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ALSTRIA AT A GLANCE

# ALSTRIA AT A GLANCE

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Company Overview

# **COMPANY** OVERVIEW

alstria office REIT-AG is Germany's leading real estate company with a focus on office properties. Our buildings are located in the large and liquid office markets of Hamburg, Düsseldorf, Frankfurt, Stuttgart, and Berlin, and we are represented by local operating offices in each city. As a fully integrated company with long-term services, our employees actively manage our buildings throughout each building's entire life cycle.



We reached the RE100 target, well ahead of the deadline!







## **MANAGEMENT LETTER**

#### DEAR LADIES AND GENTLEMEN, SHAREHOLDERS, BUSINESS PARTNERS, AND TENANTS:

Despite all of the criticism that the German government's new climate plan triggered, it has an undisputable merit. It clarifies without a doubt that fighting global warming is not a valid business proposition and that policy makers do not yet have the will (courage?) to weigh in.

For a long time, we have believed that the main challenges of fighting global warming are linked to the 'delayed gratification' effect. A Stanford University professor effectively documented this behavior at the end of the 60s in the so called 'marshmallow experiment,' which demonstrated that humans (in the experiment, kids) may have a hard time renouncing short-term gratification (a marshmallow) in exchange for greater gratification (two marshmallows) that is promised to come later. In the same fashion, it is hard for us as individuals and as a society to renounce some of our short-term comfort (or economic profit) in exchange for a potential long-term (not in our lifetimes) benefit. What a more recent 'marshmallow' analysis shows is that a person's social and economic background also influence his or her ability to resist short-term gratification. Likewise, it is harder for emerging economies to accept short-term pain than it is for more advanced economies to do so.

Policy makers are supposed to shift this paradigm by reducing short-term gratification to a level where it becomes more interesting to wait for the long-term gratification. In other words, they should make it so hard to get one marshmallow now that people would rather wait and get two later – much later. On that front, the government's climate policy fails (at least when it comes to real estate).

The current average carbon dioxide  $(CO_2)$  emissions of an alstria building is 484 tonnes per annum (location-based method) and 325 tonnes per annum (market-based method). At CO<sub>2</sub>'s highest projected cost of EUR 60 per tonne, the total cost for a building will be EUR 29,000 per year. This is 18 cents per month per m<sup>2</sup>. Capitalized at a yield of 4%, this cost assumed to perpetuity would be EUR 725,000. The business case for CO<sub>2</sub> restriction measures is very easy: Under the assumption that the weighted cost of capital remains at 4% (alstria's cost of capital is closer to 6%), any investment of

EUR 1,500 or less that can save a tonne of CO<sub>2</sub> in a recurrent manner should be undertaken. Spoiler alert: There is no investment of EUR 1,500 or less that can save a tonne of  $CO_2$  per year on a recurring basis.

There are, however, little financial incentives that can accelerate the transition to a carbon-light real estate environment. It will be done at the normal pace of real estate stock replacement (which is somewhere between 1 and 2 % per annum). With the lack of policy incentives offered to solve the gratification issue, it is more likely than not that all of the science-based targets that have been set will be missed. One could argue that rather than trying to meet these targets (which we probably will not), we should prepare to face the consequences of missing them.

The lack of political direction and leadership in that respect puts the onus of these decisions on each one of us, with the additional constraints that we cannot reach these targets through our own actions alone. As a company, should we continue to invest in meeting a target that we know we will collectively miss\*, or should we use all of our available resources to shield the company from the consequences of missing these targets? So far, we have not yet formed a clear view, nor do we believe that we have a valid mandate from our shareholders, who have not yet clearly stated a definitive position in that respect (we never really asked, either).

Aside from the economics, good arguments have been made for both approaches. Each individual or company that reduces its effort to reach the Paris Agreement targets is making these harder to reach. On the other hand, a substantial number of economic actors who openly acknowledge that these targets will be missed might increase pressure on policy makers to shift the paradigm to where it needs to be. From our standpoint, the most inefficient thing to do would be to continue to pretend that we are acting on achieving the targets.

Shall we or shall we not ignore basic economics and take on a more holistic view? Although we can answer this question as individuals, as a company, we believe that we should engage in a wider dialogue with our stakeholders, and chief among them, the equity owners. We are therefore working on several options that we intend to present to the market to get at least a sense of direction, if not a clear answer.

Looking forward to our discussions.

Kind regards,

**Olivier Elamine** 

Alexander Dexne Chief Executive Officer (CEO) Chief Financial Officer (CFO)

\* We are not assuming in this letter the potential for technology to save the day. This is mainly linked to the fact that one technology is available that would help but is not currently being used. Restarting nuclear power plants would also send a strong signal regarding the government's ambition to meet the emission target. Although we understand that obvious risks are involved in using nuclear power, coupled with challenges related to using rod storage, we believe that these risks and challenges need to be balanced against the impact of global warming.

# BUILDING YOUR SUSTAINABLE FUTURE

Our corporate claim of 'building your future' encompasses our vision to build modern offices that will enable users to be their best while also helping to reduce the total carbon footprint of real estate.

#### SUSTAINABILITY APPROACH

Sustainability sits at the core of what we do. It is an inherited part of our business strategy, governance, and operations. The integration of sustainability into the design, construction, and operation of our properties helps us to ensure that our buildings continue to match the needs of our tenants and contribute to the communities in which they are located while also minimizing our impact on the environment. Driving a sustainable portfolio can ultimately lead to increased client demand, reduced speed of obsolescence, reduced rates of depreciation, and lower operational costs. To put it simply, it pays off!

#### SUSTAINABILITY IN THE LIFECYCLE OF A BUILDING

#### **BUY OR SELL**

Potential acquisition properties undergo rigorous due diligence, including identifying environmental risks (i. e., health, safety, and pollution issues). By selling properties in a better condition than when we acquired them, we improve the building environment for our society

#### REFURBISH

For every construction project, we reuse building materials and reduce energy use on-site. We also procure local products and services to avoid emissions from transportation. Our operations create jobs and add value to local communities

#### **OPERATE AND LET**

During tenancy, we provide planning services to develop office space according to tenants' needs and to maximize efficiency. We also offer other services, such as renewable electricity contracts, smart meters, and coworking options

#### DEFINITION OF SUSTAINABILITY PRIORITIES

In early 2015, we reviewed our sustainability strategy against the interests of our stakeholders by distributing a survey to 1,420 selected participants (shareholders, debt providers, analysts, tenants, employees, press, and others). We received a response rate of 4.3 %, and the results allowed us to define the company's primary sustainability topics. Ever since, we have run an annual internal revision to identify new topics or to prioritize existing ones. In 2018, we added 'workplace experience' to our business focus and now include the complete chapters 'our buildings,' 'our employees,' and 'sound business' in our materiality matrix.

More on our primary materiality analysis is available in the Sustainability Report 2015/2016 on pages 24 to 27.

# SUPPORT SUSTAINABLE DEVELOPMENT GOALS

The 17 Sustainable Development Goals (SDGs) adopted by United Nations Member States in 2015 establish an important path for building a better world by 2030. The overarching goals include ending poverty, reducing inequality, and stopping climate change. The SDGs also provide a framework for how companies can contribute to a positive future of the world.

Our business's nature allows us to influence a wide range of SDGs. The areas of the SDGs where we see opportunities to contribute are presented on the following page.

# SUSTAINABLE GEALS

3 GOOD HEALTH AND WELL-BEING	4 EDUCATION	5 GENDER EQUALITY	
7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	т. Т. Т. Т.
10 REDUCED INEQUALITIES	11 SUSTAINABLE CITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	
13 CLIMATE	17 PARTNERSHIPS FOR THE GOALS		- - - - - - - - - - -

SDG Targets adressed		${f Q}$ See chapter	
Target 7.2	Increase global percentage of renewable energy		
Target 7.3	Double the improvement in energy efficiency	Carbon emissions	
Target 13.2	Integrate climate change measures into policies and planning		
Target 12.4	Responsible management of chemicals and waste	Resource consumption	
Target 9.1	Develop sustainable, resilient and inclusive infrastructures	Workplace experience	
Target 11.7	Provide access to safe and inclusive green and public spaces	Workplace experience	
Target 4.4	Increase the number of people with relevant skills for financial success	Employee growth and development	
Target 8.6	Promote youth employment, education and training		
Target 5.5	Ensure full participation in leadership and decision-making		
Target 8.5	Full employment and decent work with equal pay	Diversity and inclusion	
Target 10.3	Ensure equal opportunities and end discrimination		
Target 3.8	Achieve universal health coverage	Work-life balance	
Target 10.3	Ensure equal opportunities and end discrimination	Ethical conduct	
Target 17.7	Encourage effective partnerships	Financial performance	
Target 11.4	Protect the world's cultural and natural heritage	Contribution to communities	
Target 8.7	End modern slavery, trafficking and child labour	Supply chain management	

#### SUSTAINABILITY RATINGS

We share our sustainability data with numerous external sustainability indices and ratings. The graphics in this page present our position in the sustainability ratings significant to our business from 2018 to the third financial quarter of 2019. Our sustainability performance results from other rating agencies should not be viewed as reliable as they do not include our feedback.



## SUSTAINABILITY MANAGEMENT

We conduct our business with integrity and respect for the law, values we consider necessary to maintain our stakeholders' trust and to profitably flourish. To live up to these values, we apply sound corporate governance practices across all levels of the organization and define clear responsibilities.

The Management Board leads the alstria group by acting in the corporation's best interests to create long-term value. It determines the company's strategic orientation and ensures its implementation. The Management Board also ensures compliance with all applicable legal provisions and internal regulations, and it ensures sufficient risk management and control. The Supervisory Board advises and oversees the Management Board in its duties (a two-tier system).

Our corporate strategy's sustainability component has been integrated from the 'top-down' since 2009 across all levels of the company. The CEO is responsible for all matters concerning sustainability. Directly under the CEO is the department of Sustainability and Future Research, and this department's responsibilities include:

- monitoring the energy consumption of the building portfolio,
- > developing and monitoring sustainability goals,
- implementing sustainability projects across the value chain,
- identifying environmental risks and opportunities for the business,
- increasing communication about sustainability across all departments in the company, and
- increasing communication with the public about sustainability.

Finally, at the highest governance level, the CSR Committee of the Supervisory Board oversees our sustainability activities to ensure the attainment of our goals.

MANAGEMENT CONTROL FOR SUSTAINABILITY

#### SUPERVISORY BOARD – CSR COMMITTEE at least once per year

#### MANAGEMENT BOARD – CEO once per month

#### SUSTAINABILITY & FUTURE RESEARCH DEPARTMENT – HEAD

COMPLIANCE OFFICER once per financial quarter OPERATIONS DEPARTMENTS once every two months

## STAKEHOLDER ENGAGEMENT

Our business affects the interests of diverse stakeholders and is simultaneously impacted by their decisions and views. Our success is thus directly linked to our strong relationship with them. To harness this relationship, we continuously discuss sustainability topics and invest time in understanding our stakeholders' views and expectations. Finally, to ensure that we remain relevant for them, we periodically run feedback surveys.

#### STAKEHOLDER GROUPS AND FORMS OF DIALOGUE



workshops

round tables

tenant surveys

complaint hotline

#### DIALOGUE IN OUR INDUSTRY

Every year, we participate in diverse working groups regarding sustainability, governance, and financial topics. We mainly engage in initiatives to improve transparency and innovation in real estate. This involvement allows us to anticipate future regulatory changes, identify new trends at an early stage, and take part in the new trend-setting process. In 2018, our Management Board invested approximately 110 hours and EUR 71,142 in support of relevant groups.



Throughout the year, we participated in meetings, conferences, and discussions of the European Public Real Estate Association (EPRA). alstria's CEO is a member of EPRA's Advisory Board. EPRA represents the interests of major European property management companies, and it supports the development and market presence of these companies by establishing (among other things) best-practice recommendations for accounting, reporting, and sustainability.

Die Immobilienwirtschaft

Our Management Board regularly joins discussions with the German Property Federation (ZIA) on sustainability and governance topics. ZIA is a regulatory and economic lobbying group for policy in the real estate sector. alstria's senior managers are also involved in working groups for energy efficiency, innovation and management of offices.



DEUTSCHE UNTERNEHMENSINITIATIVE ENERGIEEFFIZIENZ In 2018 and in 2019, we took part in the DENEFF working group to develop a standard for data management in real estate. DENEFF is an independent network that unites frontrunner companies in the field of energy efficiency to collectively represent their political interests for effective and ambitious energy efficiency regulation in Germany.



Since 2010, we have supported the Hamburg Environmental Partnership (Umwelt Partnerschaft Hamburg) and have closely collaborated with the city's policy makers.

#### STAKEHOLDER KEY INTERESTS

In 2018, we ran a holistic survey to monitor and measure tenant satisfaction with our offered services. The participation rate was 62 %. Among the positive results, 76 % of our tenants would recommend alstria to other partners. Although this data point is a quite satisfactory result, other indicators revealed that we still need to increase the communication and services we offer. Therefore, we decided to apply the following measures:

- inspect all buildings within our 2019 portfolio to identify and remedy potential deficiencies,
- apply a tight schedule of formal visits by our respective departments to tenants using discussion protocols, and
- organize a workshop on 'customer management' in 2019.

The topics of interest among our stakeholders are summarized on this page. More in-depth discussions about many of these topics can be found throughout the report.

#### **Retain reliability**

- We publish information on every building we buy, own, and sell. We are firmly convinced that only an open and reliable information policy can form a solid basis for trust and for a long-term partnership between our company and its stakeholders.
- > We have a responsible contracting policy and pay agreed prices within the set time frame.

#### **Promote equal and fair treatment**

- > We have established leadership principles to ensure that all our employees are treated fairly and developed further.
- > We have a compliance system that ensures the effective implementation of our internal regulations.

#### Promote good governance and transparency

- > Our financial and sustainability performance undergoes an external audit.
- We comply with most recommendations of the German Corporate Governance Code.



#### **Create long-term value**

- > We only invest in assets that will sustain our growth requirements and deliver long-term returns.
- Our operation focuses on maintaining the occupancy level in our portfolio and the quality of our revenue stream.

#### **Flexible office space**

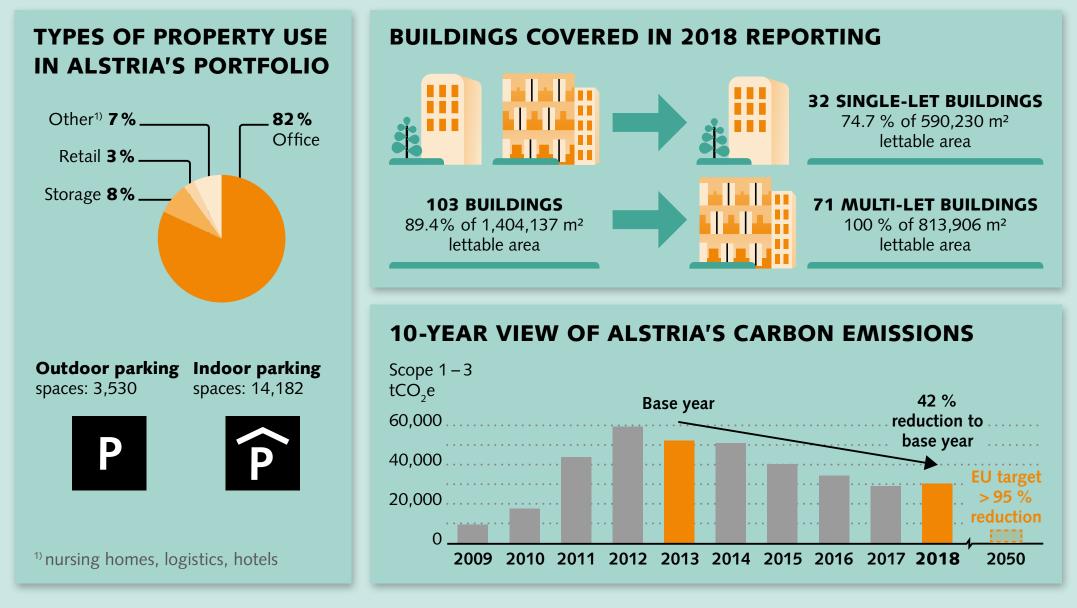
We offer services, such as our coworking business BEEHIVE – a digital, patented solution that offers 24-hour access to office space and is specially designed to respond to customers' need for a temporary but sustainable office environment. **OUR BUILDINGS** 

# OUR BUILDINGS

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Key Environmental Figures

# **KEY** *ENVIRONMENTAL* **FIGURES**



alstria Sustainability Report 2018/19



# DECARBONIZATION ACTION PLAN

The German climate target for the real estate sector is to realize zero carbon buildings by 2050. At this point, it is highly relevant for building owners to consider that most of today's built environment (85%) will still be in operation by that date. To reach this ambitious, albeit necessary target, we will not only need to reduce all carbon emissions resulting from building operations, but also account for emissions resulting from construction activities and the production of building materials. Thus, new ground-up developments will not be enough to follow the decarbonization path successfully. alstria's approach to refurbish and redevelop existing buildings reuses the bulk of the building shell and consequently avoids producing additional embodied emissions, which is reasonable from an economic and environmental sustainability point of view.

# KEY DRIVERS FOR THE OFFICES OF THE FUTURE

In 2018, alstria, COIMA RES, Colonial, Gecina, Great Portland Estates plc and NSI initiated a first-of-its-kind Pan-European survey to better understand the evolution of office buildings toward 2030 from an end user's perspective. Accordingly, 140 selected office users from all over Europe were interviewed on their vision for the future of user experience, the evolution of workplace and organizational structures and the role of tomorrow's office building in terms of use and services.

The survey's main outcome was to identify three key drivers concerning the future of offices, based on office users' needs. These are provided on the right side of this page.

#### **ENVIRONMENTAL**

In the future, employees will be much more demanding and much more curious in terms of what a potential employer does to tackle climate change.

#### SOCIOLOGICAL

The role of the company office will evolve to respond to workers' needs to have meetings, collaborate, socialize and feel fulfilled at work.

### TECHNOLOGICAL

AI, big data, robotics and hyper-connectivity will affect the way people work and connect, as well as the organization within the companies.

#### ALSTRIA'S LOW-CARB COOKBOOK

There is no magic recipe to guarantee a fast exit from a carbon-driven real estate world. However, our experience and strength in sustainability allow us to assist our sector to accelerate the implementation of Germany's Climate Action Plan 2050. How do we realize net zero buildings by 2050, as each construction is unique and requires a singular decarbonization road map?

Over the last few years, we have created several recipes for different cases. On these grounds, in 2018 we started compiling our best recipes for a cookbook, which are meant to be applied individually in a multitude of settings to create a customized menu. Through this process, we discovered there are certain basic elements necessary to start with the main work (henceforth referred to as 'starters'). We describe the most essential elements of the decarbonization path under the 'main course,' and present additional elements under the 'desserts' course.

## S T A R T E R S

Renewable procurement Real-time data

## MAIN COURSE

Road map to retrofitting Improve health and productivity Energy production and storage

### DESSERTS

Accounting for embodied carbon Digital twins and smart operation Green guide for tenants Self-sufficient buildings Grid decarbonization



#### **STARTERS**

#### **Renewable procurement**

**Status quo:** In 2018, we managed to procure 100% renewable electricity (hydropower) and climate-neutral natural gas for use in heating the areas under our operational control (landlord-shared services and our offices). This was enabled using a framework contract. We extend the conditions of this contract to our tenants and employees to procure renewable energy via our tenant electricity pool, which thereby helps them reduce their own carbon footprint using this method.

