

Sustainability Report

for the calendar year 2020

1 January 2020 to 31 December 2020

Content

- 1 Foreword of the Management Board 1
- 2 A sustainable business model 2
- 3 Sustainability as part of the corporate strategy..... 4
 - 3.1 Environment "E" 4
 - 3.2 Social "S" 5
 - 3.3 Governance "G" 5
- 4 Sustainability reporting according to EPRA..... 7
 - 4.1 Organisational Boundries 7
 - 4.2 Reporting period 7
 - 4.3 Coverage..... 8
 - 4.4 Use of standardised performance measures 9
 - 4.5 Estimations 9
 - 4.6 Segmental analysis 10
- 5 EPRA sBPR performance measures and explanations..... 11
 - 5.1 Environmental performance measures of DKR real estate portfolio..... 11
 - 5.2 Environmental performance measures of headquarters..... 13
 - 5.3 Social performance measures 14
 - 5.4 Governance 16
- 6 Perspective 18
- Appendix..... 19

1 Foreword of the Management Board

Dear shareholders and business partners,

Dear Sir or Madam,

Deutsche Konsum REIT-AG ("DKR") has recorded consistently strong, value-adding growth since commencing operations in 2014. The company now holds a real estate portfolio of retail properties for daily needs in 173 locations in Germany with a rental area of approx. 1,023,000 m², which currently generates annualised rents of approx. EUR 73 million and is valued at around EUR 1 billion (as of 30 June 2021). On the stock exchange, DKR has now reached a market capitalisation of approx. EUR 500 million. In addition, DKR currently employs 35 internal and external staff (as of 30 June 2021).

In the last calendar year, we presented for the first time a report on ecological ("E"), social ("S") and corporate governance ("G") aspects ("ESG Report") and thus committed ourselves to sustainable corporate development. We would like to continue this course by presenting to you, ladies and gentlemen, the development of the company in the last calendar year in the area of sustainability on the basis of our second "ESG Report".

As a long-term and defensively oriented owner of local supply properties, it is part of our DNA to act sustainably, both economically and ecologically, and to find a suitable balance between both objectives. In addition, we are committed to using the manpower and financial resources provided by our employees and shareholders in a responsible manner. In this respect, as the DKR Board of Management, we are committed to sustainable corporate management.

Potsdam, October 2021,

With kind regards,

Rolf Elgeti
CEO

Alexander Kroth
CIO

Christian Hellmuth
CFO

2 A sustainable business model

Deutsche Konsum REIT-AG, based in Broderstorf, is a REIT ("Real Estate Investment Trust") specialising in retail properties for daily use. The company's shares (ISIN DE000A14KRD3) are traded in the Prime Standard of Deutsche Börse. The steadily growing retail portfolio is located exclusively in Germany and currently comprises 173 properties with a lettable area of more than 1,000,000 m².

The corporate strategy is long-term and defensive. It is based on sustainable portfolio management of retail properties for everyday consumer goods ("basic retail"). The focus is on good micro-locations in regional areas and medium sized cities across Germany, where market prices are more stable than in the major cities. By investing in real estate that is not of interest to large institutional and small private investors, DKR invests in a niche with an attractive risk/reward profile. As a result, it has so far been able to achieve annual initial returns of between 9% and 10%. The growing number of individual locations also results in an increasing risk diversification of the overall portfolio.

