

# Homes for today and tomorrow



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# TAG ESG strategy and core axes

Sustainability is an essential part of TAG's corporate vision



## Environment



Improving energy efficiency and reducing emissions



Best possible cost-benefit ratio



Responsible treatment of resource management

## Social



Affordable and needs-oriented housing



Neighbourhood management



Customer focus and service quality

## Governance



Excellent board expertise



Transparent compensation scheme in line with the interests of shareholders



Responsibility and trust for our employees

## Sustainability principles and guidelines at TAG

### Business principles

*Sustainable action as basis of company strategy*



### Anti-discrimination

*Promoting diversity and preventing discrimination*



### Anti-corruption

*Avoidance and prevention of corruption*



### Environment protection

*Measures to protect our environment and climate*



### Socially responsible procurement

*Sustainable purchasing*



### Social engagement

*Further development of liveable communities*



# TAG ESG commitments

TAG continues to implement sustainable development goals



## TAG's sustainability goals

### Our economic goal

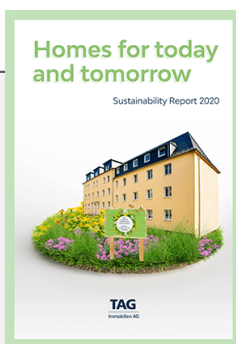
Secure future viability by maintaining and expanding the value of our properties

### Our social goal

Further increase the satisfaction of our tenants and employees by strengthening the loyalty of both groups

### Our ecological goal

Reduce consumption and optimise the use of resources, increase energy efficiency and reduce CO<sub>2</sub> emissions



Detailed breakdown of goals and sub-goals including timeline and status of implementation in published as part of **Sustainability Report 2020**

## TAG's commitment to the implementation of UNSDG

At TAG, we make it part of the corporate responsibility to make persistent contribution to the implementation of UNSDGs



### TAG's key focus of action

<b>5 GENDER EQUALITY</b> 	<ul style="list-style-type: none"> <li>• Work-life balance</li> <li>• Family-friendliness</li> <li>• Diversity</li> </ul>	<b>7 AFFORDABLE AND CLEAN ENERGY</b> 	<ul style="list-style-type: none"> <li>• Optimising energy efficiency and emissions</li> </ul>
<b>10 REDUCED INEQUALITIES</b> 	<ul style="list-style-type: none"> <li>• Liveable neighbourhoods</li> <li>• Customer focus</li> <li>• Service quality</li> </ul>	<b>11 SUSTAINABLE CITIES AND COMMUNITIES</b> 	<ul style="list-style-type: none"> <li>• Marketable portfolio development for broad sections of the population</li> <li>• Reasonable rent</li> </ul>
<b>13 CLIMATE ACTION</b> 	<ul style="list-style-type: none"> <li>• Optimising energy efficiency</li> <li>• Sustainable resource management</li> </ul>	<b>17 PARTNERSHIPS FOR THE GOALS</b> 	<ul style="list-style-type: none"> <li>• Liveable neighbourhoods</li> <li>• Dialogue with tenants, municipalities and other stakeholders</li> </ul>



# TAG Affordable and liveable housing

A social purpose as a base of TAG's business model



A business answering social needs

- Provide affordable housing
- Make affordable housing more liveable
- Improve community development and integration

- Core business of affordable housing
- Implementation of 100% -owned subsidiaries for:
  - Optimizing energy costs for tenants
  - Improving affordable housing quality through faster and better services

Better life,  
better  
neighbourhood

TAG's  
purpose  
in action

Sustainable  
business model

TAG has found a business model that contributes not only to profit generation, but more importantly, to a more sustainable and liveable society

TAG's business is tackling social issues for affordable, liveable housing

## Core business of affordable housing

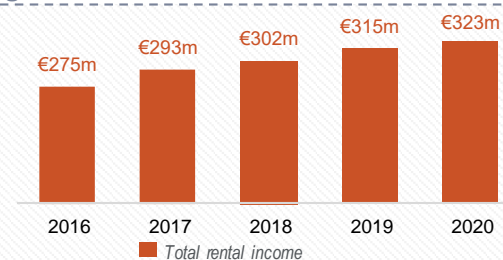
- As a specialist in affordable housing, TAG has established a portfolio with nearly 90,000 residential units in Germany
- TAG aims to expand housing supply with affordable net rents that does not exceed €6 per sqm

