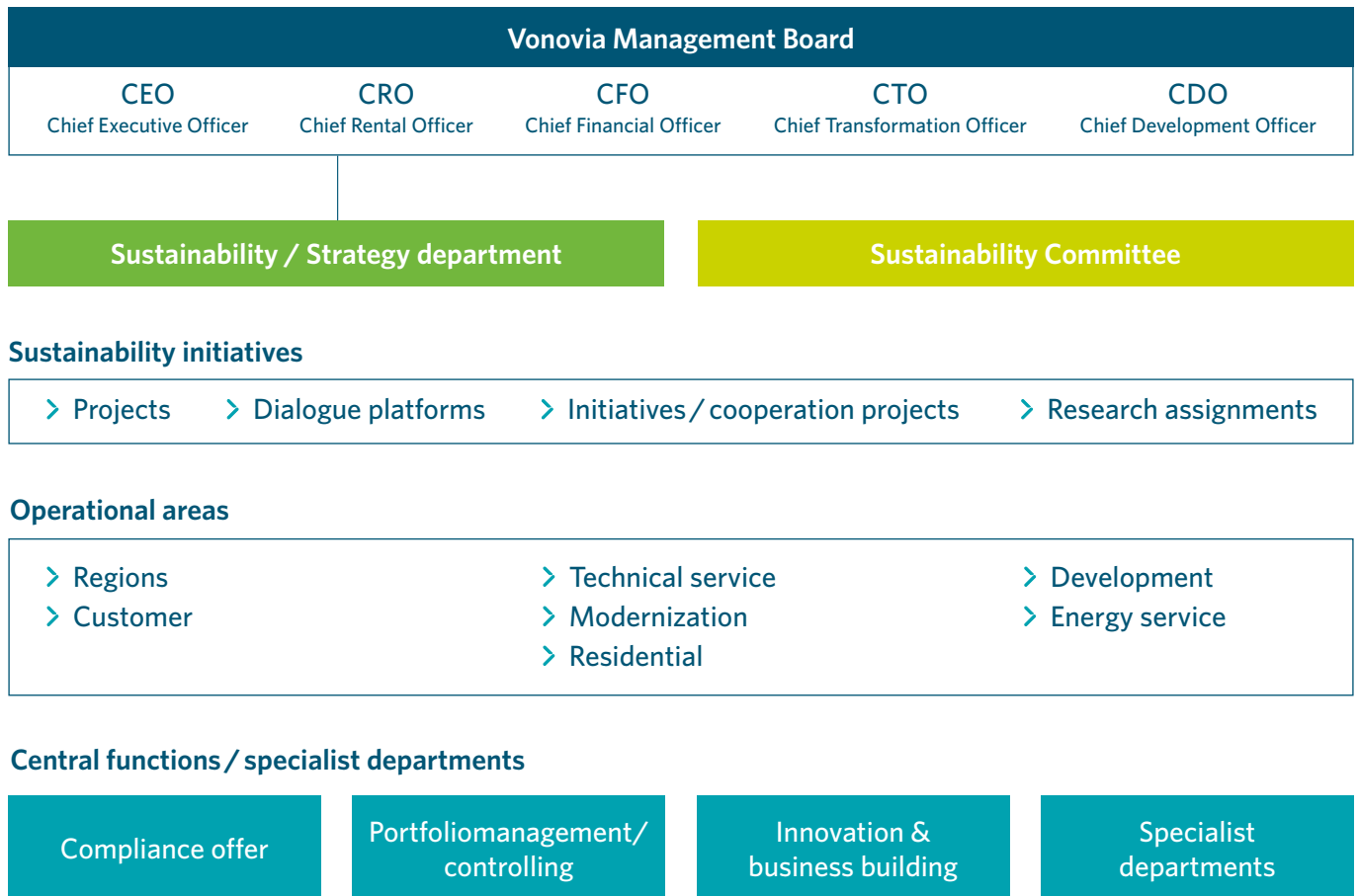
## Governance

We are committed to governance that is reliable, transparent and trustworthy, and based on the international practice of good corporate governance. A high level of sound business ethics is fundamental to Vonovia's credibility and long-term maximisation of value. Compliance with applicable laws and internal and external guidelines is an absolute prerequisite for us to be perceived as a reliable and trustworthy partner<sup>5</sup>. Vonovia aims to serve sustainability beyond the mere application of laws and regulations by following national and supranational standards. We also want to create transparency and reliability through our sustainability reporting. Our Sustainability Report was therefore externally certified with a limited assurance engagement<sup>6</sup>.