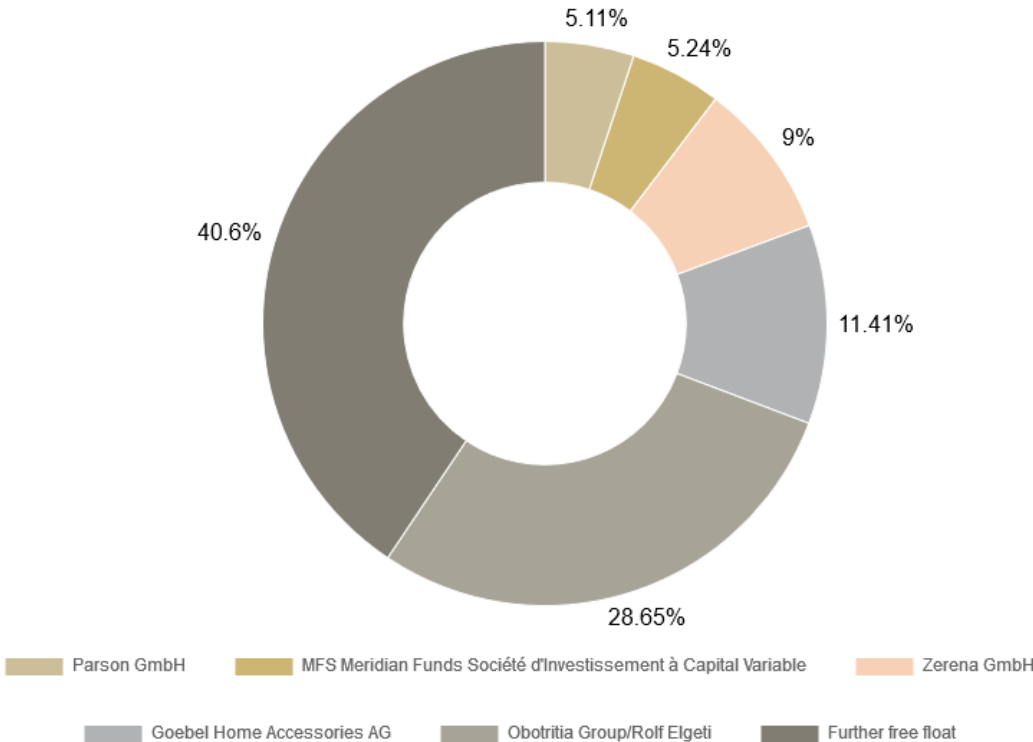
Currently, the company considers almost 80% of the rental income to be non-cyclical and highly sustainable. DKR's largest tenant group is made up of well-known and very creditworthy food retailers, which generate almost 44% of the portfolio rent. Among the non-cyclical tenants, DIY stores follow, representing approx. 14% of rental income, and so-called non-food discounters, which account for a good 9% of rental income. They are followed by other non-cyclical tenants (e.g. housing or the public sector), which also account for a good 9% of the portfolio rent, and the healthcare sector, which generates more than 4% of the company's total rent. Less than 20% of the portfolio rent comes from cyclical retail tenants, which can be assigned to the electronics, textiles, furniture or gastronomy sectors, for example. Despite the Corona lockdown, the overall rental income ratio is high, averaging 98%.

A professional asset and portfolio management of the properties adds additional value. The goal is to retain tenants while increasing the value of the properties over the long term.

At the same time, DKR is taking advantage of the currently very investor-friendly financing environment. Thus, the refinancing of individual retail properties will usually be at very low interest rates. The cost of borrowing is currently on average 1.9% p.a. Other sources of financing include raising equity on the capital market and issuing secured as well as unsecured debt instruments.

The combination of the very simple and low-cost corporate structure and the advantages of the REIT status results in attractive and sustainable dividend distributions for shareholders.

DKR's shareholder structure is as follows and is characterised by a high degree of stability (30 September 2020):



Total number of voting rights: 35,155,938

Free Float as defined by Deutsche Börse AG: 40.60%

Obotritia Group: 27.94%

As of 30 September 2021

3 Sustainability as part of the corporate strategy

As a sustainably and responsibly operating real estate company, DKR has set itself the target to bring economic activity in line with ecological and social responsibility. DKR bases its sustainability activities on the national and international sustainability standards and guidelines of the Global Reporting Initiative (GRI), the European Real Estate Association (EPRA) and the "Zentraler Immobilien Ausschuss" (ZIA). DKR also follows the recommendations of the Government Commission on the German Corporate Governance Code.

How the issue of sustainability is handled at DKR in relation to the individual "ESG" topics is shown below.