#### **Q** www.mieterstrompool.de

**Road ahead:** To ensure that the renewable energy we procure is undergirded by high-standard certificates on the market, we have extended our requirements to include the physical coupling of energy generation with carbon compensation, as well as the support of energy plants younger than three years, in the next framework agreement. This contract applies from 2020 to 2022. In the next years, we will follow the development of the renewable energy market in Germany and will try to establish on-site renewable generation.



#### **Real-time data**

**Status quo:** Gathering consistent consumption data from our buildings has posed one of our biggest challenges since we started our environmental management system in 2009. Moving forward into the digital era, we started to roll out smart meters across the entire portfolio in 2017. Smart metering data display energy consumption in real time and can be used to uncover inefficiencies in the operation of buildings and facilitate identification of user behavior. As of August 2019, we have successfully installed smart meters across 90% of the area under our operational control (shared services in multi-tenant buildings).

**Road ahead:** By the end of 2019, we intend to complete the roll out of smart meters across the portfolio. After 2021, we will be legally permitted to extend our operational control to tenants' meters. Additionally, we plan to run pilot projects and cooperate with start-ups and specialists to increase our knowledge on consumption patterns of our buildings. By 2020, we will also begin with the replacement of all submetering systems in our portfolio to modern ones that will allow us to monitor the energy distribution in our buildings in an open data format.

#### MAIN COURSE

#### Road map to retrofitting

We currently design individual climate-responsive road maps for retrofitting existing buildings that we plan to apply to our entire portfolio. Identified measures are divided mainly into two broader categories:

- Life cycle-independent measures that are easily adopted to buildings in operation – we call these 'low-hanging fruits,' as they are quickly cost-effective, and lead to carbon emission reductions of 10% to 30%. This includes measures such as LED lighting replacement, smarter building management systems, fine-tuning of building services and improvement of on-site energy distribution.
- Life cycle-dependent measures that are complex and can only be adopted at a certain point in the life span of a building (e.g., when tenants move out) or when the components reach the end of their life cycle – these redevelopments usually require large investments and are time-consuming. Due to the extensive retrofitting, they often lead to substantial carbon emission reductions of 50 % to 80 %. This includes measures such as wall / roof insulation, new facades, and heat plant replacements.

#### Improve health and productivity

As office users spend the most of their working lives in our buildings, it is essential that we enhance their health and productivity. The latest findings in biochemistry link the support of natural biorhythm of employees to improved health and productivity. Our office layout design respects those findings and encompasses diverse principles that affect positively the human life inside our buildings. These include, among others, good lighting, indoor air quality, thermal, acoustic and visual comfort, ergonomics, and the incorporation of spaces for recreational activities.

#### **Energy production and storage**

As office buildings usually operate during daytime, we believe solar power generation plays a key role in increasing the use of on-site renewables and thus lessening the dependence on off-site energy grids. We thus closely monitor the law bearing on the approval to sell self-produced electricity to tenants and start then using our buildings' shell for solar energy production.

Similarly, we follow the rapid developments in e-mobility and energy storage and adopt favorable conditions when they appear. Such technologies will improve the energy management in buildings but will also require a stronger control of loads and demands. As early adopters, we have already selected business partners with whom we are installing EV charging stations across our portfolio and testing heat storage systems that are virtually carbon-free.

#### DESSERTS

#### Accounting for embodied carbon

Decision-making for retrofitting must be based not only on the associated costs but also take the building's embodied emissions into account. As calculation and evaluation methods for embodied carbon of existing buildings are yet to be develop, we are seeking ways to install building components that help reduce more operational emissions during their life span than the emissions produced during their manufacture and installation.

#### Digital twins and smart operation

Digital twin technology is central to smart buildings. At its simplest, a digital twin is a virtual replica of a physical product, process, or system. This technology integrates artificial intelligence and machine learning systems and can be used to automate, optimize, and connect systems in the build environment and ultimately improve tenant comfort. We are engaging with start-ups in this field and testing advanced digital solutions to our building portfolio.

#### Green guide for tenants

We are developing new methods to guide our tenants in increasing their spaces' efficiency and their employees' productivity. Methods vary from optimizing office layouts to discovering quick wins in energy efficiency and mobility. In that direction, we collaborated in 2018 with companies in the building sector and developed a concept that unites flexible leasing, 'new work' components – all in a cost – and climate responsive way.

#### Q www.2gradwirtschaft.de

#### Self-sufficient buildings

High-efficient buildings with on-site energy production and storage can, to a certain extent, become self-sufficient. In doing so, they are reducing the demand to the energy grids, and they can help to stabilize the grid, by using storage for bidirectional energy transfer. We are engaged in a working group of international energy companies to tackle these possibilities.

#### **Grid decarbonization**

There are several ways to decarbonize energy grids. One way is to reduce demands. Another way is to decentralize the generation of renewables. Even the exploration of carbon sinks, such as planting trees and vegetation on a building's envelope, can have a positive impact. We intend to explore these possibilities when we find the right business partners.



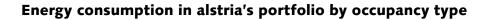
# RESOURCE CONSUMPTION

Germany is aiming for greenhouse gas neutrality by the middle of the century. Taking all direct and indirect emissions into account, human activities in buildings are currently responsible for up to 30 %\* of Germany's greenhouse gas emissions. As a German real estate company, we recognize our obligation to minimize the resource consumption and associated carbon emissions generated by the construction and operation of our buildings. To that end, we closely monitor energy, water, and waste produced across our portfolio. Based on these values, we identify measures to reduce consumption (and thus, operating costs) for our tenants, reduce our dependency from the grid, and last but not least, increase comfort for our tenants. This chapter sets our progress against our ambition to minimize the use of resources.

#### **ENERGY CONSUMPTION**

Energy use in our company is divided into three parts:

- > Electricity and heating consumed in tenant areas
- > Electricity consumed in common areas
- > Electricity and heating consumed in our own offices





\*World Green Building Council, Advancing Net Zero Snapshot: October 2018.

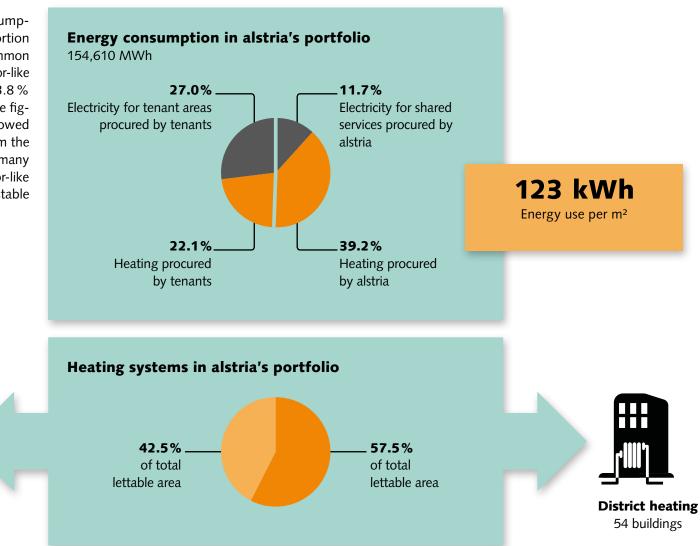
#### **Tenant areas**

In 2018, the largest share (88.3 %) of energy consumption originated from tenant areas. The remaining portion (11.7 %) resulted from energy consumption in the common areas of our buildings and in our own offices. The like-for-like figures for tenant electricity consumption showed a 3.8 % increase compared to the previous year. The like-for-like figures for electricity consumption in common areas showed an 8.3 % increase as well. Both increases resulted from the record-breaking temperatures of summer 2018 in Germany and the corresponding demand for cooling. The like-for-like figures for heating in tenant areas remained almost stable at +0.5 %.

Q Pages 81 and 82

Natural gas

46 buildings



Heat pumps

1 building

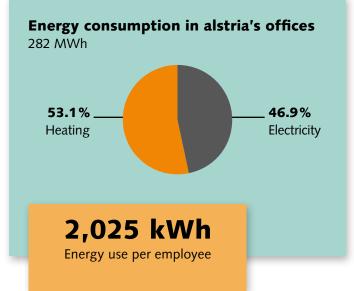
#### alstria's offices

In 2018, the energy consumption of our own offices increased by 46.4 % compared to the previous year, mainly due to the relocation of our head office to larger offices, the opening of a new branch in Berlin, and additional employee growth. By contrast, the energy consumption per m<sup>2</sup> dropped by 2.7 %, although the number of employees working in our offices increased by 23.1 %. In 2018, the solar panels installed on the rooftop of our former head office in Hamburg generated 2,564 kWh (+12.8 %) of solar energy. This energy was fed into the grid and covered around 1.9 % of our offices' demand for electricity.

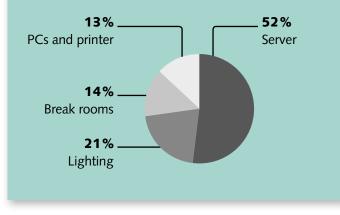
**Q** Page 86

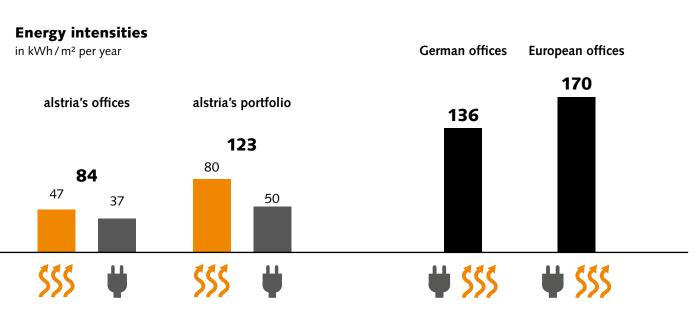
#### How does alstria compare to others?

Our own offices are evidently efficient compared to the offices of our tenants. Similarly, the energy consumed per m<sup>2</sup> in our tenant offices is much lower than the average energy consumed in German and European offices. The benchmarks we have used refer both to existing office buildings and derive from the Deutsche Energie-Agentur 2018 and GRESB 2019 accordingly.









#### alstria Sustainability Report 2018/19

#### WATER CONSUMPTION

The use of water in our company is divided into two parts:

> Water used in tenant areas

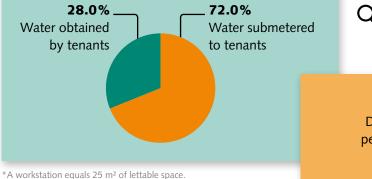
> Water used in our own offices

#### **Tenant areas**

For the greater part of our portfolio (78 of 83 multi-let buildings), we procure water and exclusively submeter it to our tenants. In 2018, the like-for-like figures for water consumption showed a slight increase of 0.3 % compared to the previous year. Due to the record-breaking temperatures of summer 2018 in Germany, the water consumed per lettable area increased by 5.9 % to 0.298 m<sup>3</sup>/m<sup>2</sup> per year. Whenever we refurbish one of our buildings, we try to include a rainwater collection or stormwater retention system and greywater systems for toilets or sprinklers. So far, we have installed such systems in three of our buildings.



#### Water use in alstria's portfolio 362,737 m<sup>3</sup>



#### alstria's offices

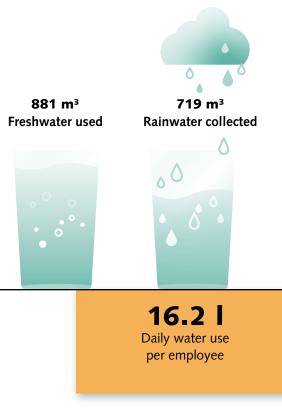
In our offices, the total consumption of freshwater increased by 68.4 % compared to the previous year, mainly due to the relocation of our head office to larger offices, the opening of a new branch in Berlin and additional employee growth. The corresponding water use per employee per day increased by 25.5 %. This can mainly be attributed to the additionally amenities that our new offices offer (fitness and shower facilities as well as chilled and hot drinking water dispensers in all break rooms).

To work toward our goal of water conservation, we have installed a rainwater tank in the former head office in Hamburg. This enables us to collect rainwater, direct it into the non-potable water distribution system, and reduce the amount of water required to operate the entire building. The rainwater collected helped us reduce our annual freshwater demand by more than 44.9 %.

**Q** Page 86

**20.4 I** Daily water use per workstation\*





#### WASTE GENERATION

Waste generation in our company is divided into three parts:

- > Waste generated in tenant areas
- > Waste generated in our own offices
- Construction waste generated during redevelopment projects

#### **Tenant areas**

In 2018, the total waste generated in the tenant areas decreased by 4.4% compared to the previous year. Similarly, the like-for-like figures showed a 1.2% decrease, followed by a similar trend of -21.5% in waste generation per lettable area. Since 2012, to increase the recycling rate in our portfolio and reduce waste produced by our tenants, we have applied a waste management system run by an environmental service provider from northern Germany across our portfolio. In 2018, 45 of 103 buildings were covered by that system. Our goal is to include all the buildings of our portfolio in this system.

**Q** Page 85

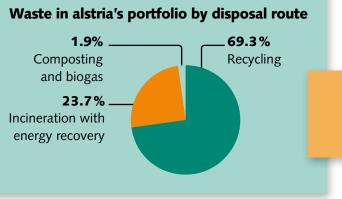
#### alstria's offices

In our offices, we printed on 445,500 sheets of paper (2,228 kg) in 2018. This corresponds to approximately 12 sheets of paper per employee per working day (-32.8%). The paper used is FSC certified. In 2011, we introduced a company-wide document management system intended to reduce paper use across the company.



#### Waste in alstria's portfolio by type 1,457 tonnes







**1,463 t** Construction waste from redevelopment

#### **Construction waste**

We report on our construction waste every year. However, a direct comparison between years is not possible due to the various designs of the buildings and the types of waste generated. Furthermore, our development projects are often at different stages, so even a comparison between two reporting periods of the same project is not possible. Our building approach to retrofitting rather than demolishing generates much less waste and uses less energy. By reusing the existing superstructure, embodied energy, and building materials, we minimize the demand for new resources.

During 2018, construction waste was generated due to the redevelopment of two large assets in Hamburg: Amsinck-strasse 28 & 34. On average, 90 %\* of the construction waste generated in Germany is either reused or recycled.

Q Page 88

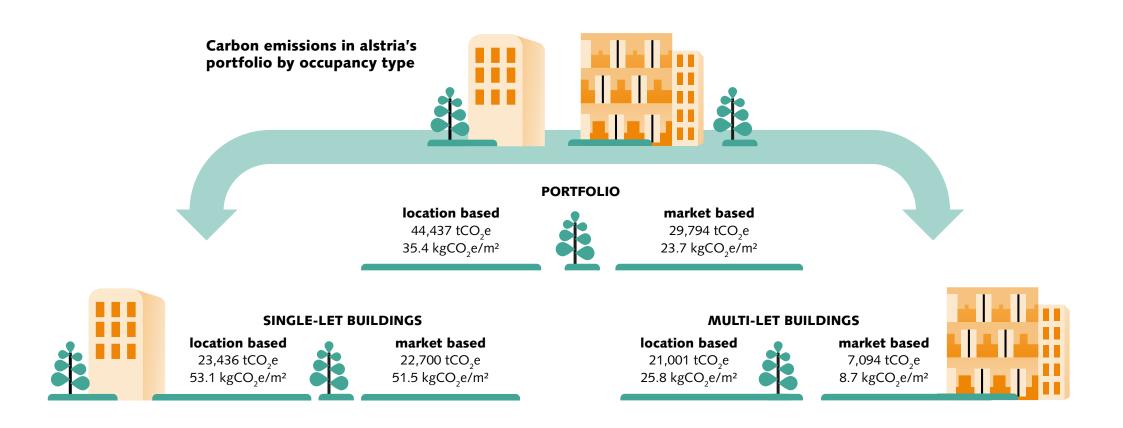


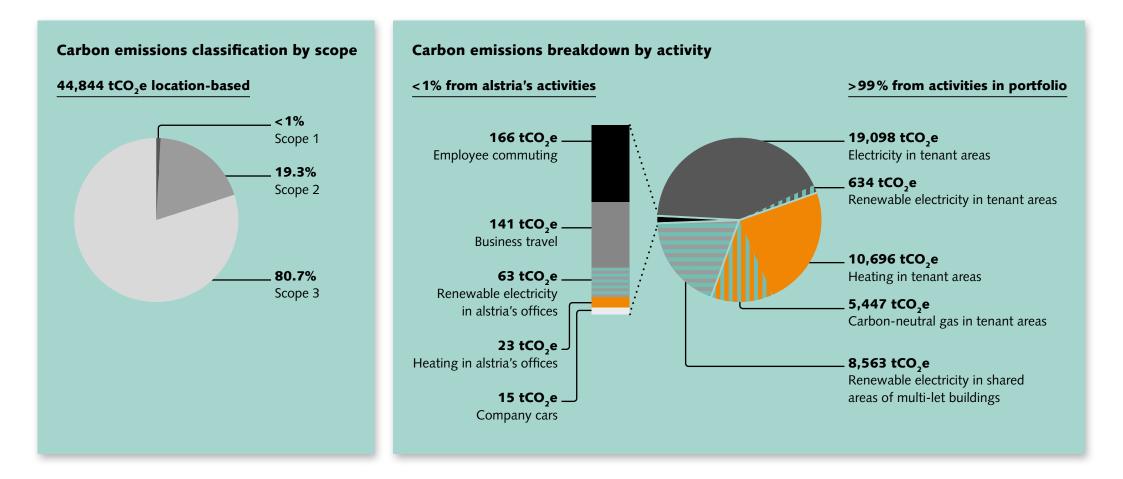
\*Waste management in Germany 2018, BMU 2018.

#### Carbon Emissions

### **CARBON EMISSIONS**

We address the challenge of reducing our carbon footprint across the entire value chain, from the business areas under our control to the areas controlled by our tenants. We believe that effective action can turn addressing climate risk into a competitive advantage. Thus, we have clear processes in place to manage the direct and indirect carbon emissions generated by the construction and operation of our buildings. This chapter aims to illustrate how specific activities of our business relate to carbon emissions.





#### **RENEWABLE ENERGY TARGET A**

We intend to power all the common areas of our portfolio and the entire area of our offices with only renewable electricity by 2020. This way, we can reduce the associated carbon emissions to nearly zero relative to base year 2013.

#### The path and our progress

In 2018, the share of renewable electricity in the areas under our control increased by 1.8 % compared to the previous year, and we were thus able to achieve our RE100 target before the self-imposed deadline of 2020. Similarly, we were able to cut Scope 2 emissions by 99.1 % compared to 2013 emissions of 2,347 tCO<sub>2</sub>e.

Our journey to procure renewables started in 2013 and applied only to a small cluster of buildings. It was essentially our decision to centralize energy procurement across our portfolio in 2016 that made the attainment of our target possible. Our first framework contract was issued for a fouryear period (2016–2020) and included the procurement of renewable electricity (hydropower) and heating from climate-neutral natural gas for all landlord-shared services in our portfolio and our offices. In the first three years of its implementation we realized approximately 37,500 tCO<sub>2</sub>e\* savings. For the entire issuance period, we estimate a 30 % reduction in energy costs, representing EUR 2.5 million in total. These savings fully pass on to our tenants, who bear the costs of utilities in the common areas of our portfolio. In 2019, we signed a new framework contract for 2020–2022 with extended requirements on renewables that include the physical coupling of electricity generation with carbon compensation and the use of energy plants younger than three years. In the next years, we will follow the development of the renewable energy market in Germany and generate solar energy for use in our buildings.