EUR 5.48/sqm

Net actual rent 2020

EUR 5.39/sqm

Net actual rent 2019

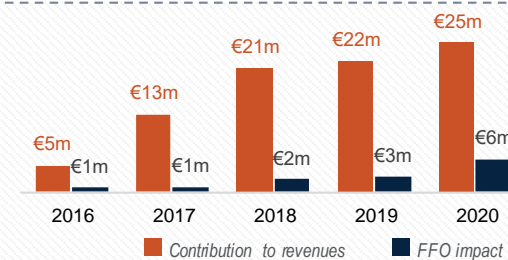


## Optimizing energy costs for tenants

### ENERGIE (100%-owned subsidiary)

Wohnen Service GmbH

Energie Wohnen Service GmbH is TAG's heating service branch to tenants. By the end of 2021, Energie Wohnen Service aims to equip c.250 heating centers with remote monitoring technology to optimize operational control



# TAG Corporate ESG management structure

Integration of ESG issues in corporate decision-making processes



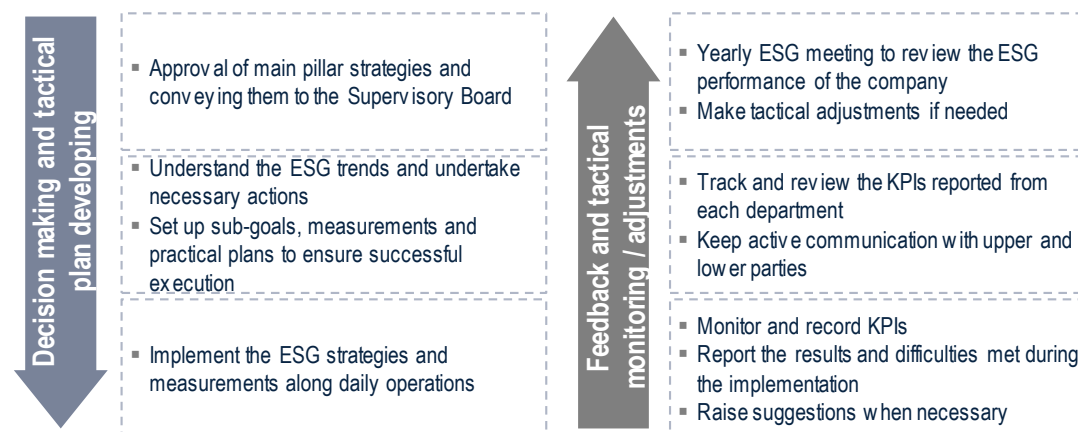
## ESG corporate structure



## Ongoing exchange with stakeholders



## Smooth channels for implementation and communication



## Management remuneration aligned with sustainability (ESG) targets

- After approval in TAG's AGM on 11 June 2021, the composition of **management's variable remuneration** is expanded to **sustainability (ESG) targets**
- This should further cement management's alignment towards TAG's sustainable development and the **creation of sustainable enterprise value along the value chain**
- **ESG targets will be (re)defined annually by the Supervisory Board.** For 2021, STIP\* targets are defined on the basis of the risk assessment developed by "Sustainalytics", with max EUR 25,000 per board member depending upon the rating achieved
- **The Supervisory Board also has the option to supplement the LTIP\* remuneration** with longer-term non-financial and ESG targets, in the future (up to 20% of total LTIP remuneration)

\* STIP=Short Term Incentive Plan, LTIP=Long Term Incentive Plan

# TAG Developing our portfolio responsibly

TAG is committed to decarbonizing its existing portfolio; investments of more than EUR 1bn in highly energy efficient buildings in Poland



## Sustainable residential housing

1

### Maintenance and modernisation as needed

- Introduction of green tech for a future-proof portfolio
- Active portfolio investment strategy towards long-term competitiveness