3.1 Environment "E"

Real estate portfolio

After the acquisition of purchased properties, existing supply contracts are reviewed to identify potential for savings and sustainability. An essential factor is the purchase of electricity. In many cases, the energy supply of the individual properties can be switched to an environmentally friendly electricity supplier with whom a framework agreement exists for the supply of sustainably produced electricity for the DKR portfolio. This switch of the energy supply to "green" electricity from renewable energy sources alone will thus already save a large proportion of CO₂ emissions.

Furthermore, a few of the properties on the portfolio use a part of their roof areas to operate photovoltaic systems. The CO₂-neutral electricity that is produced is either used directly by the tenants of the respective buildings or fed into the general power grid. Due to the strong growth of the real estate portfolio, the use of additional roof areas has great potential to increase the profitability of the buildings and reduce greenhouse gas emissions.

The EU Directive of 30 May 2018 on the Energy Performance of Buildings includes sections on the promotion of e-mobility. The Act on the Construction of a Building-Integrated Charging and Line Infrastructure for Electric Mobility ("Gebäude-Elektromobilitätsinfrastruktur-Gesetz" - GEIG), which was passed on 24 March 2021, stipulates that a charging point for electric vehicles must be installed on non-residential buildings (existing properties) with more than 20 parking spaces by 1 January 2025.

Because DKR's retail properties are primarily accessed by car, the importance of e-mobility is growing for customers as well as landlords. Owners and landlords are making an indirect contribution to reducing greenhouse emissions by supporting e-mobility and installing e-charging points at retail properties of the DKR portfolio. At the same time, these sustainability features are a way of maintaining the attractiveness and sustainability of the retail locations, which is correspondingly important for the tenants.

In addition, the strict regulations of the Energy Saving Ordinance ("Energieeinsparverordnung" - EnEV) must be observed for any large-scale modernisation and revitalisation as well as for new constructions. This ensures a high degree of efficiency improvement in energy consumption. For example, within the DKR portfolio, a newly built supermarket building in Bitterfeld has a Green Building certification.

Headquarters

DKR also uses a CO₂-neutral energy supply for the offices in its headquarters and energy-saving technologies, such as LED lighting and a modern, energy-efficient IT infrastructure. Furthermore, recycled paper is used for all printed matter, and multipage and duplex printing ensures the smallest possible print volume.

Additionally, business trips are reduced to a minimum and meetings are replaced by virtual conferences where possible. In addition, air travel will be replaced by climate-friendly train travel where possible. Employees are encouraged to use public transport for their way to work. A low-consumption pool vehicle is available for trips to property visits, which is used by several employees.

3.2 Social "S"

Health and Security

DKR guarantees occupational safety and ergonomic working conditions for its employees. To ensure this, regular workplace inspections are carried out by DEKRA. In addition, there are inspections and training courses regarding fire protection and first aid measures.

DKR also offers its employees additional benefits, such as group accident insurance for employees with 24-hours coverage for occupational, travel and leisure accidents. There is also extensive insurance coverage for the use of the pool car and provision of free drinks at the workplace.

Diversity

When recruiting personnel, DKR also pays attention to diversity and strives to achieve a balanced mix of suitable male and female applicants. Nevertheless, the decisive criteria for filling positions are qualification and suitability, irrespective of gender.

3.3 Governance "G"

DKR is guided by the latest recommendations of the German Corporate Governance Code ("GCGC") and, in accordance with Article 161 of the German Stock Corporation Act, issues annual declarations of conformity, which are accessible on the website. DKR also complies a large proportion of the recommendations, if they can be applied meaningfully.

DKR strives to achieve the highest possible degree of transparency in its reporting. As a result, DKR shares have been listed voluntarily for over four years in the Prime Standard, the highest transparency level of Deutsche Börse AG. This includes the publication of regular annual and quarterly financial statements in German and English within the periods stipulated by the stock exchange regulations. In addition, DKR makes all relevant data for each individual property in its real estate portfolio available on its website on an ongoing basis.

Given its status as a REIT, DKR is also obliged to comply with the REIT criteria under the German REIT Act, which lays the foundations for sustainable investment, particularly in terms of free float, debt ratio and dividend distribution.