#### **RENEWABLE ENERGY TARGET B**

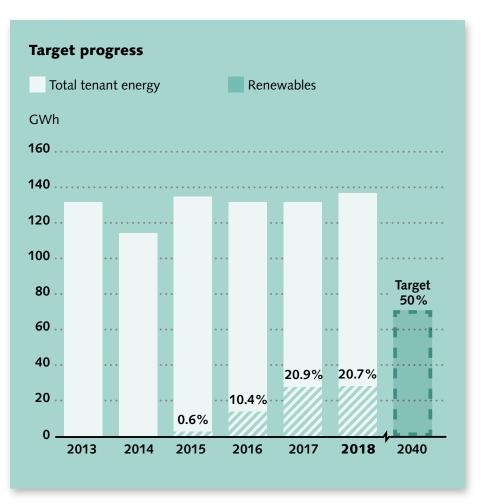
We intend to use 50% renewable energy for the electricity and heating needs of our tenants by 2040.

#### The path and our progress

The purchase of electricity in the tenant areas of our portfolio lies within the responsibility of our tenants. This results in some of our buildings still being supplied by fossil fuels. Similarly, 42.5 % of our portfolio is heated by fossil fuels and the rest is connected to regional district heating. While this is the reality to which we are accustomed to as a building owner in Germany, this does not restrain us from working to increase the demand for renewable energy and incentivize investment in that field.

Therefore, a couple of years ago we launched a service to help tenants easily buy fair-priced renewable electricity and carbon-neutral gas for their office areas. Participation in the framework contract already contributed to a 17.0 % reduction of the total tenant emissions in 2018. During the same year, we also managed to procure 87.7 % natural gas via carbon offsetting for the fuels-based heating in our portfolio.

In 2018, our Scope 1–3 emissions (market-based method) decreased by 42.2 % relative to the emissions generated in the 2013 portfolio (52,114 tCO<sub>2</sub>e). We expect to achieve our target of a 50 % decrease by 2040 much earlier and go from that point forward.

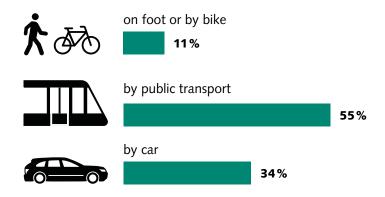


# FURTHER REDUCTIONS ACROSS THE VALUE CHAIN

Emissions related to our business travel increased by 29.2% in 2018. This can be mainly attributed to the increase in the number of employees and trips for scouting the market for investment opportunities. With the opening of our new branch in Berlin and further digitalization of our business, we expect in the next years to decrease the amount of emissions resulting from business meetings.

For business meetings within the inner city, we prefer to use our electric pool cars and bicycles. In 2018, we had two electric cars and two bicycles available at our head office in Hamburg. We plan on expanding their use to our other office locations in the future. Carbon emissions from commuting followed our employee growth and increased by 23.1%. To incentivize our employees to use public transport, we subsidize their tickets.

#### Modes of commuting<sup>1)</sup>





ZIA awarded alstria for its decarbonization concept in 2018



<sup>1)</sup>Data on employee commuting for 2018 are calculated based on the data available from 2016 and adjusted to the associated employee growth.

# WORKPLACE EXPERIENCE

Emerging technologies and the impact of globalization have been game-changers for building owners. With work no longer confined to a single location, today's office users are increasingly looking for workspaces that are flexible, collaborative, and engaging. As we enter this era, we see new opportunities for growth and productivity. By staying a step ahead, we have already embraced the coworking mentality in our real estate strategy, and we have realized flexibility in our space and in our leases as a common practice.

#### THE NEED FOR COLLABORATION

We stand together with peers to accelerate the decarbonization path of real estate in Europe. This is one of the reasons we created a sustainability and innovation think-tank with four other leading real estate companies in 2017. This framework serves for joint research projects and other initiatives aiming at strengthening the inner capacity of the participating companies for innovation and sharing of expertise. The companies involved are alstria, COIMA RES, Colonial, Gecina, Great Portland Estates and NSI, all leaders in sustainability in their respective German, Italian, Spanish, French, British and Dutch markets. At the cross-sectoral level, we participate in a working group of companies active in the energy sector from all over the world, sharing best practices and following the development of energy start-ups and innovative products that could influence real estate. Furthermore, under the umbrella of the German Property Federation (ZIA), we joined Task Force Energie – a working group based on the legislation and development of the German energy and climate action plan – in 2018.



www.alstria.com/Press\_Release\_2017.12.18



alstria at the EPRA RE-think conference 2019

Workplace Experience

#### NEWS FROM OUR COWORKING BUSINESS BEEHIVE

Every day, Anna and her team welcome hundreds of freelancers, founders, start-ups, journalists, and anyone who wants to enjoy the benefits of a coworking environment in our BEEHIVEs. Run on a 24/7 basis with 365-day access to flexible workspaces across major cities in Germany, our coworking business offers not only a place to work but a place to grow. New business contacts and a platform for start-ups are only the beginning of a journey that will drive the future of real estate.

Q Join our www.beehive.work and ask for exclusive offers if you are one of our tenants.





**BEEHIVE team** 

Our newest BEEHIVE space next to Hamburg's central station



Workplace Experience



# WHERE THERE IS A BEEHIVE, THERE IS A HOME FOR BEES!

With three beehives in his garden as a child, it was clear to Alex Fuchs that he also had to work in a beehive. What could be more natural than to start at our BEEHIVE in Frankfurt's Kastor Tower?

'In a central location, not far from the main station, I found my personal beehive. I was pleased to collaborate with the BEEHIVE team and offer the honey of my busy bees in their coworking spaces. Beekeeping is an exciting hobby and allows a great insight into the processes of a bee colony,' says Alex, who is fascinated by the fact that without teamwork, a bee colony cannot survive – this is exactly what we see in our working world!

Q www.frankfurter-imker.de

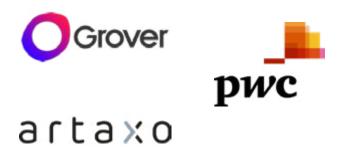
#### FEEL-GOOD TEMPERATURE AT BEEHIVES

Hamburg's award-wining start-up company, Vilisto, supplies alstria with smart thermostats that regulate the room temperatures of our BEEHIVE spaces and offices. 'We enjoy working with alstria because we share the same values. Together, we are committed to a sustainable future by acting responsibly and optimizing the energy efficiency of office space in continuous dialogue with tenants and users. We particularly value alstria's open, fair, and trustworthy exchange at eye level; its impeccable reliability; and its innovative strength and look forward to working together to create more environmentally friendly properties in the future,' says Christoph Berger, CEO of Vilisto.

#### **BEEHIVE PARTNERING UP**

We believe in a sharing economy and provide a variety of products and services from our partners to our coworkers. The rental of technical appliances and furniture, reduced sport club memberships, and marketing consulting are just the beginning of an ever-increasing list. After all, this is what our slogan stands for: 'Work. Better. Together.'

Q www.beehive.work/partner



#### **RESPONSIBLE DEVELOPMENT**

As a long-term real estate investor, we aim to hold buildings over their entire life cycles, which span between 20 and 30 years. During this period, we conduct complete refurbishments – at some stage, every building requires modernization to start a new life. As a matter of principle, we choose retrofitting over demolishing and avoid participation in greenfield projects.

A complete refurbishment usually includes a new façade, roof insulation and optimal external shading to enhance indoor environmental quality and achieve energy savings. A list of our current development projects and corresponding sustainability measures is provided.

Before any refurbishment begins, we communicate the timeline of our construction activities to immediate neighbors. When conflicts of interest arise, we try to react immediately and find solutions for office users and tenants, which may include rescheduling our heavy construction work to Saturdays to minimize noise and disturbance. During refurbishment, the appointed construction company oversees the health and safety of its workers. Furthermore, BG BAU, the body responsible for statutory accident insurance for the construction industry, regularly supervises our construction sites to ensure the safety and training of construction company workers. As required by German law, we appoint one health and safety coordinator (SiGeKo) for each construction site to ensure optimal occupational health and safety standards. When necessary, SiGeKo can proceed with the closure of a site or the discharge of workers' or construction companies.

In 2018, no fatal accidents have occurred at our construction sites or in our offices.



m	



Amsinckstraße 28 & 34 [under construction]				
Scheduled delivery date Lettable area Asset class				
2019	14,300 m <sup>2</sup>	office		

New windows, new sunshades, and new façade insulation; overnight cooling; LED lighting; roof terraces; development of acoustic solutions for workplaces

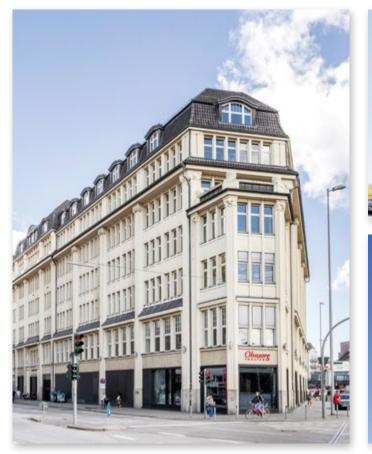
Besenbinderhof 41 [under construction]				
Scheduled delivery date Lettable area Asset class				
2020/2021	5,000 m²	office		

Refurbishment of old heritage-listed façades, historic reconstruction of the two top floors destroyed in WW2, new insulation, complete refurbishment of all building services, LED lighting

Gustav-Nachtigal-Straße 3 [under construction]				
Scheduled delivery date Lettable area Asset class				
2021	16,800 m <sup>2</sup>	office		

New windows, new fire and safety measures, new building services, LED lighting

#### Workplace Experience



Bieberhaus [completed]			
Delivery date	Lettable area	Asset class	
2018	12,000 m <sup>2</sup>	office	

Г

New efficient heating plant and building services, including LED lighting; refurbishment of old heritage-listed façade; new roof; insulation of roof and windows; new windows in courtyard







#### Carl-Reiß-Platz 1-5 [planning]

Scheduled delivery date 2020/2021		Asset class office/ residential
House 1: New windows, f ing services; LEE		neasures, and build-
House 2: Complete refurbishment and stock-up: new façade and roof, new building services, overnight cooling, roof terrace		
House 3: Demolition and foundations, ad		se of the piling and every apartment

Gustav-Na	achtigal-Str	aße 5 [p	lanning]
Gustur In	Loningui Su		

Scheduled delivery date	Lettable area	Asset class
2022	7,600 m²	office

New fire and safety measures, updated building services, LED lighting

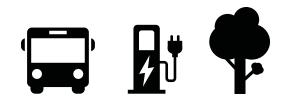
Momentum [completed]				
Delivery date Lettable area Asset class				
2018	23,200 m <sup>2</sup>	office / retail		

Complete refurbishment of building services, new efficient building shell, new roof terraces for office users, flexible office layout, demand-driven mechanical ventilation with heat recovery, exterior window shades, new green courtyard

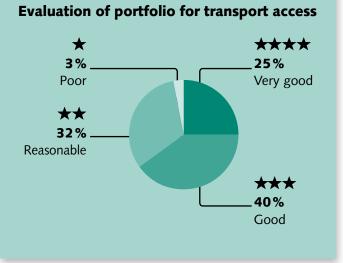
#### OFFICES CLOSE TO PUBLIC TRANSPORT

When it comes to real estate, location is everything. In the context of growing cities, the locations of offices and their access to transport systems partially determine their lettability. Due to the immovable nature of our buildings and the limited influence we have over their surroundings, it is essential for us to understand their connectivity to the urban fabric. For this reason, in 2018, we examined each building in our portfolio against the following criteria:

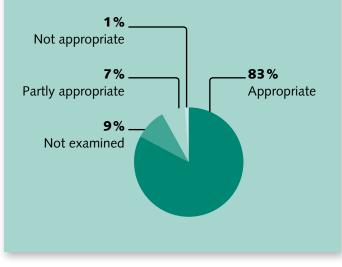
- distance to public transport (metro, bus, tram, bicycle-sharing, and ridesharing);
- distance to airports, railway stations, and highways;
- > access to electric vehicle charging stations;
- distance to food supplies, drugstores, pharmacies, banks, and cafés; and
- > distance to recreation areas.



The results of the study showed that 65.0 % of our portfolio has good to very good access to transportation systems and local supplies. This can mainly be attributed to the composition of our portfolio, with buildings situated in dense metropolitan areas. Furthermore, 44.1 % of our portfolio has an electric charging station less than 500 m away. To further support the transition to e-mobility, we currently examined our sites to apply EV charging stations for public use.



#### **Evaluation of portfolio's accessibility**



#### **BARRIER-FREE OFFICES**

We want every office user to feel comfortable in our premises. Thus, we aim to offer common areas that are safe for people with disabilities. To gain better insight into the disability friendliness of our portfolio, we examined our common areas under these criteria in 2016:

- > Easy access to the building
- > Accessible entrance areas and ramps
- Appropriately dimensioned circulation areas and corridors
- > Accessible stairs and elevators
- > Suitable handrails on stairs and ramps
- > Accessible doors and passages
- > Accessible sanitary spaces



Of 113 properties examined, the clear majority (83 %) met our criteria for barrier-free buildings, demonstrating that most of our buildings are appropriate for people with disabilities, and the remaining buildings can easily be modified. As today's portfolio of 118 buildings differs slightly from the portfolio size in 2016, we consider the results of this study still applicable.

OUR PEOPLE

# OUR PEOPLE

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alstria Sustainability Report 2018/19

Key Employee Figures

# **KEY** *EMPLOYEE* **FIGURES**



Key Employee Figures

# A TYPICAL ALSTRIA EMPLOYEE



## *Employee Growth and Development*

# EMPLOYEE GROWTH AND DEVELOPMENT

The expertise and commitment of our employees is what drives our business' success. At alstria, we make it our mission to offer employees an attractive, secure, and opportunity-rich working environment that enables high-quality performance. Only in this way, can we ensure that our talented people stay onboard for the long term.

#### HR AGENDA

Our HR Team of four highly skilled professionals is committed to guiding our employees in their career path and enhancing their well-being. The team's central goal is to ensure the company recruits the right talents, and these talents are nurtured and can thrive within the company. This requires the following:

- First, to align our employer branding to the market in order to attract talented professionals that match the company's culture.
- Second, to ensure we have a management culture that nurtures and promotes the right people.
- Finally, to retain good managers and employees and promote their commitment and enthusiasm for the company.

Our approach starts with transparent recruiting, an orientation program for new employees, continuous staff support and consulting, building of strong managerial skills, regular feedback sessions, annual performance appraisals and an annual employee survey.

#### LONG-TERM PERSPECTIVES

In 2018, we added 28 employees to our company, which translates into an increase of 23.1 % compared to the previous year. Our turnover rate was 4.7 %. Most of our employees (62.4 %) work in operating departments, including asset and property management, transactions and development. The rest (37.6 %) work in support departments, including finance and controlling, legal, accounting and office administration. We offer secure jobs and provide long-term career prospects, which is facilitated by the number of our permanent contracts. Of the total 149 employees in 2018, only 5.4 % worked under fixed-term contracts, mainly those in trainee positions.

We strive to allow our employees to grow in their current positions, and we devote time and resources training them to succeed in their new roles. When our employees' needs change or the opportunity arises, we encourage transfers to equivalent positions in different teams and promotion from within in the event of an in-house vacancy. In 2018, seven employees were internally promoted to senior positions.

#### Operations

> Real Estate Operations

**ALSTRIA'S TEAMS** 

- > Development
- > Transactions & Market Intelligence
- > Sustainability & Future Research
- > Coworking Business BEEHIVE

#### **Finance & Administration**

- Accounting & Reporting
- > Finance & Controlling
- ) IT
- > Legal
- > Investor Relations & Public Relations
- Office Administration
- Human Resources

#### **Competitive remuneration package**

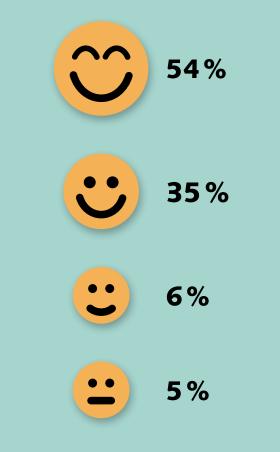
We offer competitive compensation plans to full and parttime employees. Our employment contracts are based on the principles of collective bargaining agreements in the real estate sector. alstria follows equal remuneration policies regarding women and men to comply with applicable German law. We offer, on a voluntary basis, an additional share-based compensation (so-called convertible profit participation program) as part of the overall remuneration package of our employees. This allows them to participate in the future success of the company and the development of its share price. Our employees began sharing the benefits of stock ownership in 2007, when the company became publicly listed. In June 2018, at the time of the last profit participation distribution, 73.1 % of employees were granted stock options.

#### **EMPLOYEE SURVEY**

We ask our employees annually to give us feedback on the effectiveness of our human resources practices. The first anonymous employee survey was conducted in 2018 and received a participation rate of 86.0%. The results of this survey showed the strong adherence of the company to non-discrimination policies and internal respect for fellow coworkers. It also highlighted areas of improvement, which included the internal communication and need for open dialogue.

Feedback is a two-way street, and this is why we make sure that all our employees receive personal feedback from their direct managers as part of the company's annual performance reviews.

# Employee identification with corporate identity



The employee survey is conducted every year. The first survey was conducted in 2018.

#### **RECRUITING AND EMPLOYER BRANDING**

Nearly all recruiting is handled in-house and guided by our HR team. Depending on the position, we use various recruiting channels, such as online / print advertisement, social media, direct contact at fairs and universities, and intranet for employee referrals. Our recruitment process usually involves three steps: a telephone interview and two on premises interviews. These interviews are attended by the future direct manager of the candidate, a team member and a member of the HR team. During the second interview, candidates are usually asked to work on a case study. At all stages of the recruitment process, we place great importance on objectivity and fairness toward the applicant. Our selection criteria are reviewed on a regular basis to ensure they are in line with the company's objectives and to avoid discrimination.

With a focus on young professionals, we have increased our presence at universities and continued supporting students in their academic work. In 2018, we invested a total of 130 hours and contributed to 11 academics theses. More than half of the students we engaged during their studies were offered a position at alstria.

#### **Young talents**

Trainee programs hold a special place in our corporate culture. They ease cooperation between different departments and long-term succession planning within the company. Therefore, we hire young professionals every year to complete a two-year program especially designed to provide hands-on experience with our real estate business. To select our trainees, we organize assessment days. On these days, participants can demonstrate their skills in various individual and group tasks, while gaining insight into our corporate culture and future areas of job responsibility. Since the program inception in 2013, we have hired 16 trainees; six now belong to our permanent staff. In addition, we support four apprenticeships.

#### Welcome on board

We warmly welcome our employees to their first day at work by introducing them to our office premises and our staff. Upon starting, each employee is assigned to an HR associate who remains available for any questions. The respective department is in turn responsible for providing employee– specific training and team building. To help new employees integrate faster, we organize onboarding sessions. During these days, we present our corporate values and provide specific training on our IT tools and internal procedures. Most importantly, the onboarding sessions offer networking opportunities for our new colleagues that help them settle in their new environment.