A key element of strategy development is establishing the Sustainability/Strategy department, which is directly attached to the CEO of Vonovia in organizational terms. We have also established a sustainability committee in which both the full Management Board and other relevant decision-makers in the company are represented. The committee has a managerial function and enables us to bring sustainability issues directly into the company via the Management Board in line with our strategic objectives<sup>7</sup>.



## Sustainability in Vonovia's Organizational Model



Vonovia had already set up an **organizational unit** reporting to the CEO to coordinate and promote sustainability aspects in the context of the strategy and the business model, as well as being responsible for external sustainability reporting. A steering group, the Sustainability Committee, has also been set up. It includes the entire Management Board as well as the individuals responsible for sustainability, corporate communications, controlling, accounting and business innovation. In order to calibrate its sustainability endeavors correctly, Vonovia conducted a new materiality analysis<sup>8</sup>, defining areas for action and developing a sustainability roadmap based on the results. In addition, opportunities and risks resulting from the various areas for action are monitored as part of the risk management system. All future decisions will be made taking sustainability into account.

In the future, trustworthy, reliable and transparent **governance** will be supplemented to include ESG risk management that also takes the recommendations made by the Task Force on Climate-related Financial Disclosure (TCFD) into account. In the future, all decisions will be evaluated with regard to their impact on sustainability aspects before they are made.

<sup>8</sup> See here: [Materiality Analysis](#)

# Rationale for Vonovia's Sustainable Finance Framework

Sustainable Finance Instruments are an effective tool to highlight investments in assets with demonstrated environmental and social benefits, contributing to the achievement of the EU environmental targets and UN Sustainable Development Goals (UN SDGs).

Vonovia published its first Green Bond Framework in March 2021. To reflect the broad nature of its sustainability ambitions, Vonovia decided to update its framework in February 2022, implementing the following changes:

- Alignment of the eligibility criteria with the EU Taxonomy for the relevant categories
- Inclusion of social categories, enabling Vonovia to issue green, social and sustainability instruments

This new framework replaces the two preceding frameworks by Vonovia and Deutsche Wohnen.

Vonovia will fulfill its reporting obligations with regards to the already issued green bonds by Vonovia and Deutsche Wohnen with a portfolio-based reporting under this new framework.

Under the Sustainable Finance Framework, Vonovia can issue Green, Social and Sustainability finance instruments, including bonds, convertible bonds, commercial paper, loans, promissory notes (Schuldscheindarlehen) and any other Green, Social and Sustainability finance instruments (Sustainable Finance instruments). Green Finance instruments will finance and/or refinance Eligible Green Projects, Social Finance Instruments will finance and/or refinance Eligible Social Projects and Sustainable Finance Instruments will finance and/or refinance a mixture of Eligible Green and Social Projects.

## Alignment with the ICMA and LMA Principles

This Sustainable Finance Framework is based on the International Capital Markets Association ("ICMA") Green Bond Principles ("GBP") 2021 version<sup>9</sup>, Social Bond Principles ("SBP") 2021 version<sup>10</sup>, Sustainability Bond Guidelines ("SBG") 2021 version<sup>11</sup> and Loan Market Association ("LMA") Green Loan Principles ("GLP") 2021 version<sup>12</sup> and Social Loan Principles ("SLP") 2021 version<sup>13</sup>. These are sets of voluntary guidelines that recommend transparency and disclosure and promote integrity in the development of Sustainable Finance Instruments.

**The Vonovia Sustainable Finance Framework has four core components:**

- 1. Use of Proceeds**
- 2. Process for Project Evaluation and Selection**
- 3. Management of Proceeds**
- 4. Reporting**

Vonovia also follows the key recommendation of the principles with regards to external review. For any Sustainable Finance Instrument issued by Vonovia these four core components will be applied subject to and in accordance with this Sustainable Finance Framework as amended.