As an EPRA member, DKR supports EPRA's transparency and comparability initiative and publishes all relevant EPRA key figures in accordance with the guidelines. DKR has received two silver awards for the last three annual reports and most recently the gold award.

4 Sustainability reporting according to EPRA

The European Public Real Estate Association (EPRA) is a non-profit organisation that represents the interests of European listed real estate companies and uses guidelines which promote uniform and easily comparable reporting. As an EPRA member, DKR feels obliged to prepare its sustainability report in accordance with the Best Practices Recommendations for Sustainability Reporting (EPRA sBPR) and to present the recommended key figures as comprehensively as possible.

DKR's sustainability report for the calendar year 2019, published in the previous year, was awarded the "EPRA sBPR Silver Award" and the "EPRA sBPR most improved award" by EPRA.



The reporting is divided topically into the areas of environment ("E"), social affairs ("S") and governance ("G").

Reporting principles

4.1 Organisational Boundries

DKR has full operational control over all properties whose data is examined in this sustainability report.

4.2 Reporting period

Unless otherwise indicated, all data and information relate to the reporting period from 1 January 2020 to 31 December 2020 and the corresponding preceding reference year 2019.

4.3 Coverage

Environmental Performance Measures (real estate portfolio)

The consumption figures in this report relate fundamentally to all properties for which the change of benefits and encumbrances in favour of DKR had taken place by 31 December 2020. As of the reporting date, the portfolio for this sustainability report comprised 164 properties with a rental area of approx. 917,000m² and a balance sheet value of approx. EUR 832 million.

The key figures were collected from the best possible data available. This includes mainly data on electricity, water and fuel consumption for which DKR is responsible as landlord and which often relates to the common areas in a building. On the other hand, due to insufficient data, it is not possible to provide information on the amount of waste and electricity consumption, which is explicitly attributed to heating and cooling purposes. Furthermore, no information can be given on the tenants' respective electricity and water consumption. DKR does not have any data for this.

As a result, for the purpose of meaningful reporting only 84 properties are included here. With a total value of EUR 514 million and a usable space of 579,000 m², this selective portfolio represents around 61.8% of the value of the DKR overall portfolio. The key figures for the respective consumption type are as follows:

Coverage		Consumption	Number of assets with applicable data	Area (m ²) of the respective subportfolios	Share of rental space/data of the portfolio
Electricity (in kWh)	2019	4,757,501	45	384,742	53%
	2020	6,623,357	63	537,581	59%
Fuels (in kWh)	2019	26,650,774	57	479,117	66%
	2020	28,393,169	78	600,724	66%
Water (in m ³)	2019	87,887	70	520,543	72%
	2020	105.942	102	638,333	70%

The calculation of greenhouse gas emissions is based on the data of those objects for which information on electricity and fuel consumption was available in the year under consideration. In 2020, a sub-portfolio consisting of 62 properties with a total area of 534,923 m² was reviewed. For the year 2019, corresponding consumption data was available for 42 properties with a total area of 378,040 m².

On account of the difficulties with collecting complete and consistent data for each individual property, caused by the strong portfolio growth in recent years, the change in consumption figures are presented on a like-for-like ("Lfl") basis. The determining key figures correspond to a portfolio composed in the same way on the respective reporting date. Portfolio changes due to acquisitions or sales within the reporting period are therefore not included in the analysis. The Lfl-portfolio therefore only includes those properties which were part of the portfolio both on the reporting date of 31 December 2020 and 31 December 2019 and for which all consumption figures for the corresponding reporting periods 2020 and 2019 are available.

The Lfl-portfolio comprises 37 properties with a cumulative rental space of 350,707 m² and a total market value of EUR 306,9 million, representing 38.2% of the rental space of DKR's total portfolio as of 31 December 2020.

Disclosure on own office

DKR's office and administrative space is used under a sublease agreement with the Group's parent company Obotritia Captial KGaA, based in Potsdam. In order to determine DKR's share of the total consumption of office space, a distribution key of 13% was determined based on rental space use, which DKR uses in proportion to the total area of the office premises. The data is mainly derived from the operating cost accounts for the rented offices.