WELCOME BOOKLET

Employee Growth and



WHERE TO HAVE LUNCH ?

alstr

WOGENEN WIRESSENT VERHALTENS KODEX

BUILDING YOUR FUTURE



alstria's welcome package

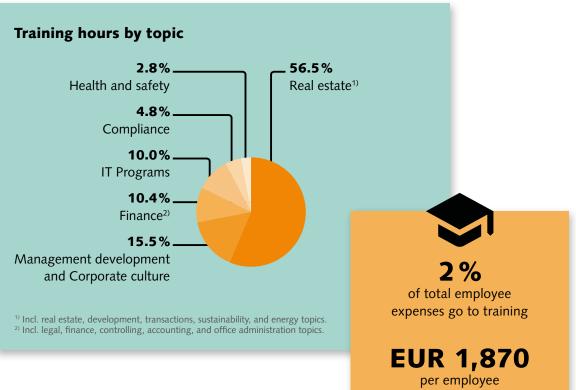
*Employee Growth and Development* 

#### TRAINING AND PERSONAL DEVELOPMENT

We offer our employees' a wide range of training opportunities to ensure they are equipped with the necessary skills to take on new challenges. During the annual appraisal meetings, employees build their individual training plans in collaboration with their managers and members of the HR team. Upon completion of a training program, every employee receives a comprehensive performance review by his/her superior.

In 2018, we focused on promoting our corporate culture and enhancing the leadership skills of our senior managers. This training made up 15.5% of the total number of training hours provided. Another highlight was our off-site team event. This event lasted two days and included presentations on the company's strategy and workshops, where employees could genuinely contribute with ideas to the company's future. A detailed breakdown of training topics appears in the following graphic.

In total, we invested EUR 278,619 on training, which represents an average of EUR 1,870 per employee – a decrease of 16.0 % from the previous year. This is attributed to the introduction and investment in team-building programs in the previous year. Each employee received an average of 35.8 hours of training (2017: 47.0 hours).



for training

*Employee Growth and Development* 



Most recently, we introduced a round of discussions held by our employees for our employees. We believe sharing knowledge and interesting stories across departments can increase our internal communication and build a stronger corporate culture. Some of the topics discussed in the period 2018–2019 are listed below:

- > Study on real estate corporate responsibility
- > Food coaching
- > Study on green, coworking spaces
- > Fit for alstria
- > How listed companies work for starters
- Cultural exchange Learning from the intercultural experiences of colleagues



alstria's two-day offsite event



alstria at EXPO REAL

# DIVERSITY AND INCLUSION

As modern society becomes more diverse in backgrounds and lifestyles, embracing an inclusive work environment is the only way going forward. The process of developing a diverse workforce starts with hiring talented people regardless of their origin and gender, promoting people based solely on their performance and having managers endorsing equal opportunities and respect.

#### NONDISCRIMINATION POLICY

All our employees have the right to be treated fairly and respectfully by their coworkers. Across the organization, alstria does not tolerate and, thus, seeks to prevent any form of discrimination. The company's respective policy prohibits discrimination of any individual on grounds of gender, age, ethnic group, skin color, nationality, social origin, sexual orientation, religion, ideology or disability.

Employees experiencing or witnessing any discriminatory incidents must report these to their manager and/or the compliance officer. Our external whistleblower hotline allows employees to anonymously and confidentially report any relevant breaches that they would feel uncomfortable reporting directly in the organization. Employees will face no sanctions due to reporting of incidents.

To ensure the company's no discrimination policy is understood and properly implemented, we offer regular infoevents and training as part of our overall compliance program. In 2018, no incidents of discrimination were reported.

#### GENDER DIVERSITY AND PAY GAP

We are committed to promoting gender diversity and increasing the representation of women in management positions. In 2018, 87 women and 62 men worked for alstria, reflecting a female-to-male ratio of 58.4 % to 41.6 %.

Although we firmly believe that candidates applying for any job position need to be selected based on their talent and not on their gender, we recognize our industry has a deficit of women in management positions. Our Management Board has, therefore, set a 30 % target quota for women in the first management level, and our Supervisory Board has assigned itself a similar target for its own composition. Both targets were overreached in 2018, with women covering 41.7 % of managerial positions and 33.3 % of Supervisory Board positions.

We consider that for equal work, equal pay for women and men is a given. In 2018, across the company women earned 36.2 % less than men (2017: 44.2 %). This number is, however, not representative of the pay gap at our company, as women and men are not occupying comparable positions.

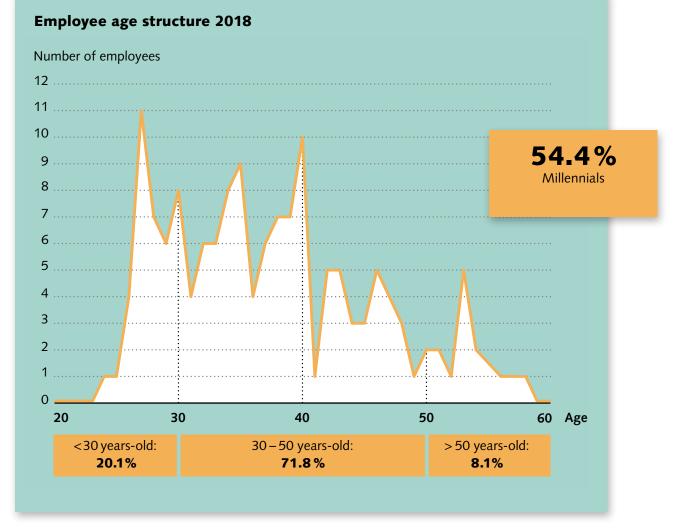


For us, a comparable position is one when two employees work for the same department and have analogous prior professional experience defined by the number of years of being employed. In this sampling limited to comparable positions, women earned 5.8 % more than men.

In 2018, the difference between the total compensation of the CEO and the median employee compensation was a multiple of 18.7.

#### AGE DIVERSITY

According to latest reports\*, millennials will be roughly 75% of the global workforce by 2025. As of 2018, 54.4% of our employees were millennials (i. e. born between the years 1981–1996). The average age of alstria's employees is 37. As the pension age and the number of years each employee works for the company increases, we expect to have four generations of people working together in the future. This new normal calls for flexibility and foresight in management. We, thus, respect and recruit employees regardless of age.



#### \*Forbes website 2019.

## **WORK-LIFE BALANCE**

Our employees are the backbone of our business, and their health is our priority. To preserve their health and performance, we provide medical care and comprehensive health and safety management, including work ergonomics and appropriate work systems. To help our employees balance work and personal life, we provide flexible work arrangements that allow them to tailor their working hours and locations to their personal needs.

#### HEALTH AND SAFETY MANAGEMENT

Our health and safety policy, which has applied consistently to our organization since 2010, supports

- > Meeting applicable legal requirements;
- Preventing occupational injury and reducing illness risks;
- Pursuing pollution prevention and resource conservation in our operations;
- Offering our employees training in health and safety topics; and
- Working closely with authorities, trade associations and institutions on these topics.

The improvement of occupational health and safety is the responsibility of the committee for safety at work, whose members are the Management Board, the security officer, a company doctor and an industrial safety expert. To ensure health and safety hazards are addressed in time, we conduct biannual health and safety audits in all corporate offices. Any risk identified during these audits is addressed by the health and safety committee, and corrective actions are taken to eliminate it.

Our employees receive training in health and safety practices upon hiring, which is organized by the security officer and complemented by annual updates. Each employee bears responsibility for following the health and safety policy and for reporting potential risks. We offer free participation in first aid courses every three years. In 2018, 9.4 % of our employees took part in these courses and hold first aid-certificates.



Weekly delivery of fresh fruits in our offices

to ILO standards.

\*\*AOK, Fehlzeiten-Report 2019.

\*Days are calculated on the basis of the average number of employees according

#### Work-life Balance

#### FAMILY SUPPORT

We support our employees balancing work and family responsibilities by offering part-time and job-sharing models. Upon returning to work, new parents are welcomed to choose their suitable working model with us, making sure that no part-time employee faces discrimination in terms of working conditions, salary, recruitment and training. In 2018, the number of employees working part-time remained the same as in the previous year at 19.5 %. One third of our employees leading a team work part-time as well.

For employees that have dependent family members, we offer a home-care model. This includes the possibility to reduce one's working time up to 20 hours a week for a period up to two years. During this period, the employee receives a pay deduction of a maximum of 25 %. After the end of the home-care period, the employee returns to his contractual agreed working time and continues to receive a deducted salary for as long as the home-care model was used.

**19.5%** of employees work part-time

#### **MEDICAL CARE**

To ensure our employees remain healthy, we support them with a yearly vaccine against influenza, vision care according to DGUV principle G37, business travel accident insurance and work-life service. All these measures contributed to a relative low absenteeism due to illness in 2018. It was 10.7 days per employee\* (2017: 10.9 days). This is 9.2 days lower than the German average of 19.9 days.\*\* In 2018, no fatality or accident occurred across the organization.

#### **FLEXIBLE WORKING**

Besides the statutory employee rights, we offer our employees trust-based working hours and mobile working possibilities. Each employee is free to arrange his/her working time with the manager in charge considering the business' needs. Our employees are also given the option to work off-site, for example at our co-working business BEEHIVE.

Such arrangements are mainly based on the nature of the work involved. In principle, most real estate operations include heavy communication with tenants, which results in managers working from the office. To ensure successful remote working, we equip our employees with laptops, mobile phones and remote access to the company's infrastructure and IT support around the clock.



#### COMFORTABLE WORKPLACE

Years of aspiration were brought together to design an office space that addresses the needs of its people and embraces the future of real estate. In March 2018, our head offices in Hamburg moved to a new building of cultural heritage, and alstria found its new home.

Our new offices meet the latest standards in flexible office design and follow the principles of thermal and visual comfort as well as noise control. They embrace an open culture defined by middle glass zones that serve as think tanks, lounges, nap areas, phone booths and recreational areas. To maintain a certain privacy, all think tanks feature a foil coating. Each office unit features adjustable-height desks for extra comfort, sound-absorbing privacy panels and furniture on wheels to allow employees to shape the space on their own terms. Our employees' well-beings are boosted through our new fitness room that accommodates modern shower facilities. We also offer free bicycle lots to make it easier for our employees to commute by bicycle. Finally, to support the use of e-mobility, we have installed four e-charging stations in our garage.

The design of our head offices is replicated in all our local offices in Germany and adjusted to the climate needs of the different regions, for example Stuttgart's offices are enhanced with cooling systems.





alstria's offices in Hamburg and Frankfurt

#### ATTRACTIVE CORPORATE BENEFITS

We offer our employees a wide range of benefits in addition to those for health and well-being. These are provided to all full- and part-time employees. Temporary employees are normally not eligible for the benefits outlined here.



#### PUBLIC TRANSPORT PASS

We contribute a monthly payment of EUR 44 for use of public transportation, limited to the cities where our offices are located.



## **COMPETITIVE VACATION PLAN** We offer 30 days of vacation, which is 33 % above statutory requirements.



### MEALS

We offer canteen options in our offices in Hamburg.



#### **TUITION GRANT**

Under certain conditions, we support employees' academic pursuits by paying tuition fees and offering flextime.



We offer employees who have been working

for more than five years at alstria the option of a sabbatical in agreement with their supervisor and HR.



**GIFTS** We give our employees gifts for their birthdays and weddings, as well as for childbirth.



#### **ELECTRICITY CONTRACT**

We offer a fair-price contract of renewable electricity for private use.



#### **FREE ACCESS TO COWORKING** Use of coworking BEEHIVE spaces.

#### COMPANY CARS



We provide company cars to managers, technicians and selected other employees, for example, those who must work off-site.



#### **PENSION PLAN**

In addition to the legally mandated social pension, we offer a voluntary company pension plan (excluding the Management Board). The company matches employee contributions up to a limit of EUR 1,320 per year.



### alstria Sustainability Report 2018/19

## **ETHICAL CONDUCT**

We expect our employees to act with integrity and comply with our business ethical standards. Only this way, can we maintain our good reputation and public trust. To systematically protect the company from compliance risks and promote ethical behavior among our employees, we have set up compliance mechanisms, including a code of conduct that applies across the whole company.

#### CODE OF CONDUCT FOR EMPLOYEES

#### **COMPLIANCE SYSTEM**

Our Management Board has built a compliance system to assure effective implementation of the group's ethical standards. These standards include a set of behavioral guidelines and codes of conduct for employees and service providers and are available on our website. Upon hiring, all employees receive as part of the welcome package a code of conduct of which they are asked to read and confirm acceptance in writing.

Compliance is monitored by coworkers and the company's compliance officer. The compliance officer presents a quarterly analysis of compliance risks to the audit committee of the Supervisory Board. The committee convenes several times per year and oversees the accounting and risk management processes, as well as compliance management and internal audits of the company. In addition, the compliance system is audited from time to time as part of the internal audit of the company. Our employees are encouraged to raise concerns about compliance with their direct managers or to the compliance officer. Employees can also use an external whistle-blower hotline, through which they can anonymously report any violations of the code of conduct or the company's internal guidelines. Our policy explicitly offers protection for whistle-blowers, and employees can face no sanctions as a consequence of reporting of incidents.

All new employees receive training regarding compliance upon hiring. Refresher courses are also provided each year to all employees. Updates to our existing policies are immediately communicated via the company's intranet. Finally, to increase understanding, we plan to enhance our code of conduct with vivid examples.

- > Group's commitment to protect human rights
- > Managing conflicts of interest
- Group's refusal to tolerate discrimination, harassment or intimidation in any form
- Zero tolerance of child and forced labor practices, right to freedom of association
- > Promotion of occupational health and safety
- > Environmental protection
- > Accountability for compliance to the code
- > Reporting potential misconduct

#### Q www.alstria.com/code-of-conduct

#### ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

By corruption, we mean the acceptance or granting of advantages that may unfairly influence business decisions. A possible failure to prevent corrupt behavior can have negative consequences not only for the perpetrator but also for the company's reputation in the market. In Germany, where alstria exclusively operates, the legal environment and business practices against corruption and bribery are binding and mature. In compliance with applicable laws, we have set the limit of gifts and hospitality that are accepted during any business relation between a company employee and any third party. This is communicated on our website and applies in extenso to suppliers that might be acting on behalf of alstria. Furthermore, we enable financial contributions to lobby groups, German political parties or individuals made by our employees on behalf of the company only in accordance with the law and following formal approval of the Management Board.

To protect the group from corruption risks, we have implemented an early-warning risk identification system that evaluates and monitors all associated risks at least on a quarterly basis. Compliance to anti-corruption practices is controlled by the compliance officer. In addition, we maintain a four-eyeprinciple as a control mechanism for most internal processes. In 2018, no incidents of corruption in relation to employees and business partners were officially reported to alstria.



# sound BUSINESS

Key Financial Figures Financial Performance Contribution to Communities Supply Chain Management

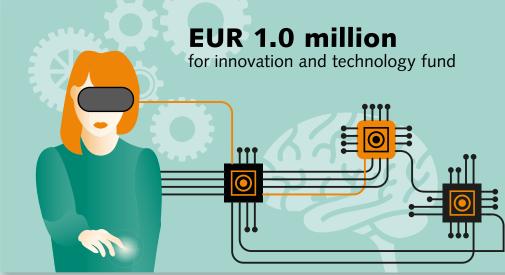
59 62 66

57

Key Financial Figures

# **KEY** *FINANCIAL* **FIGURES**

Reporting date: Dec. 31, 2018.





# EUR 99.8 million

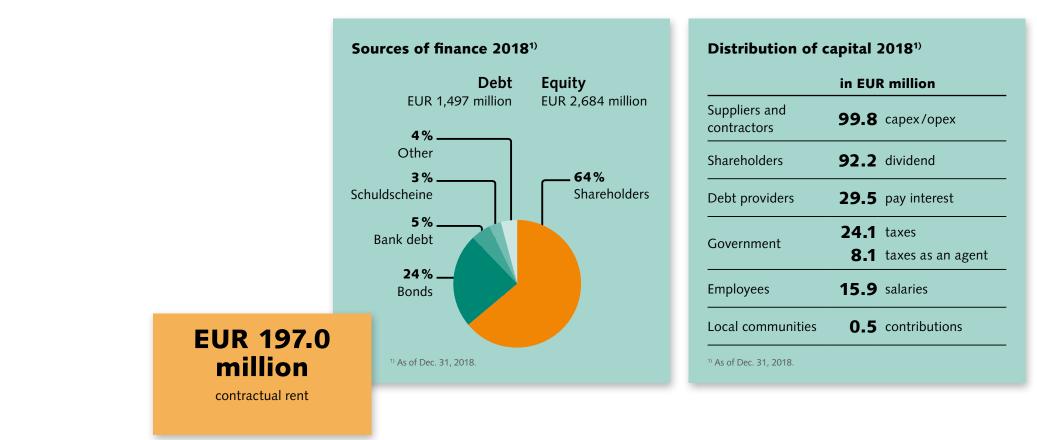
in combined investments to modernize the portfolio, thereby supporting

680 construction jobs



# FINANCIAL PERFORMANCE

Our strong financial performance allows us to invest in measures and technologies that can reduce the environmental impact of our building portfolio. Moreover, it enables the creation of new well-paying jobs and gives us the opportunity to contribute to the communities where we operate. At alstria, we have a long history of producing strong financial results and maintaining transparent financial reporting. We primarily report changes in the company's structure and financial performance in our annual report and the investor relations section of our website. In this report, we provide financial information that we consider particularly important for developing our sustainability strategy.



#### **INVESTMENT IN SUSTAINABILITY**

#### **Budget for energy efficiency**

One of our main objectives when we refurbish our buildings is the creation of an efficient office space and the reduction of energy consumption and utility costs for our tenants. In 2018, we invested EUR 99.8 million for the development and modernization of our portfolio.

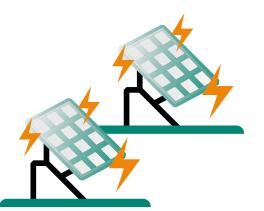
#### **Research and development**

We support fundamental research because we recognize the need to identify the future trends that we should incorporate into our analysis of our real estate portfolio. In 2018, we launched pilot projects for e-mobility and predictive data analytics but have yet to determine which solution suits our business best.

#### **Memberships and lobbying**

We invested EUR 36,142 in industry association memberships and EUR 35,000 in the activities of the ZIA, a German regulatory and economic lobby group that focuses on policy in the property sector. In 2018, we participated in several working groups, organized by the ZIA, aimed at the development of a decarbonization path for real estate in Germany.





#### CLIMATE CHANGE'S IMPACT ON OUR BUSINESS

#### **Climate opportunities**

Climate change can affect our business in a positive way, by generating several opportunities:

- Creating new services, such as our coworking business BEEHIVE – a digital patented solution that offers 24-hour access to an office space especially designed to fulfill customers' need for a temporary but sustainable office environment
- Testing modern technologies to improve our buildings' efficiency and, ultimately, boost the portfolio's rental potential
- > Extending the use of renewable energy
- Gaining a competitive advantage over our peers with transparent and clear communication on our environmental performance



#### **Regulatory risks**

After the Paris Agreement, Germany has adopted national climate targets that are expected to impose stringent obligations on the building sector by the year 2050. These will, in effect, amplify the need for more renovations per year. Failing to meet new climate regulations may result the decreased attractiveness of our assets, which may in turn lower their rental potential and, ultimately, decrease the company's revenues. Failing to meet new regulations may also increase the company's compliance costs, which may climb as high as EUR 1.5 and 6.0 million.