2

### Supply chain and materials

- Support for local service and material suppliers
- Standardised and transparent selection process
- Use of sustainable materials

3

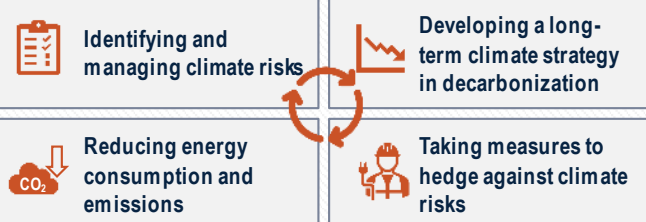
### Climate and environment

- Decarbonization and emission control
- Environmental compliance for all external contracts
- Contribution to resource conservation and biodiversity

## Decarbonization strategy

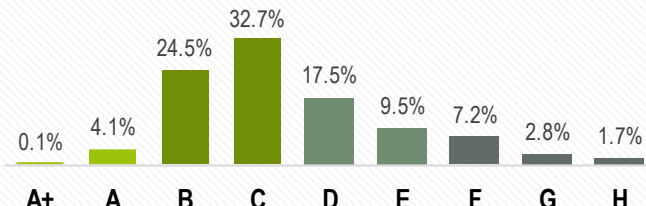
Emission intensity of total portfolio in 2019  
31.9 kg CO<sub>2</sub>e/sqm

We work with EWUS GmbH to develop a decarbonization strategy and outline CO<sub>2</sub> reduction path



## Energy efficiency

Energy efficient portfolio with almost 60% of the residential units with C or better energy certification



## Case study: Buforowa 89 – development project in Wrocław



Project	Buforowa 89
Location	Wrocław, Poland
Usage	Residential
Size	400 flats

>> In designing the details of the buildings, we consider ecological criteria that contribute to environmental and climate protection <<

- Gear Buforowa 89 to the needs of different groups of residents – younger and older, family and singles
- Playgrounds and recreational areas as well as commercial spaces to serve needs of the residents
- Ecological design with either green roofs or roofs with photovoltaic panels to foster energy efficiency and lower CO<sub>2</sub> emissions
- Common areas equipped with motion-sensing LED lighting; Rental units with waste separation containers as well as water purification filters





# TAG Our responsibility to society

TAG contributes to a more sustainable society through affordable and liveable housing



## Key areas of tenant support

1

### Tenant satisfaction

- On-site services to satisfy tenant needs
- Focus on the core business of providing tenants with affordable housing
- Support to tenants in the event of rent arrears
- Open communication and information channels

2

### Liveable and progressive neighbourhoods

- Ensuring a friendly environment as a basis of sustaining diverse spirit of community
- Promotion of social projects that strengthen solidarity
- Holistic neighbourhood development through various events and activities

## Case study: digitalisation in the city of Gera

BeHome

### BeHome platform

New project "BeHome" launched in Sept-2020 that connects assistance and emergency call systems with a variety of local services and also provides communication options to tenants



## Community initiatives

aktiv-Treff

TAG offers Activity Lounges at 21 locations to let people come together



The Polish developer acquired by TAG has made social contributions by supporting local hospitals and donating money and medical equipment

TAG  
Miteinander Stiftung

Contribute to people living in good conditions and enjoying togetherness and living as neighbours



Kids and youngsters



Families in need



Senior caring



Neighbours



### EMMA – the electric shuttle bus

EMMA is a self-driving pilot project that we started in 2019 with local Fischer Academy. The EMMA project is funded by Thuringian Ministry for the Environment, Energy and Nature Conservation

Fischer  
ACADEMY

Freistaat  
Thüringen

Ministerium  
für Umwelt, Energie  
und Naturschutz



# TAG Our employees shape our future

TAG is committed to offering a fair, supportive, empowering working environment to its employees



## Key areas of employee empowerment

1

### We live our values

- Flat hierarchies and short decision-making channels
- Enhancement of team spirit among all employees
- Improvement of social intranet and digitalization
- Involvement of employee representatives