Future regulatory developments and changes to the ICMA Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines and LMA Green Loan Principles, LMA Social Loan Principles may be implemented in future versions of the Vonovia Sustainable Finance Framework. Any future version of this Framework will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an external party (External Review).

<sup>9</sup> [ICMA Green Bond Principles](#)

<sup>10</sup> [ICMA Social Bond Principles](#)

<sup>11</sup> [ICMA Sustainability Bond Guidelines](#)

<sup>12</sup> [LMA Green Loan Principles](#)

<sup>13</sup> [LMA Social Loan Principles](#)






# Alignment with the EU Taxonomy Regulation

Vonovia's ambition is to align this framework for the green use of proceeds categories with the requirements of the EU Taxonomy Regulation for the climate change mitigation objective, including the requirements of the Do No Significant Harm (DNSH) assessment and the minimum (social) safeguards.

## Use of Proceeds

Vonovia's Sustainable Finance Instruments will be used to finance and/or re-finance, in whole or in part, new or existing assets (the "Eligible Green and Social Assets"). Eligible Green and Social Assets will be located throughout the countries in which Vonovia currently operates: Germany, Sweden, and Austria.






## Eligibility Criteria

ICMA GBP	Eligible Assets	Contribution to EU Environmental Objectives and Economic Activity <sup>14</sup>	UN SDGs Targets
<b>Green buildings</b>	<ul style="list-style-type: none"> <li>➤ Buildings built before 31 December 2020 with Energy Performance Certificate label "A" or better or belonging to the top 15 % of the national building stock based on primary energy demand (PED)<sup>15</sup></li> <li>➤ Buildings built after 31 December 2020 with energy performance at least 10% better than the threshold for Nearly Zero-Energy Buildings ('NZEB') in the local market<sup>15</sup></li> <li>➤ Buildings that have been refurbished meeting the criteria for major renovations under applicable building regulations<sup>16</sup></li> <li>➤ Buildings that have been refurbished with renovations resulting in a reduction of primary energy demand of at least 30% within a maximum of 3 years in comparison to the energy performance of the building before the renovation</li> </ul>	<p><b>Contribution to EU Environmental Objectives:</b></p> <p>Article 10 Substantial Contribution to Climate Change Mitigation</p> <p><b>EU Economic Activities:</b></p> <ul style="list-style-type: none"> <li>➤ (7.1.) Construction of new buildings</li> <li>➤ (7.2.) Renovation of existing buildings</li> <li>➤ (7.7.) Acquisition and ownership of buildings</li> </ul>	  

<sup>14</sup> Supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives, see [here](#).

<sup>15</sup> Vonovia has engaged an external consultant to define the top 15% of the national building stock and NZEB-10% in Germany, Austria and Sweden. The study's conclusions will be published on Vonovia's website [investoren.vonovia.de](https://investoren.vonovia.de).

<sup>16</sup> As set in the applicable national and regional building regulations for 'major renovation' implementing Directive 2010/31/EU. The energy performance of the building or the renovated part that is upgraded meets cost-optimal minimum energy performance requirements in accordance with the respective directive.

ICMA SBP	Eligible Assets	Target Population	UN SDGs Targets
<b>Affordable housing</b>	<ul style="list-style-type: none"> <li>➤ Development and/or provision of affordable housing units that aim to help address or mitigate a specific social issue and to target vulnerable groups. Investments in this category are evaluated based on the local context where Vonovia operates and reference to subsidized housing laws:</li> </ul> <p><b>Germany</b></p> <ul style="list-style-type: none"> <li>➤ Housing units which are let based on the German law on Social Subsidized Housing, whereby the tenant has to have received a so-called WBS (Wohnberechtigungsschein or Housing Entitlement Certificate)</li> <li>➤ Housing units which are let at a discount of 15% to the local customary comparable rent, OVM (Ortsübliche Vergleichsmiete (§ 558 BGB)). Evaluation criteria of this rent index are: year of construction, location (popularity of the city district, traffic noise level, connections, infrastructure, building density, etc.), size or living space, quality of the equipment (sanitary facilities, sound insulation, types of heating, renovation, floors, etc.), economical energy consumption (sealing, thermal insulation, thermal insulation glazing, etc.)</li> <li>➤ Newly built housing units in Berlin, which are let for the first time at less than EUR 11/m<sup>2</sup>/month<sup>17</sup></li> </ul>	<ul style="list-style-type: none"> <li>➤ People targeted by national social housing legislation</li> <li>➤ WBS: Low income population, vulnerable youth and students, people with disabilities, seniors, unemployed, foreigners in vulnerable situations</li> <li>➤ Housing unit let under the OVM and Berlin approaches: Low to medium income populations</li> </ul>	    
	<p><b>Austria</b></p> <ul style="list-style-type: none"> <li>➤ Housing units which are let based on Austrian federal law of 8 March 1979 (Wohnungsgemeinnützigkeitsgesetz – WGG) on subsidized Housing (Gemeinnütziger Wohnbau)</li> <li>➤ Housing units in the city of Vienna which are let based on Austrian federal law of 12 November 1981 (Mietrechtsgesetz -MRG) publicly subsidised based on Wiener Wohnbauförderungs- und Wohnbausanierungsgesetz (WWFSG) or Wiener Wohnbauinitiative (WBI)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Low to medium income populations</li> </ul>	