Our control process includes:

- Ongoing monitoring and compliance with applicable laws and standards
- Participation in industry bodies to promptly monitor emerging legislation



#### **Market risks**

Climate change has shaped our tenants' behavior in requiring a flexible office space often associated with energy-efficient solutions. Failing to respond to the growing demand for modern building services may reduce the attractiveness of our assets, which may subsequently decrease their rental potential. A possible 1 % decrease in our 2018 net rental income would represent a cost of around EUR 1.7 million.

#### **Physical risks**

Part of our portfolio is subject to extreme weather events that may weaken building structures and threaten our tenants' safety. The risk for alstria concerns the capital costs to repair a damaged structure and the operating costs resulting from reduced revenues due to business interruption. Moreover, it can increase insurance costs. This risk is estimated between EUR 1.5 and 6.0 million.

Our control process includes:

- Flexible layout designs that can be easily adapted to tenants' needs
- Extra services for tenants to run more efficient offices (e.g. Mieterstrompool, coworking spaces)
- > Development of all-in rental options

Our control process includes:

- Third-party risk assessments to determine which buildings may be vulnerable to extreme weather events and identify potential targets and needs for early prevention measures
- Coverage of the risk, to the extent possible in the insurance market, to mitigate any negative financial consequence of the risk crystalizing

# CONTRIBUTION TO COMMUNITIES

Through our daily operations and business contributions, we strive to enhance the quality of life in our local communities. We also work hard to ensure that our buildings are accessible to all members of the community. We are convinced that lasting economic success can only occur when we act responsibly in the environment and society surrounding us.

#### PRESERVE HISTORIC BUILDINGS

When the market presents us with a buying opportunity, we acquire historic buildings and take over their demanding restoration to maintain their cultural value. Particularly notable older buildings, when properly restored, can capitalize great returns on leases. In 2018, one-fifth of our portfolio was comprised of heritage buildings. Two buildings in our portfolio, located in Hamburg's Speicherstadt and its historic Kontorhaus District, are on the UNESCO World Heritage List.

During refurbishment on our Geesthof project (Besebinderhof 14, Hamburg) this year, we were astonished to find a well-preserved painting, mounted on the wall behind an old closet. The painting dates from the period 1925–1926 and is a work by the artist Otto Fischer-Trachau. Between 1909 and 1926, he designed many interiors of churches and public buildings in Hamburg. His style was expressionist-cubist and later on in his career tectonic and social realism. We believe that the reason behind the concealment of the painting is its own artistic style, as expressionism was banned during the Nazi period. Our intention is to restore it professionally and integrate it into the planning concept. In this way, future tenants and visitors of the Geesthof can enjoy this artwork for a long time to come.

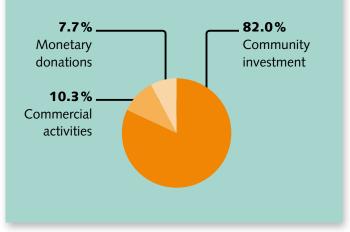


Historic painting from the 1920s found in alstria's development project Geesthof

#### CORPORATE CITIZENSHIP

Our activities in the area of corporate citizenship are divided into three main areas: monetary donations and in-kind donations; commercial activities (i. e. sponsorship and causerelated marketing); and community investment, which refers to beneficial leasing and collaborations for the common good.

#### **Total expenditure on corporate citizenship by type of activity 2018** EUR 0.52 million





#### Hamburg Towers sponsorship

For another year, we supported the basketball club Hamburg Towers by donating EUR 16,500. The club's purpose is to give younger people, especially those from challenging social backgrounds, the opportunity to be involved in sports activities and develop an attitude of fair play. In 2019, the team successfully moved to the first league, and we were there to celebrate with them!

#### **Monetary donations**

Every Christmas, our employees donate presents to support the causes of the non-profit organization, aladin, in Hamburg. This organization aims to better the upbringing of children who need assistance. In 2018, we also donated EUR 40,000 to support the rental agreement and the children's organization Straßenkinderprojekt KIDS, which was our former tenant.







#### **Support for communities**

In 2018, we offered discounted leases, representing an area of  $3,532 \text{ m}^2$ , to UNICEF and diverse cultural causes (e.g. theaters and galleries). We also paid for memberships to organizations that support the development of cities, such as the Urban Land Institute and the Interessengemeinschaft City Süd.

#### Support for the local bee population

We support biodiversity in the cities where we operate by offering several rooftops exclusively to local beekeepers to produce honey for alstria and its tenants. The latest addition is the rooftop terrace in Solmsstraße 27–32, Frankfurt, which hosts around 35,000 bees. The building's proximity to the green areas of the Rebstockpark and Palmengarten makes it ideal for pollen collectors and rewards us with fine honey!





Ihr habt die innovativste Idee? Das coolste Team? Den größten Mehrwert? Ganz egal, welchen Background euer Startup hat:

MAKE US FALL IN LOVE WITH YOU!



#### **BEEHIVE events**

BEEHIVE, our subsidiary, organizes regular free events in its spaces, on subjects that range from empowering women in businesses to helping young entrepreneurs set up their businesses. It also organizes start-up challenges that offer newly founded companies exposure to potential clients and investors. In total, BEEHIVE organized 14 events in 2018, in Hamburg and Frankfurt.

# SUPPLY CHAIN MANAGEMENT

We are aware that a significant amount of our impact on issues related to environmental and social responsibility derive from processes that, upstream or downstream, lie beyond our control. Our performance is therefore significantly dependent on our suppliers, service providers, and business partners. Asserting effective control over these groups is the only way to ensure that their actions do not harm, but instead benefit, our business reputation.

#### **OUR SUPPLIERS**

We have a highly diverse and locally based supply chain, with providers ranging from multinational companies to small businesses. This graphic shows the major third parties we work with in our operations and administration business processes.

#### **PRODUCTION SUPPLIERS**

- > Car providers
- > Building material companies
- Office furniture
- > Utility companies

#### SUPPORT SUPPLIERS

> Business consultants
> Analysts
> Auditors

#### **CAPACITY SUPPLIERS**

- > Builders and planners
- > Real estate agents
- > Due diligence consultants
- > Facility managers

#### SUPPLIER STANDARDS

We believe in shaping a sustainable future, together with our suppliers and business partners. Therefore, before starting a business relationship, we screen our suppliers and partners on the basis of certain criteria that may expose us to high compliance risks. These criteria include quality of service, price-performance relation, and environmental standards. The specific behavior expected from our suppliers is fully described in our supplier code of conduct, available on our website. To ensure that our suppliers follow the guidelines listed in the code of conduct, we plan to establish a whistleblower hotline for suppliers. The standards set out for our suppliers are regularly assessed by the Management Board and compliance officer of the company.

To better control those processes beyond our business boundaries, we have included a range of issues in our lease contracts, such as energy efficiency, waste recycling, and the use of eco-friendly materials. Moreover, we have enhanced our building contracts with provisions covering the protection of minimum wages.

#### **CODE OF CONDUCT FOR SUPPLIERS**

- Commitment to protect human rights across the supply chain
- Zero tolerance for child and forced labor practices among suppliers
- Compliance to basic labor rights, including minimum wage, among suppliers
- Promotion of occupational health and safety of workers
- > Compliance to environmental standards
- > Commitment to compete in a fair manner
- Management of conflicts of interest between alstria and suppliers
- Responsibility to report potential misconduct among suppliers
- Q www.alstria.com/code-of-conduct

**24.8%** of suppliers are in close proximity to our buildings

#### LOCALLY BASED SUPPLIERS

We engage third-party suppliers in our development projects and in the regular maintenance of our buildings. In 2018, we increased our investment to EUR 124.9 million in the refurbishment, development, and maintenance of our buildings. This investment supported 680 jobs in the construction sector. To support the local economy, we aim to engage, whenever possible, with local small- and medium-sized companies. In 2018, our locally based suppliers and contractors made up 24.8 % of our total hires.

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A - About this Report B - GRI Content Index C - Assurance Statement D - EPRA Sustainability Performance Measures Glossary Imprint

## **A – ABOUT THIS REPORT**

This is alstria's tenth sustainability report-a product we proudly publish every year in November with the intention of providing our readers comprehensive information about our company's sustainability approach and the progress made in environmental, social, and governance areas. This year is especially important for us as we celebrate 10 years of creating sustainable impacts on our sector. To mark this anniversary, we decided to update our visual identity and turn our printed products into digital products to better match our belief system.

#### **REPORTING PERIOD**

The reporting period is the 2018 calendar year. The effective day for all quantitative and qualitative data presented in this report is the 31st of December. However, we provide some facts that reflect decisions and events that occurred in 2019 so that our readers receive up-to-date information. To increase comparability from year to year, we usually provide results on the two most recent reporting years. To measure performance against our carbon emissions, we have established a base year (2013), which was the year we started applying significant measures to reduce our carbon emissions across the portfolio. Our sustainability report is publicly available on our website. The next sustainability report will be published on November 5, 2020.

#### **REPORTING SCOPE**

This report has been prepared in accordance with the GRI Standards: Core option. In addition, the report follows the real-estate-specific guidelines of the EPRA Sustainability Best Practices Recommendations Guidelines, third version. The statements made in this report refer to the group of consolidated companies in the 2018 alstria Annual Report. The selection of topics was based on the results of our materiality analysis issued in 2015. The scope of the report and the topic boundaries are, therefore, based on those in the Sustainable Report 2015 – except for the material topic 'workplace experience' that was added in 2018. No other restatements of the previous reporting year's data or information were made. The report also contains key performance indicators to allow for better measurement of our sustainability performance. References to the company's annual report or related websites are additionally provided when deemed necessary.

#### **Environmental information**

We provide figures for energy and water consumption as well as waste generation across the portfolio and our corporate offices. In addition, we report on our operations' total carbon footprint according to the Greenhouse Gas Protocol Corporate Standard. Unless otherwise stated, our figures do not include joint ventures. Buildings that underwent major redevelopment and those that were acquired or sold during the reporting year are not covered by this report.

#### **Social information**

We report on our employee-specific metrics in accordance with the GRI Standards 2016 and additional recommendations of the

EPRA social measures. Employee information provided in the chapter 'Our People' refers to permanent and temporary staff members unless otherwise stated. Graphics in this chapter can entail rounding of numbers to allow for a better representation of information.

#### **Finacial information**

All information covering alstria Group's consolidated financial statements is prepared in accordance with International Financial Reporting Standards and has received third-party assurance. For more information see alstria Annual Report 2018, pages 132 to 138.

#### **EXTERNAL AUDIT**

For the fourth consecutive year, we engaged an auditing firm to run a third-party assurance for all environmental and social data, as well as associated content presented in chapters 'Our Buildings' and 'Our People.' The EPRA Tables in Appendix D were also included in the assurance scope. The current report is verified by KPMG AG Wirtschaftsprüfungsgesellschaft.

# **B – GRI CONTENT INDEX**

	GENERAL DISCLOSURES		
Disclosure		References	Additional Information
GRI 102:	General Disclosures 2016		
	Organizational Profile		
102-1	Name of the organization	Page 4, Imprint: p. 95	
102-2	Activities, brands, products, and services	Page 4	
102-3	Location of headquarters	Page 5	
102-4	Location of operations	Page 5, Imprint: p. 95	
102-5	Ownership and legal form	Imprint: p. 95	
102-6	Markets served	Page 4	
102-7	Scale of the organization	Pages 4–5, 17–18, 41–42	
102-8	Information on employees and other workers	Pages 41–43	102-8a/b: Permanent employment contract: 141 employees (83 women, 58 men; 99 in head office, 42 in local branches). Fixed-term employment contracts: 5 employees (3 women, 2 men) all employed in head office. 102-8c: Full-time employees: 120 (60 women, 60 men). Part-time employees: 29 (27 women, 2 men). 102-8d: Total number of trainees: 5 (1 retained and 0 were released). Apprenticeships: 4. Employees with disabilities: 1. Temporary contractors: 0.
102-9	Supply chain	Page 66	
102-10	Significant changes to the organization and its supply cha	in Pages 66–67	
102-11	Precautionary principle or approach	Pages 6–10, 61 Annual Report 2018, p. 32, 41	We are fully aware of the environmental risks, impacting our business operations and we are deeply engaged to manage our business to reduce, avoid, or mitigate them. Throughout the whole report, we demonstrate how we apply the precautionary approach to our corporate strategy.
102-12	External initiatives	Pages 14, 34	
102-13	Memberships of associations	Pages 14, 60, 34	
	Strategy		
102-14	Statement from senior decision-maker	Pages 6–7	
102-15	Key impacts, risks, and opportunities	Pages 6–7, 19–23, 34–36, 60–61	
	Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Pages 48, 54–55	
102-17	Mechanisms for advice and concerns about ethics	Pages 12, 54–55, 67	

	GENERAL DISCLOSURES		
Disclosure		References	Additional Information
	Governance		
102-18	Governance structure	Page 12 Annual Report 2018, p. 145–155	
102-19	Delegating authority	Page 12	
102-20	Executive-level responsibility for economic, environmental, and social topics	Page 12 Annual Report 2018, p. 147–152	
102-21	Consulting stakeholders on economic, environmental, and social topics	Annual Report 2018, p. 147–149	
102-22	Composition of the highest governance body and its committees	Annual Report 2018, p. 145–155	
102-23	Chair of the highest governance body	Annual Report 2018, p. 145–155	
102-24	Nominating and selecting the highest governance body	Annual Report 2018, p. 145–155	
102-25	Conflicts of interest	Annual Report 2018, p. 144	No conflicts of interest concerning members of the Supervisory Board or Management Board arose during 2018 financial year.
102-26	Role of the highest governance body in setting purpose, values, and strategy	Page 12	
102-27	Collective knowledge of highest governance body	Page 12	
102-28	Evaluating the highest governance body's performance	Annual Report 2018, p. 151–154	
102-29	Identifying and managing economic, environmental, and social impacts	Page 12 Annual Report 2018, p. 32	
102-30	Effectiveness of risk management process	Annual Report 2018, p. 24–38	
102-31	Review of economic, environmental, and social topics	Page 12	
102-32	Highest governance body's role in sustainability reporting	Page 12	alstria's Management Board formally reviews and approves the sustainability report of the Company. Since 2017, the Company has in place a CSR committee at the Supervisory Board level, which overlooks also the processes around the report.
102-33	Communicating critical concerns	Annual Report 2018, p. 147–148, 151	Besides the formal process that alstria follows regarding its communication with the public, our share- holders can voice their concerns to alstria at the Annual General Meeting. Our employees can address their concerns to the Compliance Officer or make use of the hotline provided for this purpose.
102-34	Nature and total number of critical concerns		This information is confidential and is not communicated externally by alstria.
102-35	Remuneration policies	Annual Report 2018, p. 156–163	
102-36	Process for determining remuneration	Annual Report 2018, p. 156–163	
102-37	Stakeholders' involvement in remuneration	Annual Report 2018, p.147–149, 156–163	

	GENERAL DISCLOSURES		
Disclosure		References	Additional Information
102-38	Annual total compensation ratio	Pages 49, 89	
102-39	Percentage increase in annual total compensation ratio	Annual Report 2018, p. 156–163	102-39a: Percentage change in annual total compensation of highest paid individual (CEO alstria): 0.7%; Percentage change in annual total compensation of all employee categories: –0.5 %; Ratio of percentage change in annual total compensation of CEO to the company's average total compensation of all employees: 163.9%.
	Stakeholder Engagement		
102-40	List of stakeholder groups	Page 13	
102-41	Collective bargaining agreements	Page 44	Our employment contracts have been built upon the collective bargaining agreements in the real estate sector. The main differences between our contracts and collective bargaining ones are the flex- ible working models and our bonus payment. Most recommendations with respect to paid holidays, termination notice, retirement age, sick payment, travel expenses etc., are covered in our contracts.
102-42	Identifying and selecting stakeholders	Pages 13,15	
102-43	Approach to stakeholder engagement	Pages 13–15	
102-44	Key topics and concerns raised	Page 15	
	Reporting Practice		
102-45	Entities included in the consolidated financial statements	Page 69 Annual Report 2018, p. 68–69	
102-46	Defining report content and topic Boundaries	Page 9, Appendix A: p. 69	A complete overview of our materiality assessment findings and process is available at Sustainability Report 2015/16, p. 24 – 27. www.alstria.com/sr
102-47	List of material aspects	Page 9, Appendix A: p. 69	
102-48	Restatements of information	Page 9, Appendix A: p. 69	In 2018, we added 'workplace experience' to our business focus and to our materiality matrix. All other material topics remained unchanged since 2015. In 2016, we have changed the naming of some material topics to improve readability. For more information, please refer to page 96 of the Sustainability Report 2016. www.alstria.com/sr
102-49	Changes in reporting	Appendix A: p. 69	Changes refer to the addition of a new material topic to our business focus: workplace experience.
102-50	Reporting period	Appendix A: p. 69	
102-51	Date of most recent report	November 4, 2019	
102-52	Reporting cycle	Appendix A: p. 69	
102-53	Contact point for questions regarding the report	Imprint, p. 95	
102-54	Claims of reporting in accordance with the GRI Standards	Appendix A: p. 69	
102-55	GRI content index	Appendix B: p. 70–76	
102-56	External assurance	Appendix C: p. 77–78	

	TOPIC-SPECIFIC DISCLOSURES		
Disclosure		References	Additional Information
GRI 201:	Economic Performance 2016		
GRI 103:	Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pages 59–61	
103-2	The management approach and its components	Pages 59–61	
103-3	Evaluation of the management approach	Pages 59–61	
201-1	Direct economic value generated and distributed	Page 59–60	
201-2	Financial implications and other risks and opportunities due to climate change	Pages 60–61	
201-3	Defined benefit plan obligations and other retirement plans	Page 53	We provide detailed disclosures about our pension and retirement plans in our Annual Report 2018, p. 88.
201-4	Financial assistance received from government	Page 59	
GRI 203:	Indirect Economic Impacts 2016		
203-1	Infrastructure investments and services supported	Pages 37–38, 59–60, 62–65	
203-2	Significant indirect economic impacts	Pages 59–60, 62–65	
GRI 204:	Procurement Practices 2016		
204-1	Proportion on spending on local suppliers	Pages 59–60, 67	
GRI 205:	Anti-corruption 2016		
205-1	Operations assessed for risks related to corruption	Page 55	
205-2	Communication and training about anti-corruption policies and procedure	Pages 46, 54–55	
205-3	Confirmed incidents of corruption and actions taken	Page 55	In 2018, no incidents of corruption in relation to employees and business partners were officially reported to alstria.
GRI 206:	Anti-competitive Behavior 2016		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices		In 2018, alstria was not involved in any proceedings regarding violations of anti-trust legislation.
GRI 302:	Energy 2016		
GRI 103:	Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pages 19–24, 29, 31–32	
103-2	The management approach and its components	Pages 19–24, 29, 31–32	
103-3	Evaluation of the management approach	Pages 19–24, 29, 31–32	
302-1	Energy consumption within the organization	Pages 24–26, Appendix D: p. 81–87	7
302-2	Energy consumption outside of the organization	Pages 24-26, Appendix D: p. 81-87	7

Discloser         References         Additional Information           302-3         Encry Intensity         Pages 24-26, Appendix D: p. 81-87           302-4         Reduction of encry consumption         Pages 24-26, Appendix D: p. 81-87           GRI 303         Water 2016		TOPIC-SPECIFIC DISCLOSURES		
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306-2 Waste by type and disposal method Page 28, Appendix D; p. 85–86, 88	103-3	Evaluation of the management approach	Pages 24, 28	
	306-2	Waste by type and disposal method	Page 28, Appendix D: p. 85–86, 88	8

	TOPIC-SPECIFIC DISCLOSURES		
Disclosure		References	Additional Information
GRI 401:	Employment 2016		
GRI 103:	Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pages 43–45	
103-2	The management approach and its components	Pages 43–45	
103-3	Evaluation of the management approach	Pages 43–45	
401-1	New employee hires and employee turnover	Appendix D: p. 90	
401-2	Benefits provided to full-time employees that are not pro- vided to temporary or part-time employees	Page 53	We offer our employees a free vaccine against influenza. In 2018,12.1% of alstria's employees used this offer.
401-3	Parental leave	Page 51	<ul> <li>401-3a/b: In 2018, 11 employees took parental leave (8 women: 3 men).</li> <li>401-3c: In 2018, 3 women and 2 men returned to work after parental leave ended.</li> <li>401-3d: In 2018, 5 women and 1 man remained employed after their parental leave ended in 2017.</li> <li>401-3e: Retention rate of all employees that took parental was 86%.</li> </ul>
GRI 403:	Occupational Health and Safety 2016		
GRI 103:	Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pages 50–52	
103-2	The management approach and its components	Pages 50–52	
103-3	Evaluation of the management approach	Pages 50–52	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Pages 42,51, Appendix D: p. 91	403-2a: Absent days of all employees in 2018: 1,597 (women: 1,260, men: 338) on a basis of 251 working days and 139 employees according to ILO standards. Absent days of employees in head office: 1,291 on a basis of 101 employees. Absent days of employees in other local offices: 307 on a basis of 38 employees.
GRI 404:	Training and Education 2016		
GRI 103:	Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pages 43, 46–47	
103-2	The management approach and its components	Pages 43, 46–47	
103-3	Evaluation of the management approach	Pages 43, 46–47	
404-1	Average hours of training per year per employee	Pages 42, 46, Appendix D: p. 89	404-1a: In 2018, the total training hours for employees were 5,332 h (women: 2,976 h, men: 2,357 h); managers with leading responsibilities: 1,138 h; employees with non-managerial responsibilities: 4,194 h.
404-2	Programs for upgrading employee skills and transition as- sistance programs	Pages 46-47	Two employees took sabbatical in 2018.
404-3	Percentage of employees receiving regular performance and career development reviews	Page 44, Appendix D: p. 91	All employees at alstria have received annual appraisals.