2

### Ready for the future with a qualified team

- Employee training and development
- Efficient personnel sourcing
- Fair salaries and incentives

3

### Responsibility and trust for our employees

- Preservation of equality
- Guarantee of occupational health and safety
- Encouraging results-oriented managing and working

## TAG commitment to its employees

### Inaugural TAG Award in 2020

The inaugural TAG Award presented to honour the commitment of our employees

### TAG Everyday Heroes (TAG Alltagshelden)

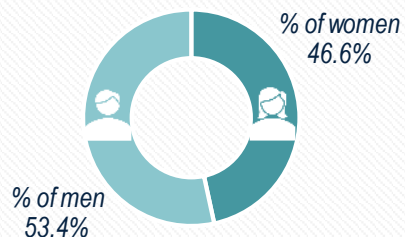
The Project was launched in 2020 to promote social and ecological volunteering by our employees



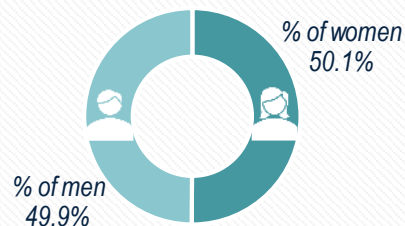
## Diversity of employees

Gender diversity and equal women representation at the heart of TAG's business principles and operations

### Diversity of management\*



### Diversity of employees



\* The Management Board and the 1<sup>st</sup> management level



>> We like the idea that we have an impact within the Company as well as those that create added value for society <<

### TAG Ambassadors (TAG Botschafter)

TAG employees are the interface of the company and are actively involved as company's ambassadors in recruiting and attracting new talent as well as engaging with tenants

# TAG ESG ratings

TAG ranks among the top ratings in the real estate sector



## ESG Rating and Award improvements

2019	22.9 /100 Medium 	TAG  LAGGARD AVERAGE LEADER	8.9 /100	No Award	N/A	D**
2020	ESG Risk Rating 12.6 Low Risk 	TAG  LAGGARD AVERAGE LEADER	29.5/100	 EPRA SBPR SILVER	35**/100	D**
2021	ESG Risk Rating 9.9 Negligible Risk 	MSCI ESG RATINGS  LAST UPDATE: March 22, 2021	not yet published	 EPRA SBPR SILVER	in active rating process	D+
	Rank 27 out of 1,000 companies in the real estate sector (3 <sup>th</sup> percentile*)	Industry adjusted score 0-10 AA= from 7.1 onwards A = 7.0 BBB = 5.1	Participation of TAG in an active rating process 2020	Silver Award	60-100 = Advanced 50-60 = Robust 30-50 = Limited 0-30 = Weak	A=excellent B=good C=premium D=poor

\* Data retrieved on 06/08/2021; \*\*Not responsive level: rating only based on publicly available information, no participation of TAG in an active rating process

## ESG indices

DAX® 50 ESG

The New Standard in German ESG Investing

## TAG's ESG disclosure improvement

- In 2020, we have placed particular **emphasis on improving our ESG performance and reporting** in order to better meet the expectations of Sustainalytics and MSCI
- Now Sustainalytics ranks TAG's ESG performance **among the TOP 3% of all real estate companies in Aug-2021**
- As a commitment to improving ESG disclosure, we **engaged actively in further rating processes** in 2021 with Vigeo Eiris, ISS and for the first time with CDP in order to better reflect TAG's ESG performance on a broader scale

# TAG Response to Covid-19 pandemic

Active measures taken by TAG to strengthen communication with employees and support to



## Key initiatives by TAG

- In the reporting year, Vantage, TAG's Polish development branch, supported three hospitals in Wroclaw during the Covid-19 pandemic 2020 as part of its corporate social engagement



- Instalment payments and deferment agreements provided to tenants in difficulties

- Reopening of "Aktiv-Treff" (Activity Lounges) asap and current support online



- A group-wide survey was launched to obtain feedback from all employees

- "TAG Covid-19 Emergency Plan" as guideline to corona-related affairs

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TAG  
2021

**TAG**

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