Social Performance Figures

The performance figures were generated from evaluable internal data.

Governance

With reference to the key figures in this sustainability report, the information provided corresponds to the Corporate Governance Report and the declaration on Corporate Governance of DKR. Further details on this topic can be found in the corresponding annual report of DKR.

4.4 Use of standardised performance measures

In order to measure and present changes in efficiency in environmental indicators, DKR always calculates the respective consumption figures in relation to the rented space.

Therefore, the corresponding total consumption (in kWh or litres etc.) is divided by the rental space of the reporting portfolio.

Social indicators relate to statements regarding employee health and safety at work and are determined as follows:

- Injury rate = number of reported injuries / total number of working days
- Lost day rate = number of days lost (three days or more) due to injuries on workplace / total number of working days
- Absentee rate = number of days absent due to illness / total number of working days

4.5 Estimations

All consumption data concerning water, fuel and electricity, data is available. This represents at least 50% of the DKR portfolio in the respective year. Therefore, a sufficient amount of data is available, hence why there is no need for estimates. The greenhouse gas emissions based on these consumption figures correspond to projections using the emission factors specified by the Federal Environment Agency ("Umweltbundesamt").

4.6 Segmental analysis

The real estate portfolio consists exclusively of retail properties with a variety of rental agreements comprised of the same retail chains and is therefore very homogeneous. For this reason, no segments were formed in this sustainability report.

5 EPRA sBPR performance measures and explanations

5.1 Environmental performance measures of DKR real estate portfolio

No.	EPRA Code	GRI	Indicators	Units of measures	2019	2020	% Change
Energy indicators							
4.1	Elec-Abs	302-1	Electricity	kWh	4,757,501	6,623,357	39.22%
4.2	Elec-LfL	302-1	Electricity	kWh	4,360,374	4,238,284	-2.80%
			Percentage of renewable sources	%	n/a	n/a	-
4.5	Fuels-Abs	302-1	Fuels	kWh	26,650,774	28,393,169	6.54%
4.6	Fuels-LfL	302-1	Fuels	kWh	19,682,666	18,436,751	-6.33%
			Percentage of renewable sources	%	n/a	n/a	-
4.7	Energy-Int	CRE1	Energy intensity	kWh/m ² /a	68.57	68.98	0.60%
4.8	GHG-Dir-Abs	305-1	Dir. GHG emissions	tCO ₂	3,626.1	4,598.7	26.82%
4.9	GHG-Indir-Abs	305-2	Indir. GHG emissions	tCO ₂	3,470.7	5,740.7	65.40%
4.10	GHG-Int	CRE3	GHG emissions intensity	tCO ₂ /m ² /a	0.0188	0.0193	2.96%
Water indicators							
4.11	Water-Abs	303-1	Water	m ³	87,887	105,942	20.54%
4.12	Water-LfL	303-1	Water	m ³	66,847	63,544	-4.94%
4.13	Water-Int	CRE2	Water intensity	m ³ /m ² /a	0.169	0.166	-1.7%
Certifications							
4.16	Cert-Tot	CRE8	Certification	# Certificates	1	1	0%

Energy and greenhouse gas emissions

The significant increase in absolute consumption in the categories electricity consumption (Elec-Abs) and fuel consumption (Fuels-Abs) is mainly the result from the strong acquisition-related corporate and portfolio growth. Accordingly, the property portfolio grew by more than 191,000 m² or approx. 26.5% rental space in the reporting year 2020. It should be mentioned that the vacancy rate of the DKR portfolio fell slightly in fiscal year 2020 compared to the previous year. The fact that consumption within individual properties sometimes fluctuates strongly year-on-year is in most cases due to the fact that the tenancies in the corresponding multi-tenant properties have changed between the two reporting dates.