	TOPIC-SPECIFIC DISCLOSURES		
Disclosure		References	Additional Information
GRI 405:	Diversity and Equal Opportunity 2016		
GRI 103:	Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Pages 48-49	
103-2	The management approach and its components	Pages 48–49	
103-3	Evaluation of the management approach	Pages 48–49	
405-1	Diversity of governance bodies and employees	Pages 41, 48–49, Appendix D: p. 8	9
405-2	Ratio of basic salary and remuneration of women to men	Pages 48-49, Appendix D: p. 89	
GRI 406:	Non-discrimination 2016		
GRI 103:	Management Approach 2016		
103-1	Explanation of the material topic and its Boundary	Page 48	
103-2	The management approach and its components	Page 48	
103-3	Evaluation of the management approach	Page 48	
406-1	Incidents of discrimination and corrective actions taken	Page 48	In 2018, no incidents of discrimination were reported.
GRI 407:	Freedom of Association and Collective Bargaining 2016		
407-1	Measures taken by alstria to support rights to exercise free- dom of association and collective bargaining	Page 44, 54, 67	alstria explicitly address the right for freedom of association and collective bargaining in its code of conduct for suppliers, which is available on the company's website.
GRI 413:	Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	Pages 57, 59, 62–65, 91	
GRI 419:	Socioeconomic Compliance 2016		
419-1	Non-compliance with laws and regulations in the social and economic area Our employees can exercise the full labour rights permitted by applicable German law, including freedom of association.		alstria is compliant to applicable laws and regulation as of 2018.

# **C – ASSURANCE STATEMENT**

Limited assurance report of the independent auditor regarding selected sustainability information

To the Management Board of alstria office REIT-AG, Hamburg

We have been engaged to perform an independent limited assurance engagement on the sections 'Our Buildings' and 'Our People' as well as the 'Appendix D – EPRA Sustainability Performance Measures – Environment' and 'Appendix D – EPRA Sustainability Performance Measures – Social' for the business year from January 1, 2018, to December 31, 2018, of alstria office REIT-AG (further: 'alstria'), in the Sustainability Report 2018/19 (further: 'Report') published under www.alstria.com/sr.

The legal representatives of alstria are responsible for the preparation of the Report in accordance with the Reporting Criteria. alstria applies the Principles and Standards of the Global Reporting Initiative (GRI) and the 'European Public Real Estate Association (EPRA) Sustainability Best Practice Recommendations Guidelines (Third Version)' (further: Reporting Criteria). This responsibility of the legal representatives includes the selection and application of appropriate methods to prepare the Report and the use of assumptions and estimates for individual qualitative and quantitative sustainability disclosures which are reasonable in the circumstances. Furthermore, this responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the Report in a way that is free of – intended or unintended – material misstatements.

# Independence and quality assurance on the part of the auditing firm

We are independent from the entity in accordance with the requirements of independence and quality assurance set out in legal provisions and professional pronouncements and have fulfilled our additional professional obligations in accordance with these requirements.

Our audit firm applies the legal provisions and professional pronouncements for quality assurance, in particular the professional code for German Public Auditors and Chartered Accountants (in Germany) and the quality assurance standard of the German Institute of Public Auditors (Institut der Wirtschaftsprüfer, IDW) regarding quality assurance requirements in audit practice (IDW QS 1).

#### **Practitioner's Responsibility**

Our responsibility is to express a conclusion based on our work performed within a limited assurance engagement on the disclosures within the sections 'Our Buildings' and 'Our People' as well as the 'Appendix D – EPRA Sustainability Performance Measures – Environment' and 'Appendix D – EPRA Sustainability Performance Measures – Social'. We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' published by IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance whether any matters have come to our attention that cause us to believe that above mentioned sustainability information for the period from January 1, 2018, to December 31, 2018, has not been prepared, in all material respects in accordance with the aforementioned Reporting Criteria. We do not, however, issue a separate conclusion for each sustainability disclosure. In a limited assurance engagement the evidence gathering procedures are more limited than in a reasonable assurance engagement and therefore less assurance is obtained than in a reasonable assurance engagement. The choice of assurance procedures is subject to the auditor's own judgement.

Within the scope of our engagement, we performed amongst others the following procedures:

 A risk analysis, including a media search, to identify relevant information on alstria's sustainability performance in the reporting period.

- Inquiries of personnel at Group level responsible for the content of the sustainability information to gain an understanding of the process for determining material aspects and respective boundaries.
- Evaluation of the design and implementation of the systems and processes for the collection, processing and control of selected sustainability information, including the consolidation of the data.
- Inquiries of personnel at Group level responsible for providing the data, carrying out internal control procedures and consolidating the data for the selected sustainability indicators included in our scope.
- Analytical assessment of data and trends which were consolidated on Group level.
- > Evaluation of selected internal and external documents.
- Assessment of the overall presentation of the selected sustainability information included in our scope.

#### Conclusion

Based on the procedures performed and the evidence received to obtain assurance, nothing has come to our attention that causes us to believe that the disclosures included in the scope of our assurance engagement for the business year from January 1, 2018, to December 31, 2018, published in the Report within the sections 'Our Buildings' and 'Our People' as well as the 'Appendix D – EPRA Sustainability Performance Measures – Environment' and 'Appendix D – EPRA Sustainability Performance Measures – Social', are, in all material respects not prepared in accordance with the Reporting Criteria.

# Restriction of Use/Clause on General Engagement Terms

This report is issued for the purposes of the Management Board of alstria office REIT-AG, Hamburg, only. We assume no responsibility with regard to any third parties.

Our assignment for the Management Board of alstria office REIT-AG, Hamburg, and professional liability is governed by the General Engagement Terms for Wirtschaftsprüfer (German Public Auditors) and Wirtschaftsprüfungsgesellschaften (German Public Audit Firms) (Allgemeine Auftragsbedingungen für Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften) in the version dated January 1, 2017 (https:// www.kpmg.de/bescheinigungen/lib/aab\_english.pdf). By reading and using the information contained in this report, each recipient confirms having taken note of provisions of the General Engagement Terms (including the limitation of our liability for negligence to EUR 4 million as stipulated in No. 9) and accepts the validity of the General Engagement Terms with respect to us.

Hamburg, October 30, 2019

#### **KPMG AG**

Wirtschaftsprüfungsgesellschaft

ppa. Mathias

Hell

alstria Sustainability Report 2018/19

# D – EPRA SUSTAINABILITY PERFORMANCE MEASURES

In this section, we provide a detailed picture of our sustainability performance based on the EPRA Sustainability Best Practices Recommendations Guidelines – third edition. Our focus remains, as always, on providing concise and transparent data. Similar to previous years, we continue to increase the level of disclosure and breadth of data sets. In the following tables, we present separately our performance against environmental, social, and governance measures. We also exhibit absolute and like-for-like measures as well as appropriate intensity indicators.

## EPRA-SPECIFIC TERMINOLOGY

#### **Absolute performance measures (Abs)**

Absolute performance measures (Abs) for environmental data represent the total consumption of the building portfolio for the full reporting year. Likewise, Abs of social data include the total number of employees for the full reporting year.

#### Like-for-like (LfL) performance measures

Like-for-like (LfL) performance measures for environmental data are complementary to the Abs measures. They allow a comparison of the consumption data for the same size of portfolio for the last two reporting years. Disclosure on an LfL basis better demonstrates a change in performance that is not affected by fluctuations in a portfolio's size (through acquisitions, disposals, and refurbishments). LfL measures are not used for social data; instead, absolute figures from the last two reporting years are provided to allow for comparison.

#### Intensity indicators (Int)

Intensity indicators (Int) for environmental data provide the amount of consumption per unit of a suitable denominator. Denominators usually used for office buildings are 'per lettable area' and 'per workstation' (one workstation equals 25 m<sup>2</sup> of office space). The main denominator chosen for building intensity indicators is per 'per lettable area'. This applies from the reporting year 2018 onwards. For reasons of comparability, we updated the intensity indicators of the previous reporting year (2017) accordingly. The denominator chosen for alstria's corporate offices' consumption is additionally 'per total number of employees' for the reporting year. Finally, denominators chosen for the greenhouse gas (GHG) emissions are additionally 'per total number of employees' and 'per open market value (OMV).' Likewise, denominators chosen for social data are "per total/average number of employees.'

## COVERAGE

In 2018, our portfolio included 118 buildings. However, we present the environmental performance for only 103 buildings, as by the end of the reporting year, 3 buildings were under construction, 6 were recently acquired, and 6 were sold. In LfL measures, we disclose buildings that have been consistently in operation for the most recent full two reporting years. In 2018, we employed 149 employees (including trainees). Interns, students, employees on parental leave, and employees released from their duties are excluded.

# DATA LIMITATIONS

#### **Environmental data**

Collecting consumption data from our buildings has never been an easy task. For a considerable part of our portfolio, namely the common areas and some tenant areas, we obtain consumption data in real-time by using smart meters. For the rest, namely all 'tenant-obtained' consumption, we obtain records from our tenants, over which we have no control or verification procedures. However, we choose to report all available data and make no estimates to fill gaps. The freeze date for the collection of our 2018 environmental data was the end of August 2019. Buildings for which data (2017) have been updated or corrected past the end of the previous freeze date (August 2018) are excluded from LfL comparisons.

Regarding water utilities, we usually submeter water exclusively to our tenants and can therefore report these data reliably. However, in the case of single-let buildings, water is directly obtained by our tenants; therefore, we must rely solely on their records.

Finally, regarding the generation of waste in our portfolio, we are able to report data with a certain reliability because information is collected and managed by an external waste management company (45 of 103 buildings). For the rest of the portfolio that has not yet been introduced to a waste management system, we choose not to disclose data.

## Social data

For the data associated with the pay gap between women and men, namely the EPRA 'Diversity pay' indicator, we compare the total remuneration of our female and male employees, which includes fixed salaries, bonuses, and stock options as well as the leasing of company vehicles. In addition, we provide the pay gaps between employees across the company who work in similar positions, have comparable prior work experience, and have the same number of years of experience.

For the data associated with employees' health and safety, namely the EPRA 'Employee health and safety' indicator, we calculate our employees' absent days as working days according to the Hamburg model. Employees who left the company during the reporting year are not considered.

# **GHG REPORTING**

Our GHG reporting follows the latest conversion factors from the GHG Protocol Corporate Standard. Specifically, we use the operational control approach and the global warming potential of the IPCC Fifth Assessment Report (AR5 – 100 year). To accurately report on our emissions, we use appropriate calculation tools provided by the GHG Protocol. To calculate emissions derived from district heating in our portfolio, we use GHG emission factors obtained by the Umwelt Bundesamt for the various federal states in Germany. We report on the carbon emissions of our operations by dividing them into three categories:

- Scope 1 emissions include direct emissions (Dir) that result from our company's vehicles and gas heating in our corporate offices.
- Scope 2 emissions include indirect emissions (Indir) that result from the consumption of electricity in the common areas of our multi-let buildings, as well as electricity and heating consumption from our corporate offices. Scope 2 emissions are further divided into location- and market-based emissions.
- Scope 3 emissions include indirect emissions (Indir) besides those covered in Scope 2. Scope 3 is an optional reporting category that allows for the reporting of all other indirect emissions, upstream and downstream, resulting from the company's operations. Scope 3 disclosure covers emissions arising from business travel, employee commuting, and energy consumption in tenant areas. Scope 3 emissions are further divided into location- and market-based emissions.

# **EPRA SUSTAINABILITY PERFORMANCE MEASURES – ENVIRONMENT PORTFOLIO**

Portfolio data		Total	portfolio	Offic	e portfolio	Ot		
	Units	2017	2018	2017	2018	2017	2018	
Number of applicable properties		97	103	91	98	6	5	
Open market value of applicable properties	EUR m	3,015	3,082	2,824	2,931	191	151	
Lettable area of applicable properties	m²	1,363,932	1,404,137	1,280,233	1,332,708	83,699	71,428	
Therof covered single-let properties		30	32	28	30	2	2	
Open market value of single-let properties	EUR m	1,299	1,283	1,193	1,177	106	106	
Lettable area of single-let properties	m <sup>2</sup>	595,952	590,230	548,636	542,914	47,317	47,317	
Therof covered multi-let properties		67	71	63	68	4	3	
Open market value of multi-let properties	EUR m	1,716	1,799	1,631	1,754	85	45	
Lettable area of multi-let properties	m <sup>2</sup>	767,980	813,906	731,597	789,795	36,382	24,111	

<sup>1)</sup>'Other' refers to the asset categories: nursing homes (3), parking (1), and hotel (1).

Environmental performance			Tot	al portfolio				Offic	e portfolio				Other	
	Units	2017	2018	2017	2018	Change	2017	2018	2017	2018	Change	2017	2018	Change
Total electricity consumption		Elec-	Abs	Elec-	LfL		Elec-/	Abs	Elec-	LfL		Ele	c-Abs/-LfL	
For landlord shared services	MWh	17,808	18,103	13,311	14,421	8.3%	17,476	17,775	13,008	14,093	8.3%	332	328	-1.1%
Thereof from renewable sources	MWh	17,481	18,103	12,986	14,421	11.1%	17,149	17,775	12,683	14,093	11.1%	332	328	
Proportion of renewable sources		98.2%	100%				98.1%	100%				100%	100%	
Number of applicable properties		63 of 67	67 of 71	55			60 of 63	65 of 68	53			3 of 3	5 of 5	
Lettable area of applicable properties (multi-let)	m²	738,853	766,398	606,8	01		702,471	742,286	582,6	589		36,382	24,111	
Coverage of lettable area		96.2%	94.2%	74.6	%		96.0%	94.0%	73.8	%		100%	100%	
(Sub)metered exclusively to tenants	MWh	n/a	n/a	n/a	n/a		n/a	n/a	n/a	n/a		n/a	n/a	
Total landlord-obtained electricity	MWh	17,808	18,103	13,311	14,421	8.3%	17,476	17,775	13,008	14,093	8.3%	332	328	-1.1%
Total tenant-obtained electricity	MWh	39,128	41,717	37,209	38,608	3.8%	39,115	41,475	37,209	38,608	3.8%	13	242	
Thereof from renewable sources	MWh	1,586	1,341	1,302	1,333	2.4%	1,586	1,341	1,302	1,333	2.4%	_	_	
Proportion of renewable sources		4.1%	3.2%				4.1%	3.2%				_	N/A	
Number of applicable properties		56 of 97	40 of 103	27			54 of 91	39 of 98	27	,		2 of 6	1 of 5	
Lettable area of applicable properties	m²	843,381	586.389	468,8	91		819,737	579,198	468,8	391		23,644	7,191	
Coverage of lettable area		61.8%	41.8%	33.4	%		64.0%	43.5%	35.2	%		28.2%	10.1%	