<sup>17</sup> The threshold for newly built housing units in Berlin is based on the revised agreement concluded on 12 April 2021 by the state of Berlin with its six municipal housing associations (Kooperationsvertrag, section 2.1) applicable to the average rent of freely financed housing units of the housing associations. Given the publicly owned housing associations' obligation to inexpensive building and reasonable price differentiation, this rent limit can be assimilated to a public definition of what constitutes affordable access to newly built housing units for the low and middle income population in Berlin. The cooperation agreement is available [here](#) and the addendum from April 2021 regarding section 2.1 is available [here](#).



ICMA SBP	Eligible Assets	Target Population	UN SDGs Targets
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### Affordable housing

#### Sweden

- Housing units which are let based on the Rent-regulated Residential Housing in Sweden. The rent is negotiated between the property owner the Swedish Union of Tenants on an annual basis, based on the principle of utility, apartments with the same utility shall have the same price. As a consequence of the system the rent level in the largest cities in Sweden have substantially lower rent levels than the theoretical market rent. All residential contracts have regulated rent. Eligible assets will be located in "vulnerable areas", "particularly vulnerable areas", and "risk areas" as identified by the Swedish police, where Vonovia has put in place initiatives to help integration and reduce unemployment among its tenant population.
- Population living in a Vulnerable Area, a Particularly Vulnerable area or a Risk Area as defined by the Sweden Police map<sup>18</sup>

### Low-barrier housing

- Housing units that have been refurbished to remove barriers and meet the challenges of demographic change, with measures such as:
  - Low-barrier equipment in bathrooms e.g. floor level shower, walk in bath, non-slip flooring, folding shower seat, wheelchair accessible washbasin
  - Needs-based modernizations of apartments, and measures in communal areas, e.g. widening entrances to buildings or using separate parking areas to ensure that tenants can safely park their walkers as well as similar equipment
  - Low barrier electrical system
  - Door widening for wheelchair users
- People with reduced mobility



<sup>18</sup> The Sweden Police map is available [here](#).



## Process for Project Evaluation and Selection

As an integral part of its governance, Vonovia has established a dedicated Sustainable Finance Committee, chaired by the Head of Treasury and Finance and bringing together representatives of the Finance Department, the Sustainability Department and the Portfolio Management and will meet on an annual basis.

Responsibilities of the Sustainable Finance Committee:

- To discuss and validate potential evolution of this Framework – to the extent possible – due to changes in corporate strategy, technology, market and or regulatory developments;
- Evaluation and selection of the eligible projects in accordance with the Eligibility Criteria;
- When identifying Eligible Green and Social Assets and their non-financial impacts, Vonovia may rely on external consultants and their data sources, in addition to its own assessment;
- The Committee will have a formal meeting to review and approve the Eligible Green and Social Assets at least once a year;
- Reallocation of net proceeds in case a project does not meet the eligibility criteria any more or has been divested;
- Overseeing, approving and publishing the allocation and impact reporting, including external assurance statements;
- Monitoring internal processes to identify mitigants to known material risks of negative social and/or environmental impacts associated with the Eligible Green and Social Asset Portfolio. Such mitigants may include clear and relevant trade-off analysis undertaken and monitoring required where the issuer assesses the potential risks to be meaningful. Vonovia mitigates environmental and social risks applicable to green projects through applicable laws and regulations, as well as the following processes, policies, and standards<sup>19</sup>:
  - Code of Conduct
  - Business Partner Code
  - Human Rights Policy