Environmental performance			Tot	al portfolio				Offic		Other				
	Units	2017	2018	2017	2018	Change	2017	2018	2017	2018	Change	2017	2018	Change
Total district heating consumption		DH&C	-Abs	DH&C	-LfL		DH&C	-Abs	DH&C	:-LfL		DH8	C-Abs/-Lf	L
For landlord shared services	MWh	n/a	n/a	n/a	n/a		n/a	n/a	n/a	n/a		n/a	n/a	
(Sub)metered exclusively to tenants	MWh	27,709	29,932	24,324	23,990	-1.4%	25,927	29,932	24,324	23,990	-1.4%	1,782	n/a	
Number of applicable properties		30 of 30	34 of 34	26			29 of 29	34 of 34	26	5		1 of 1	n/a	
Lettable area of applicable properties	m²	360,732	413,677	288,3	87		347,994	413,677	288,3	387		12,738	n/a	
Coverage of lettable area		100%	100%	69.7	%		100%	100%	69.7	'%		100%	n/a	
Total landlord-obtained DH&C	MWh	27,709	29,932	24,324	23,990	-1.4%	25,927	29,932	24,324	23,990	-1.4%	1,782	n/a	
Total tenant-obtained DH&C	MWh	18,117	16,657	15,803	16,657	5.4%	18,117	16,657	15,803	16,657	5.4%	n/a	n/a	
Number of applicable properties		12 of 17	10 of 18	10			12 of 15	10 of 16	10	)		n/a	n/a	
Lettable area of applicable properties	m²	266,178	238,381	238,3	238,381		266,178	238,381	238,3	381		n/a	n/a	
Coverage of lettable area		72.0%	62.7%	62.7	62.7%		82.6%	71.6%	71.6	%		n/a	n/a	
Total fuel consumption		Fuels-	Abs	Fuels-LfL			Fuels-	Abs	Fuels-LfL			Fuels-Abs/-LfL		
For landlord shared services	MWh	n/a	n/a	n/a	n/a		n/a	n/a	n/a	n/a		n/a	n/a	
(Sub)metered exclusively to tenants	MWh	30,171	30,677	28,269	28,871	2.1%	29,003	29,658	27,100	27,852	2.8%	1,168	1,019	-12.8%
Thereof carbon neutral by offsetting	MWh	25,993	26,892	23,289	26,892	15.5%	25,993	26,430	23,289	26,430	13.5%	-	462	
Proportion of carbon offsetting		86.2%	87.7%				89.6%	89.1%				-	45.3%	
Number of applicable properties		32 of 33	34 of 35	31			31 of 32	33 of 34	30	)		1 of 1	1 of 1	
Lettable area of applicable properties	m²	367,165	377,581	335,4	68		360,441	370,390	328,2	277		6,723	7,191	
Coverage of lettable area		97.1%	99.3%	88.2	%		97.1%	99.3%	88.0	%		100%	100%	
Total landlord-obtained fuels	MWh	30,171	30,677	28,269	28,871	2.1%	29,003	29,658	27,100	27,852	2.8%	1,168	1,019	-12.8%
Total tenant-obtained fuels	MWh	16,573	17,525	19,093	17,525	-8.2%	14,590	15,851	17,110	15,851	-7.4%	1,983	1,673	-15.6%
Number of applicable properties		11 of 15	7 of 13	7			10 of 14	6 of 12	6			1 of 1	1 of 1	
Lettable area of applicable properties	m²	182,422	153,473	153,4	73		165,502	136,552	136,5	552		16,920	16,920	
Coverage of lettable area		73.0%	71.4%	71.4	%		71.0%	68.9%	68.9	%		100%	100%	
Total energy consumption of building portf	olio MWh	149,505	154,610	138,008	140,072	1.5%	144,228	151,348	134,554	137,051	1.9%	5,278	3,262	-38.2%
Number of applicable properties		90 of 97	95 of 103				87 of 91	93 of 98				3 of 6	2 of 5	
Lettable area of applicable properties	m²	1,226,595	1,254,909				1,190,213	1,230,797				36,382	24,111	

93.0%

92.4%

89.9%

89.4%

Coverage of lettable area

33.8%

43.5%

Environmental performance			Tota	l portfolio		Offic	e portfolio			Other	
		Units	2017	2018	Change	2017	2018	Change	2017	2018	Change
Building energy intensity	Denominator		En	ergy-Int		En	ergy-Int		Er	nergy-Int	
For landlord shared services	lettable area	kWh/m²/year	24	24	-2.0%	25	24	-3.7%	9	14	49.2%
	workstation	kWh/ws/year	603	591		622	599		228	340	
(Sub)metered exclusively to tenants	lettable area	kWh/m²/year	80	77	-3.7%	79	81	2.8%	152	142	-6.5%
	workstation	kWh/ws/year	1,988	1,915		1,971	2,027		3,789	3,542	
Total landlord-obtained energy	lettable area	kWh/m²/year	94	91	-4.0%	95	92	-3.2%	90	56	-38.1%
	workstation	kWh/ws/year	2,362	2,266		2,367	2,291		2,255	1,397	
Total tenant-obtained energy	lettable area	kWh/m²/year	99	129	30.7%	99	131	32.2%	82	78	-4.0%
	workstation	kWh/ws/year	2,467	3,224		2,479	3,277		2,039	1,956	
Specific building energy intensity	Denominator		En	ergy-Int		En	ergy-Int		Er	nergy-Int	
Electricity intensity of building portfolio	lettable area	kWh/m²/year	48	50	4.9%	49	50	3.4%	9	24	150%
	workstation	kWh/ws/year	1,190	1,248		1,220	1,261		237	591	
Heating intensity of building portfolio	lettable area	kWh/m²/year	79	80	1.9%	77	79	3.5%	136	112	-17.7%
	workstation	kWh/ws/year	1,965	2,003		1,920	1,987		3,390	2,791	
Energy intensity of building portfolio	lettable area	kWh/m²/year	122	123	1.1%	121	123	1.5%	145	135	-6.7%
	workstation	kWh/ws/year	3,046	3,080		3,028	3,074		3,627	3,382	
Total greenhouse gas emissions			<u> </u>	HG-Abs			HG-Abs			HG-Abs	
Direct – Scope 1 (GHG-Dir-Abs)	location-based	tonnes CO <sub>2</sub> e	0	0		0	0		0	0	_
Indirect – Scope 2 (GHG-Indir-Abs)	location-based	tonnes CO <sub>2</sub> e	8,466	8,563	1.1%	8,308	8,408	1.2%	158	155	-1.6%
·	ons market-based	tonnes CO <sub>2</sub> e	-8,311	-8,563	3.0%	-8,153	-8,408	3.1%	-158	-155	-1.6%
	market-based	tonnes CO <sub>2</sub> e	155	0	-100%	155	-8,408	-100%	0	0	-1.0 %
Other indirect – Scope 3 (GHG-Indir-Abs)	location-based	tonnes $CO_2e$ tonnes $CO_3e$	34,522	35,875	3.9%	33,618	35,215	4.8%	904	660	-27.1%
-	ons market-based	tonnes CO <sub>2</sub> e	-6,019	-6,081	1.0%	-6,019	-5,987	-0.5%	0	-94	100%
	market-based	tonnes CO <sub>2</sub> e	28,503	29,794	4.5%	27,599	29,228	5.9%	904	566	-37.4%
Total Scope 1+2	location-based	tonnes CO <sub>2</sub> e	8,466	8,563	1.1%	8,308	8,408	1.2%	158	155	-1.6%
	market-based	tonnes CO <sub>2</sub> e	155	0	-100%	155	0	-100%	0	0	0%
Total Scope 1+2+3	location-based	tonnes CO <sub>2</sub> e	42,988	44,437	3.4%	41,926	43,623	4.0%	1,062	815	-23.3%
	market-based	tonnes CO <sub>2</sub> e	28,659	29,794	4.0%	27,755	29,228	5.3%	904	566	-37.4%
Ratio Scope 1+2 to Scope 3	location-based		28,659	23,794		24.7%	23.9%	-0.8 pp	17.5%	23.5%	
Natio scope $1+2$ to scope s	market-based		0.5%	23.9%		0.6%	23.9%		0%	23.5%	6.1 pp
	market-based		0.5%	0%	–0.5 pp	0.6%	0%	–0.6 рр	0%	0%	0.0 pp

Environmental performance			e portfolio		Other						
		Units	2017	2018	Change	2017	2018	Change	2017	2018	Change
GHG intensity from building energy consumption	Denominator		Gł	IG-Int		G	-IG-Int		(	GHG-Int	
For landlord shared services	lettable area	kgCO <sub>2</sub> e/m²/year	11.7	11.2	-4.4%	12.1	11.3	-6.2%	4.3	6.3	48.1%
	workstation	kgCO <sub>2</sub> e/ws/year	292	279		301	283		107	159	
(Sub)metered exclusively to tenants	lettable area	kgCO <sub>2</sub> e/m²/year	13.3	12.8	-3.4%	13.0	12.7	-2.0%	25.5	28.7	12.5%
	workstation	kgCO <sub>2</sub> e/ws/year	332	321		324	317		638	717	
Total landlord-obtained energy	lettable area	kgCO <sub>2</sub> e/m²/year	22.6	21.6	-4.8%	22.9	21.8	-4.9%	17.8	15.0	-15.6%
	workstation	kgCO <sub>2</sub> e/ws/year	566	539		572	544		444	375	
Total tenant-obtained energy	lettable area	kgCO <sub>2</sub> e/m²/year	31.4	43.7	39.3%	31.8	44.8	40.7%	17.2	18.8	9.0%
	workstation	kgCO,e/ws/year	784	1,092		795	1,119		431	470	

Environmental performance			Tota	al portfolio				Offic	e portfolio			Other		
	Units	2017	2018	2017	2018	Change	2017	2018	2017	2018	Change	2017	2018	Change
Total water consumption		Water-	Abs	Water	Water-LfL		Water-	Abs	Water-LfL			Ele	c-Abs/-Lfl	_
Total landlord-obtained & (sub)metered water	m³	220,104	261,120	195,123	206,292	5.7%	215,950	260,735	195,095	205,907	5.5%	4,126	385	-90.7%
Number of applicable properties		74 of 78	78 of 83	66			72 of 76	77 of 82	65			2 of 2	1 of 1	
Lettable area of applicable properties	m²	881,181	915,689	773,4	773,419		851,522	898,768	756,4	.99		29,659	16,920	
Coverage of lettable area		95.0%	95.4%	80.6	%		94.8%	95.3%	80.2%			100%	100% <b>100%</b>	
Total tenant-obtained water	m³	98,453	101,617	98,453	88,199	-10.4%	98,453	95,913	98,453	88,199	-10.4%	n/a	n/a	
Number of applicable properties		9 of 18	12 of 19	9			9 of 15	11 of 16	9			n/a	n/a	
Lettable area of applicable properties	m²	250,228	300,659	248,8	321		250,228	293,467	248,8	21		n/a	n/a	
Coverage of lettable area		57.4%	67.7%	56.0	%		65.5%	75.3%	63.9	%		n/a	n/a	
Rainwater collected	m³	633	719				633	719				n/a	n/a	

Total water consumption	m³	318,557	362,737	293,576 <b>294,491</b>	0.3%	314,403	356,648	293,548 <b>294,106</b>	0.2%	4,126	<b>385</b> –90.7%
Number of applicable properties		83 of 97	90 of 103	75		81 of 91	88 of 98	74		2 of 6	2 of 5
Lettable area of applicable properties	m²	1,131,409	1,216,347	1,022,240		1,101,750	1,192,236	1,005,320		29,659	24,111
Coverage of lettable area		83.0%	86.6%	72.8%		86.1%	89.5%	75.4%		35.4%	33.8%

Environmental performance					Tota	al portfolio		Off	fice portfolio			Other				
			U	nits	2017	2018	Change	2017	2018	Cha	nge	2017	2018	Change		
Building water intensity	De	enominator			v	Vater-Int			Water-Int			Wa	ter-Int			
Landlord-obtained & (sub)metered water	let	table area	m³/m²/y	ear	0.250	0.285	14.2%	0.254	0.290	14.	4%	0.140	0.023	-83.8%		
	w	orkstation	litres/ws/	day	17.1	19.5		17.4	19.9			9.593	1.558			
Tenant-obtained water	let	table area	m³/m²/y	ear	0.393	0.338	-14.1%	0.393	0.327	-16.	9%	_	_			
	w	orkstation	litres/ws/	day	26.9	23.1		26,9	22.4			_	_			
Water intensity of total building portfolio	let	table area	m³/m²/y	ear	0.282	0.298	5.9%	0.285	0.299	4.	8%	0.140	0.253	80.3%		
	w	orkstation	litres/ws/	day	19.3	20.4		19.5	20.5			9.593	17.297			
Environmental performance			Total p	ortfoli	io			Office	portfolio				Other			
	Units	2017	2018	201	17 <b>2018</b>	Change	2017	2018	2017	2018	Change	2017	2018	Change		
Total weight of waste by type		Waste-	Abs	Wa	ste-LfL		Waste-	Abs	Waste-LfL			Was	ste-Abs/-I	LfL		

Total weight of waste by type		Waste	-Abs	Waste-	LfL		Waste	-Abs	Waste-	-LfL		Waste	-Abs/-LfL
Waste for recovery	metric tonnes	824.6	731.4	612.0	552.5	-9.7%	699.6	731.4	612.0	552.5	-9.7%	125.0	_
Organic waste	metric tonnes	21.4	28.3	18.0	14.5	-19.4%	21.4	28.3	18.0	14.5	-19.4%	0.0	-
Paper/ Cardbord waste	metric tonnes	302.4	351.3	222.4	254.3	14.3%	274.1	351.3	222.4	254.3	14.3%	28.3	-
Residual waste	metric tonnes	374.9	345.9	323.9	341.6	5.5%	369.2	345.9	323.9	341.6	5.5%	5.7	_
Total waste created in operations	metric tonnes	1,523	1,457	1,176	1,163	-1.2%	1,364	1,457	1,176	1,163	-1.2%	159	-
Number of applicable properties		48 of 97	45 of 103	42			47 of 91	45 of 98	42			1 of 6	-
Lettable area of applicable properties	5 m <sup>2</sup>	516,606	569,844	447,32	24		503,867	569,844	447,3	24		12,738	-
Coverage of lettable area		37.9%	40.6%	31.9%	6		39.4%	42.8%	33.69	%		15.2%	_
Total weight of waste by disposal ro	oute	Waste-A	bs/-LfL				Waste-A	bs/-LfL				Waste	-Abs/-LfL
Recycling	metric tonnes	1,044.5	1,009.5			-3.3%	903.7	1,009.5			11.7%	140.8	_
Incineration with energy recovery	metric tonnes	457.4	345.9			-24.4%	439.2	419.0			-4.6%	18.2	-
Composting & Biogas	metric tonnes	21.4	28.3			32.3%	21.4	28.3			32.3%	0	-

Environmental performance			Tota	al portfolio		Offi	ce portfolio			Other	
		Units	2017	2018	Change	2017	2018	Change	2017	2018	Change
Proportion of waste by disposal route	Denominator		Was	te-Abs/-LfL		Was	te-Abs/-LfL		Wast	e-Abs/-LfL	
Recycling			68.6%	69.3%	0.7 pp	66.2%	69.3%	3.1 pp	88.5%	_	
Incineration with energy recovery			30.0%	23.7%	–6.3 рр	32.2%	28.8%	–3.4 pp	11.5%	-	
Composting & Biogas			1.4%	1.9%	0.5 pp	1.6%	1.9%	0.4 pp	0%	_	
Waste intensity of building portfolio (Waste-Int)	lettable area	kg/m²/year	2.687	2.108	-21.5%	2.462	2.108	-14.4%	12.485	_	

# EPRA SUSTAINABILITY PERFORMANCE MEASURES – ENVIRONMENT COMPANY

alstria's corporate offices data				
	Units	2017	2018	Change
Hamburg (Head office)	m <sup>2</sup>	1,668	2,397	43.7%
	employees	90	107	18.9%
Düsseldorf	m²	448	448	0%
	employees	14	17	21.4%
Frankfurt	m²	300	300	0%
	employees	10	10	0%
Stuttgart	m <sup>2</sup>	188	188	0%
	employees	7	9	28.6%
Berlin	m <sup>2</sup>	_	297	_
	employees	_	6	_
Total alstria's corporate offices	m²	2,604	3,630	39.4%
	employees	121	149	23.1%
Office area per employee	m²/empl	21.5	24.4	13.2%

## Environmental performance – alstria's corporate offices

	Units	2017	2018	Change
Total corporate electricity consumption			Elec-Abs	
In alstria's corporate offices	kWh	116,000	132,324	14.1%
Number of applicable offices		4 of 4	5 of 5	
Solar generation onsite and sold to the grid	kWh	2,274	2,564	12.8%
Ratio of solar energy to own offices' consumption		2.0%	1.9%	0.0 pp
Total corporate district heating & cooling consumption			DH&C-Abs	
In alstria's corporate offices	kWh	66,150	139,511	110.9%
Number of applicable offices		1 of 2	3 of 3	
Total corporate fuel consumption			Fuels-Abs	
In alstria's corporate offices	kWh	10,683	10,547	-1.3%
Number of applicable offices		1 of 1	1 of 1	
Total heating consumption	kWh	76,833	150,058	95.3%
Total corporate energy consumption	kWh	192,833	282,382	46.4%

Environmental performance – alstria's corpo	rate offices				
	Units	2017	2018	Change	
Corporate electricity intensity			Elec-Int		
Per employee	kWh/empl	958.7	888.1	-7.4%	
Per office area	kWh/m²	44.5	36.5	-18.2%	
Corporate heating intensity		Heating-Int			
Per employee	kWh/empl	792.1	1,136.8	43.5%	
Per office area	kWh/m²	41.4	47.2	13.9%	
Corporate energy intensity		Energy-Int			
Per employee	kWh/empl	1,750.8	2,024.9	15.7%	
Per office area	kWh/m²	85.9	83.6	-2.7%	

Total GHG emissions in alstria's corporate of	fices	C	GHG-Abs	
Direct – Scope 1	tonnes CO <sub>2</sub> e	2.2	2.1	-1.3%
Indirect – Scope 2	tonnes CO <sub>2</sub> e	9.7	20.4	110.9%
Total Scope 1+2	tonnes CO <sub>2</sub> e	11.8	22.5	90.4%
GHG intensity in alstria's corporate offices		(	GHG-Int	
Per employee	kgCO <sub>2</sub> e/empl/year	97.7	151,0	54.6%
Per office area	kgCO <sub>2</sub> e/m²/year	4.5	6,2	36.6%

Total corporate water consumption		v	Vater-Abs	
In alstria's corporate offices	m³	523	881	68.4%
Number of applicable offices		3 of 4	5 of 5	
Corporate water intensity		١	Water-Int	
Per employee	m³/empl	5.020	5.911	17.8%
Per office area	m³/m²	0.201	0.243	20.8%
Per employee per day	l/empl/day	12.9	16.2	25.5%
Rainwater collected, recycled and reused	m³	633	719	13.6%

Corporate waste from office activities		W	aste-Abs	
Paper consumption per employee	sheets/empl/day	17.5	11.8	-32.8%

Units	2017	2018	Change
	GHO	G-Dir-Ab	s
tonnes CO <sub>2</sub> e	16.0	15.2	-5.1%
tonnes CO <sub>2</sub> e	2.2	2.1	-1.3%
tonnes CO <sub>2</sub> e	18.1	17.3	-4.7%
	tonnes CO <sub>2</sub> e tonnes CO <sub>2</sub> e	GH0 tonnes CO <sub>2</sub> e 16.0 tonnes CO <sub>2</sub> e 2.2 tonnes CO <sub>2</sub> e 18.1	GHG-Dir-Ab           tonnes CO2e         16.0         15.2           tonnes CO2e         2.2         2.1

Total indirect GHG emissions -	- Scope 2	DH&C-Abs			
alstria's indirect energy consumption		tonnes CO <sub>2</sub> e	64.8	83.0	28.0%
Energy consumption of landlord shared services		tonnes CO <sub>2</sub> e	8,466	8,563	1.1%
Total Scope 2 emissions	location-based	tonnes CO <sub>2</sub> e	8,531	8,646	1.3%
GHG reduction from renewable	e sources	tonnes CO <sub>2</sub> e	-8,366	-8,625	3.1%
Proportion of renewable source	es in Scope 2		98.1%	<b>99.8</b> %	1.7 рр
Total Scope 2 emissions	market-based	tonnes CO <sub>2</sub> e	165.1	20.4	-87.7%
Total Scope 1+2 emissions	location-based	tonnes CO <sub>2</sub> e	8,549	8,663	1.3%
Total Scope 1+2 emissions	market-based	tonnes CO <sub>2</sub> e	183.3	37.7	-79.5%