# Do No Significant Harm Alignment

EU Taxonomy DNSH requirements	Chapter	Main criteria (summary)	Vonovia DNSH alignment notes
<b>(2) Climate Change Adaptation Appendix A</b>	7.1, 7.2, 7.7	<ul style="list-style-type: none"> <li>➤ Physical risk assessment (four dimensions: water, wind, temperature, soil degradation)</li> <li>➤ In case of risks, a materiality assessment</li> <li>➤ An assessment of adaptation solutions that can reduce the risk (and adaptation plan up to 5 years)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Vonovia intends to perform a physical risk assessment, mapping the real estate portfolio against climate risk data on the dimensions water, temperature, wind and earthquake.</li> <li>➤ Vonovia intends to explore solutions in case of material physical risks</li> <li>➤ Also addressed by applicable EU and national laws and regulations</li> </ul>
<b>(3) Sustainable use and protection of water and marine resources Appendix B and E</b>	7.1, 7.2	<ul style="list-style-type: none"> <li>➤ Water flow and pressure of taps in kitchen, showers, WCs</li> <li>➤ Reference temperature for showers</li> <li>➤ Water and marine resources impact during construction</li> </ul>	<ul style="list-style-type: none"> <li>➤ Not applicable, Vonovia finances residential buildings only (Appendix E)</li> </ul>
<b>(4) Transition to a circular economy</b>	7.1, 7.2	<ul style="list-style-type: none"> <li>➤ 70% of waste prepared for reuse, recycling or recovery</li> <li>➤ Building design and techniques support circularity</li> </ul>	<ul style="list-style-type: none"> <li>➤ Building processes are supposed to meet standard legislative requirements including EU and national laws, such as:</li> <li>➤ Closed Cycle Management Act (Kreislaufwirtschaftsgesetz, KrWG), this German law was reviewed in 2012 and the Circular Economy Act was adopted: Section 14 (2) stipulates that at least 70% by weight of the non-hazardous construction and demolition waste is prepared for reuse, recycling or other material recovery.</li> <li>➤ EU Waste Framework Directive stipulates 70% as standard legislative requirement in the EU. Normative standards as EN 15798, ISO 14040/44 and EN 15804. EU Level Framework e.g. Indicator 1.2</li> </ul>

EU Taxonomy DNSH requirements	Chapter	Main criteria (summary)	Vonovia DNSH alignment notes
<b>(5) Pollution prevention and control</b> <b>Appendix C</b>	7.1, 7.2	<ul style="list-style-type: none"> <li>➤ Building materials meet Formaldehyde and VOC levels</li> <li>➤ Measures are taken to reduce noise, dust and pollutant emissions</li> </ul>	➤ Buildings are supposed to meet standard legislative requirement including EU and national laws
<b>(6) Protection and restoration of biodiversity and ecosystems</b> <b>Appendix D</b>	7.1	➤ New constructions are not build on arable land with high soil fertility and below ground biodiversity, on high biodiversity greenfield land or habitats for endangered species, or on key forest land	➤ Buildings are supposed to meet standard legislative requirement including EU and national laws

## Management of the Proceeds

The proceeds of the Sustainable Finance Instruments issued under this Framework will be managed by the Sustainable Finance Committee in a portfolio approach.

Vonovia intends to allocate the proceeds from the Sustainable Finance Instruments to an Eligible Green Asset Portfolio and an Eligible Social Asset Portfolio that meet the Use of Proceeds eligibility criteria and in accordance with the Evaluation and Selection process presented above.

Vonovia will strive, over time, to achieve a level of allocation to the Eligible Green and Social Asset Portfolios which matches or exceeds the balance of proceeds from its outstanding Sustainable Finance Instruments. Additional assets will be added to the Eligible Green and Social Asset Portfolio to the extent required.

Assets will be included in the portfolio at their current IFRS balance sheet value, which will be updated annually to reflect investment and depreciation under IFRS and will qualify for refinancing without a specific look-back period.

The assets in Eligible Green and Social Asset Portfolios will be reduced by an amount equal to any green- or social-labelled loans that Vonovia has received relating to such assets or expenditures. Any loans from multilateral agencies, national or supranational entities such as the EIB or KfW that are known to refinance their operation by issuance of sustainable financing instruments will be considered as labelled loans.

All relevant information regarding the issuance of Sustainable Finance Instruments and the Eligible Green and Social Assets financed/(re)financed will be monitored and maintained in our internal accounting systems. Vonovia intends, to the best of its abilities, to fully allocate the proceeds within 24 months after the issuance date of each Sustainable Finance Instrument.

Pending the allocation or reallocation of the net proceeds, Vonovia will invest the balance of the net proceeds at their own discretion in its liquidity portfolio in cash, cash equivalents, and/ or in other short-term liquid marketable instruments.

## Reporting

Vonovia will report annually on allocation and impact of its Sustainable Finance Instruments, at least until full allocation, and on a timely basis in case of material developments impacting the portfolio or related to the regulation. The allocation and impact reporting will be made available on Vonovia's website<sup>20</sup>.

## Allocation reporting

The allocation report will provide:

- **The list of Vonovia Sustainable Finance instruments outstanding and their total amount**
- **The amount of net proceeds allocated to eligible assets split by category**
- **The geographical distribution of the assets (at country level)**
- **The balance of unallocated proceeds**
- **The amount or the percentage of new financing and refinancing**



<sup>20</sup> [investoren.vonovia.de](https://investoren.vonovia.de)



# Impact reporting

Where feasible, Vonovia intends to report on the environmental and/or social impacts of the assets funded with proceeds from a Sustainable Finance instrument. Where relevant, information may be provided on data reporting and impact assessment methodologies to increase transparency. The impact report may provide:

- **A description of relevant Eligible Assets**
- **Metrics regarding Eligible Asset's environmental and/or social impacts**

Such impact metrics may include:

ICMA GBP Category	Potential Impact Indicators
<b>Green buildings</b>	<ul style="list-style-type: none"><li>➤ Estimated ex-ante annual energy consumption in KWh/m<sup>2</sup></li><li>➤ Estimated avoided/reduced carbon emissions relative to an established baseline (in tCO<sub>2</sub> eq)</li></ul>
ICMA SBP Category	Potential Impact Indicators
<b>Affordable housing</b>	<ul style="list-style-type: none"><li>➤ Rental costs compared to the national/regional rent index</li><li>➤ Number of housing units</li><li>➤ Share of under-served tenants</li><li>➤ Number of people with access to adequate, safe and sustainable housing</li><li>➤ Average customary local comparable rent</li><li>➤ Average portfolio rent</li><li>➤ Swedish portfolio: number of residents employed over the reporting year and percentage of former resident employees that are gainfully employed elsewhere within 12 months of employment by Vonovia</li></ul>
<b>Low-barrier housing</b>	<ul style="list-style-type: none"><li>➤ Number of apartments benefiting from low-barrier modernisations</li><li>➤ Number of buildings benefiting from low-barrier modernisation</li></ul>

Impact reporting information will be presented in line with ICMA's "Handbook - Harmonized Framework for Impact Reporting (June 2021)" <sup>21</sup>. Relevant impact calculation methodologies will be mentioned.

# External Review

## Second Party Opinion

This Framework has been reviewed by ISS ESG. In its Second Party Opinion ISS ESG has evaluated the framework's alignment with the ICMA Green Bond Principles, ICMA Social Bond Principles, ICMA Sustainability Bond Guidelines as well as an assessment of the alignment of the Framework with the requirements of the EU Taxonomy. The Second Party Opinion as well as the Sustainable Finance Framework will be made available to investors and can be found on Vonovia's website<sup>22</sup>.

## Verification

Vonovia intends to request a limited assurance report on the annual allocation reporting of the Sustainable Finance Instrument proceeds to Eligible Projects, provided by an external auditor.



### Disclaimer

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The diagrams shown may contain rounding differences.

<sup>22</sup> [investoren.vonovia.de](https://investoren.vonovia.de)