Carbon emissions – alstria					
		Units	2017	2018	Change
Total indirect other GHG emissions	– Scope 3		GH	G-Indir-Al	os
Business travel		tonnes CO <sub>2</sub> e	109	141	29.2%
Employee commuting		tonnes CO <sub>2</sub> e	135	166	23.1%
Tenant energy consumption – landle	ord obtained	tonnes CO <sub>2</sub> e	9,752	10,161	4.2%
Tenant energy consumption – tenar	it obtained	tonnes CO <sub>2</sub> e	24,846	25,713	3.5%
Total Scope 3 emissions	location-based	tonnes CO <sub>2</sub> e	34,841	36,181	3.8%
GHG reduction from tenant renewa	ble electricity	tonnes CO <sub>2</sub> e	-754	-634	-15.9%
GHG reduction from carbon offsetti	ng, natural gas	tonnes CO <sub>2</sub> e	-5,265	-5,447	3.5%
Total GHG reduction from green pro	ocurement	tonnes CO <sub>2</sub> e	-6,019	-6,081	1.0%
Proportion of GHG reduction in Sco	ре 3		17.3%	16.8%	–0.5 pp
Total Scope 3 emissions	market-based	tonnes CO <sub>2</sub> e	28,823	30,100	4.4%
Total Scope 1–3 emissions	location-based	tonnes CO <sub>2</sub> e	43,390	44,844	3.4%
Total GHG reductions in Scope 1-3	3	tonnes CO <sub>2</sub> e	-14,385	-14,706	2.2%
Proportion of GHG reductions in Sco	ope 1–3		33.2%	32.8%	–0.4 pp
Total Scope 1–3 emissions	market-based	tonnes CO <sub>2</sub> e	29,006	30,138	3.9%
Ratio of Scope 1+2 in relation	location-based		24.5%	23.9%	–0.6 pp
to Scope 3	market-based		0.6%	0.1%	–0.5 рр

GHG intensities - Scope 1+2				GHG-Int
Scope 1 per employee		tCO <sub>2</sub> e/empl/year	0.150	<b>0.116</b> –22.6%
Scope 2 per employee	location-based	tCO <sub>2</sub> e/empl/year	70.504	<b>58.026</b> –17.7%
	market-based	tCO <sub>2</sub> e/empl/year	1.365	<b>0.137</b> –90.0%
Scope 1+2 per employee	location-based	tCO <sub>2</sub> e/empl/year	70.654	<b>58.142</b> –17.7%
	market-based	tCO <sub>2</sub> e/empl/year	1.515	<b>0.253</b> –83.3%
Scope 1+2 per total lettable area	location-based	kgCO <sub>2</sub> e/m²/year	5.445	<b>5.493</b> 0.9%
	market-based	kgCO <sub>2</sub> e/m²/year	0.117	<b>0.024</b> –79.5%
Scope 1+2 per total OMV	location-based	gCO <sub>2</sub> e/EUR/year	2.508	<b>2.811</b> 12.1%
	market-based	gCO <sub>2</sub> e/EUR/year	0.054	<b>0.012</b> –77.3%

GHG intensity – Scope 3				GHG-Int	
Scope 3 per employee	location-based	tCO2e/empl/year	287.944	242.825	-15.7%
	market-based	tCO2e/empl/year	238.202	202.014	-15.2%
Scope 3 per total lettable area	location-based	kgCO <sub>2</sub> e/m²/year	25.545	25.767	0.9%
	market-based	kgCO <sub>2</sub> e/m²/year	21.132	21.437	1.4%
Scope 3 per total OMV	location-based	gCO2e/EUR/year	11.555	11.741	1.6%
	market-based	gCO <sub>2</sub> e/EUR/year	9.559	9.768	2.2%

# alstria Sustainability Report 2018/19

Mobility data – alstria				
	Units	2017	2018	Change
Cumulative distance of company vehicles	km	67,324	65,132	-3.3%
Cumulative distance of business travels	km	918,977	1,381,789	50.4%
Number of all business trips		1,888	2,503	32.6%
Cumulative distance of employee commuting	km	887,794	1,093,234	23.1%

## Green building certificates – alstria

	Units	2017	2018	Change
Type and number of certified sustainable assets		С	ert-Tot	
BREEAM – good		2	1	0%
Coverage of total lettable area		1.2%	0.4%	
Leed – gold		1	1	0%
Coverage of total lettable area		2.2%	2.2%	
DGNB Redevelopment – gold		1	1	0%
Coverage of total lettable area		0.7%	0.7%	
BREEAM In-Use		4	2	-50.0%
Coverage of total lettable area		8.1%	3.5%	
Total number of assets with sustainability certifications		8	5	-37.5%
Coverage of total lettable area		12.2%	6.8%	

Construction waste – alstria				
	Units	2017	2018	Change
Total weight of waste by disposal route <sup>1)</sup>		Wa	ste-Abs	
Construction waste, mixed	m³	822	-	
Demolition waste, concrete, bricks	m³	328	-	
Demolition waste contaminated (asbestos)	m³	18	_	
Gypsym-based building materials	m³	211	_	
Insulating materials	m³	116	_	
Bituminus mixtures	m³	0	_	
Total volume of construction waste	m <sup>3</sup>	1,495	0	
Construction waste, mixed	metric tonnes	1,929	203	-89.5%
Demolition waste, concrete, bricks	metric tonnes	7,375	862	-88.3%
Demolition waste contaminated (asbestos)	metric tonnes	37	0	
Gypsum-based building materials	metric tonnes	3,780	214	-94.3%
Insulating materials	metric tonnes	301	47	-84.4%
Wood	metric tonnes	174	137	-21.2%
Mixed metals	metric tonnes	4	0	
Bituminus mixtures	metric tonnes	124	0	
Total weight of construction waste	metric tonnes	13,725	1,463	-89.3%

<sup>1)</sup>Construction waste is summarized either in volume or in weight, depending on how it is available to us. The data of both categories are seperated from each other, as we do not convert volume to weight or vice versa.

Return on carbon emissions (ROCE) – alstria				
	Units	2017	2018	Change
Scope 1+2 emissions, location-based	tCO <sub>2</sub> e	8,549	8,663	1.3%
Earnings before taxes (EBT)	kEUR	193,680	193,193	-0.3%
ROCE	tCO <sub>2</sub> e/EUR	44.140	44.842	1.6%

# **EPRA SUSTAINABILITY PERFORMANCE MEASURES – SOCIAL**

Employee gender diversity	A	ll Employees		Nor	n-Managemei	nt	Upp	er Manageme	ent	Man	agement Boai	rd
	2017	2018	Change	2017	2018	Change	2017	2018	Change	2017	2018	Change
Employees by gender	D	iversity-Emp		D	iversity-Emp		D	iversity-Emp		D	iversity-Emp	
Male	37.2%	41.6%	4.4 pp	34.9%	40.1%	5.3 pp	58.3%	58.3%	0.0 pp	100%	100%	0.0 pp
Female	62.8%	58.4%	–4.4 pp	65.1%	59.9%	–5.3 pp	41.7%	41.7%	0.0 pp	0%	0%	0.0 pp
Employees by age group	D	iversity-Emp		Diversity-Emp			Diversity-Emp			Diversity-Emp		
< 30 years	17.4%	20.1%	2.8 pp	19.3%	21.9%	2.6 pp	0%	0%	0.0 pp	0%	0%	0.0 pp
30–50 years	75.2%	71.8%	–3.4 pp	72.5%	70.1%	–2.4 pp	100%	91.7%	–8.3 pp	50%	50%	0.0 pp
>50 years	7.4%	8.1%	0.6 pp	8.3%	8.0%	–0.2 pp	0%	8.3%	8.3 pp	50%	50%	0.0 pp

Gender pay ratio	A	All Employees			Non-Management			Upper Management		
	2017	2018	Change	2017	2018	Change	2017	2018	Change	
Pay gap women to men	[	Diversity-Pay		Diversity-Pay			Diversity-Pay			
Average remuneration	-44.2%	-36.2%	8.0 pp	-29.9%	-25.4%	4.4 pp	-40.8%	-36.0%	4.8 pp	
Remuneration by same function	1.2%	5.8%	4.6 pp							

Employee training and development	Al	All Employees			Non-Management			Upper Management <sup>1)</sup>		
	2017	2018	Change	2017	2018	Change	2017	2018	Change	
Average hours of training per year	Er	Emp-Training		Emp-Training			Emp-Training			
All employees	47.0 h	35.8 h	-23.9%	48.8 h	32.8 h	-32.8%	31.8 h	54.2 h	70.2%	
Male employees	45.4 h	38.0 h	-16.4%							
Female employees	48.0 h	34.2 h	-28.7%							

<sup>1)</sup>For the 'Emp-Training' indicator, the category 'upper management' refers to Heads of departments reporting to the Board and all other managers with leading responsibilities.

New employee hires and employee									
turnover by gender	All employees			Male employees			Female employees		
	2017	2018	Change	2017	2018	Change	2017	2018	Change
New employees	Emp-Turnover		Emp-Turnover			Emp-Turnover			
Total number of new employee hires	26	39	50.0%	11	20	81.8%	15	19	26.7%
– in head office	18	27	50.0%						
– in other local offices	8	12	50.0%						
Rate of new employee hires	21.5%	26.2%	4.7 pp	9.1%	13.4%	4.3 pp	12.4%	12.8%	0.4 pp
Leaving employees	Er	mp-Turnover		Emp-Turnover			Emp-Turnover		
Total number of leaving employees	16	7	-56.3%	10	2	-80.0%	6	5	-16.7%
– in head office	11	5	-54.5%						
– in other local offices	5	2	-60.0%						
Rate of employee turnover	13.2%	4.7%	-8.5 pp	8.3%	1.3%	6.9 pp	5.0%	3.4%	–1.6 pp

New employee hires and employee										
turnover by age group	<	<30 years old			30–50 years old			>50 years old		
	2017	2018	Change	2017	2018	Change	2017	2018	Change	
New employees	Emp-Turnover			Emp-Turnover			Emp-Turnover			
Total number of new employee hires	10	16	60.0%	15	21	40.0%	1	2	100%	
Rate of new employee hires	8.3%	10.7%	2.5 pp	12.4%	14.1%	1.7 рр	0.8%	1.3%	0.5 pp	
Leaving employees	Er	np-Turnover		Emp-Turnover			Emp-Turnover			
Total number of leaving employees	7	1	-85.7%	8	5	-37.5%	1	1	0%	
Rate of employee turnover	5.8%	0.7%	-5.1 pp	6.6%	3.4%	-3.3 pp	0.8%	0.7%	-0.2 рр	

Employee health and safety			
	2017	2018	Change
Absentee rate	Н & 9	5 – Emp <sup>1)</sup>	
All employeees	4.3%	4.6%	0.3 рр
Male employees	2.1%	2.4%	0.4 pp
Female employees	5.8%	6.0%	0.2 рр
Employees in head office	4.4%	5.1%	0.7 рр
Employees in other local offices	4.5%	3.2%	–1.3 рр
Injury Rate, Lost Day Rate & Accident Severity Rate	0%	0%	0.0 pp
Work-related fatalities	0%	0%	0.0 pp

<sup>1)</sup> For the 'H & S - Emp' indicator, all figures are calculated by using the average number of employees in 2018 according to ILO requirements.

Employ	lee ne	rtorma	nce :	annra	aicale
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	2017	2018	Change
Percentage of employees who received annual appraisals	Emp-Dev		
All employees	100%	100%	0.0 pp
Male employees	100%	100%	0.0 pp
Female employees	100%	100%	0.0 pp
Employees with non-managerial positions	100%	100%	0.0 pp
Managers reporting to the board	100%	100%	0.0 pp

Asset health and safety assessments					
	2017	2018	Change		
Percentage of assets screened against health and safety issues	H&S-Asset				
Adhering to applicable health and safety legislation, we exami- ne the total portfolio for issues including: fire safety, legionella presence, accessibility standards, and contaminants. Each buil- ding is audited every three years.	30–60%	30–60%	0.0 pp		
Portfolio under development examined for hazardous substances and contaminants.	8.0%	9.4%	1.4 pp		

#### Asset health and safety compliance

	2017	2018	Change
Number of incidents	H&S-Comp		
Incidents of non-compliance with regulations and/or voluntary			
codes concerning helth and safety of our assets	0	0	0.0 pp
Fines, penalties or warnings	0	0	0.0 pp

Community engagement, impact assessments and development programmes				
	2017	2018	Change	
Number of assets where social and environmental programmes were implemented	Compty-Eng			
Buildings that are located closed to public transportation hub	55.0%	65.0%	10.0 pp	

# EPRA SUSTAINABILITY PERFORMANCE MEASURES – GOVERNANCE

#### Composition of the highest governance body (Gov-Board)

We provide a detailed disclosure about our Corporate Governance in our Annual Report 2018, p. 142–158

#### Nominating and selecting the highest governance body (Gov-Select)

We provide a detailed disclosure about our Corporate Governance in our Annual Report 2018, p. 142–158

#### Process for managing conflicts of interest (Gov-Col)

No conflicts of interest concerning members of the Supervisory Board or Management Board arose during 2018, Annual Report 2018, p.147

# GLOSSARY

#### Asset management

Value-driven management and/or optimization of real estate investments through letting management, refurbishment, repositioning, and tenant management.

#### BREEAM

A sustainability assessment method for master planning of projects, infrastructure, and buildings. It recognizes and reflects the value of higher performing assets across the built environment lifecycle, from new construction to use and refurbishment.

#### CDP

The Carbon Disclosure Project is a not-for-profit organization working to reduce greenhouse gas emissions and promote sustainable water use among businesses and cities. It aims to establish a global database for carbon emissions.

#### CO<sub>2</sub>

Carbon dioxide is a gas that is primarily produced through the combustion of fossil fuels and is believed to be the main cause of climate change.

#### CO<sub>2</sub>e

Carbon dioxide equivalent is a measure used to compare the emissions of various greenhouse gases based upon their global warming potential.

#### CSR

Corporate social responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders.

#### Code of conduct

A formal corporate statement including a company's values and business practices and its pledge to observe said values and practices.

#### Common areas

Amenities such as corridors, hallways, lobbies, and toilets provided for the comfort and use of all occupants in multilet buildings.

#### **Corporate governance**

The system by which business corporations are directed and controlled. A set of relationships between a company's management, its board, its shareholders, and other stakeholders.

#### DGNB

The DGNB Certification System is an international assessment of the sustainability of buildings and urban districts.

#### DJSI

The Dow Jones Sustainability Indices track the stock performance of the world's leading companies in terms of economic, environmental, and social criteria.

#### **Development portfolio**

Part of the real estate portfolio on which modernization/ renovation work took place during a reporting period.

#### **Due diligence**

An investigation or audit of a potential investment to confirm all material facts regarding a sale.

#### EPRA

The European Public Real Estate Association is an organization that promotes, develops, and represents the European public real estate sector.

#### EPRA sBPR

The EPRA Sustainability Best Practices Recommendations provide a consistent way of measuring the sustainability performance of listed real estate companies in Europe.

#### ESG

Environmental, social, and governance criteria are a set of standards for a company's operations that are used to screen potential investments. Environmental criteria consider how a company performs in stewarding the natural environment. Social criteria examine how it manages relationships with employees, customers, and the communities where it operates. Governance deals with a company's leadership, executive pay, and shareholder rights.

#### FFO

Funds from operations refers to the figure used by real estate investment trusts to define the cash flow from their operations. For alstria, FFO represents the operating result, excluding valuation effects and other adjustments such as for noncash expenses/income and nonrecurring effects.

#### Fair value (or open market value [OMV])

The estimated amount for which a property should be exchanged on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing, wherein the parties each acted knowledgeably, prudently, and without compulsion. External appraisers regularly review the fair value of alstria's investment properties.

#### **GHG Protocol**

The Greenhouse Gas Protocol establishes comprehensive, standardized global frameworks with which to measure and manage greenhouse gas emissions from private- and public-sector operations, value chains, and mitigation actions.

#### GRESB

The Global Real Estate Sustainability Benchmark is a forprofit organization that assesses real estate portfolios based on ESG criteria.

#### GRI

The Global Reporting Initiative is a network-based organization that releases widely used sustainability-reporting guidelines.

#### ISO 50001

This standard supports organizations in all sectors to use energy more efficiently through the development of an energy-management system. Certification to ISO 50001 is possible but not obligatory.

#### ISS-oekom

ISS-oekom is a rating assessing companies' ESG performance. It is an investment product that emerged from the addition of oekom research AG to the Institutional Shareholder Services Inc..

#### kWh/MWh

A kilowatt/megawatt hour is a unit of energy.

#### Like-for-Like (LfL)

Like-for-Like measures allow consumption to be compared for the same size of portfolio over the two most recent reporting years. Disclosure on a like-for-like basis better demonstrates performance changes that are not affected by fluctuations in a portfolio's size (through acquisitions, disposals, or refurbishments).

#### Location based

A method that the Greenhouse Gas (GHG) Protocol introduced that uses an energy regional grid's factor data to calculate emissions.

#### Market based

A method that the GHG Protocol introduced that reflects emissions calculated after deduction from renewable energy procurement.

#### **MSCI ESG**

A provider of sustainability analyses and ratings in the area of environment, social affairs, and corporate governance. MSCI sustainability ratings show the extent to which companies are exposed to specific ESG risks and what strategies they have implemented to manage these risks.

#### Multi-let building

A building or a group of buildings with a mixed tenant-structure. These buildings consist of common areas and exclusively leased areas. Necessary utilities for operation are usually obtained by the landlord, which are then either allocated to the common areas or sub-metered to tenants. Tenants directly obtain electricity due to legal requirements.

#### Office building

A property where at least 75% of the lettable area is destined for office use (disregarding potential ground-floor retail).

#### **Opex (Operating expenditure)**

Maintenance costs of buildings that are not capitalized but are immediately recognized in the income statement.

#### **Property management**

The management of real estate assets, including the processes, systems, and manpower required to manage a building's life cycle.

#### R&D

Research and development.

#### **RE100**

A global corporate leadership initiative bringing together influential businesses committed to using 100% renewable electricity.

#### REIT

A real estate investment trust is a publicly listed, fully tax-transparent company that solely invests in properties.

#### Roadshows

Corporate presentations to institutional investors.

#### SDGs

The Sustainable Development Goals were adopted by all United Nations Member States in 2015 as a universal call to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity by 2030.

#### Single-let building

A building or a group of buildings leased to only one tenant. In most cases, these buildings are leased from large companies as head offices or by the public sector. Tenants usually obtain the associated utilities required for operation.

#### Stakeholder

An individual, community, or organization that affects (or is affected by) some aspect of an organization's products, operations, markets, industries, and outcomes.

#### Supervisory board

One of the three executive bodies of a joint stock company, alongside the annual general meeting and management board. Appoints, advises, and oversees the management board in its duties.

#### Transparency

A principle that allows those affected by administrative decisions, business transactions, or charitable work to know the relevant basic facts and figures as well as the relevant mechanisms and processes. It is the duty of civil servants, managers, and trustees to act visibly, predictably, and understandably.

#### UNESCO

The purpose of the United Nations Educational, Scientific and Cultural Organization is to contribute to peace and security by promoting international collaboration through education, science, and culture in order to further universal respect for justice, the rule of law, human rights, and the fundamental freedoms proclaimed in the UN Charter.

#### UNICEF

The United Nations Children's Fund is an agency created by the United Nations General Assembly in 1946, which is concerned with improving the health and nutrition of children and mothers worldwide.

#### Vacant space

The sum of all lettable space that is unoccupied or offered for lease at the end of a calendar year.

#### ZIA

The German Property Federation is a regulatory and economic lobby group for policy in the property sector.

# BUILDING YOUR FUTURE

Further sustainability information www.alstria.com/sr

Sustainability Report's 2018/19 project team

Elisavet Panteli, Robert Kitel, and Teresa Henkel

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