To calculate the direct CO₂ emissions resulting from the heat generation in the individual properties, the emission factors for natural gas and heating oil (light), which are shown by the Federal Environment Agency ("Umweltbundesamt"), were used. This results in direct CO₂ emissions of 4,598 tonnes of CO₂ for the properties considered in 2020. Compared to the previous year, the direct CO₂ emissions have thus increased by 29.82% (3,626.1 t CO₂), corresponding to the portfolio growth.

Indirect CO₂ emissions result from the electricity consumption of the sub-portfolio and the amount of heat purchased via district heating. Converting the total electricity consumption of the 62 properties in the sub-portfolio (9,169,504 kWh in 2020) into CO₂ emissions results in CO₂ emissions of 3,356 tons. The 42 properties considered in 2019 caused CO₂ emissions of 1,862 tons. For the conversion of the

consumption data, CO₂ conversion factors published by the Federal Environmental Agency for the electricity mix in Germany of 366 g/kWh (2019: 401 g/kWh) were used. During the reporting period, four properties were heated via district heating, resulting in CO₂ emissions of 2,385 tCO₂ in 2020 (2019: 836 tCO₂, three properties). In total, this results in CO₂ emissions of indirect emissions of approx. 5,741 tonnes.

The sub-portfolio under consideration in 2020 generated CO₂ emissions of 19.3 kgCO₂ per m² of floor space (GHG-Int) using the previously mentioned data basis. In comparison, the CO₂ efficiency fell slightly by 2.96% compared to the previous year (18.8 kgCO₂/m²). This value is significantly influenced by the building types acquired in the last financial year, which each have different levels of efficiency.

Water

The water consumption (Water-Abs) of the entire portfolio has increased by 20.54% in the period under consideration, which is due to the extensive portfolio growth. The absolute water consumption of the LfL portfolio has decreased by 4.94% in 2020, which is mainly explained by corona-related lower visitor numbers to the properties. Water efficiency has improved slightly, so that approx. 1.7% less water was consumed per m² of usable space. Water efficiency refers to the annual absolute water consumption of the sub-portfolio per square metre of rental space in the sub-portfolio. A differentiation by water source, as described in the EPRA Guidelines, cannot be made.

Waste

A presentation of the waste (in t) at portfolio level is not possible, due to the unknown filling level of the invoiced bins, neither for the collection of DKR nor for the collection of the tenants' waste bins. Since some paper and recycling waste is disposed of free of charge or without the corresponding receipts, this is also not shown.

Certifications

For the new construction of the REWE store in Bitterfeld there is a green building certificate in gold from the DGNB. The property was already certified in 2016.

5.2 Environmental performance measures of headquarters

Regarding the environmental performance measures of the headquarters in August-Bebel-Straße 68 in 14482 Potsdam (office use), the following indicators can be presented:

EPRA-Code	Indicators	Units of measures	2018	2019	% Change
Energy indicators					
Elec	Electricity	kWh	1,169.61	1,353.22	15.70%
	Percentage of renewable energies	%	100%	100%	0.00%
Fuels-Abs	Fuels	kWh	n/a	8,047.89	
Energy-Int	Energy intensity	kWh/m ² /year	13.27	15.35	15.70%
GHG-Indir-Abs	Direct GHG emissions	tCO ₂	0.5474	0.5426	-0.87%
Waste indicators					
Waste-Abs	Total weight of waste	t	283.92	283.92	0.00%

Due to the delayed billing dates for electricity consumption and fuel consumption, the key figures for the reporting years 2018 and 2019 are shown regarding the environmental indicators of the administration. No documents/billings were available for the 2020 reporting year at the time this report was prepared.

Compared to the previous year, the electricity consumption increased by 15.7%. This was mainly due to the increase in the number of employees, which accompanied the growth in the real estate portfolio. In both years, 100% green electricity was purchased from Stadtwerke Potsdam. The corresponding consumption data was taken from the consumption billing of the entire office space and allocated to DKR on a pro rata basis.

Due to the lack of better measurability, the amount of waste produced was calculated from the operating costs statement, resulting in a roughly constant waste quantity of around 284 kg per year for DKR.

5.3 Social performance measures

No.	EPRA Code	GRI	Indicators	Units of measures	2019	2020	% Change		
Diversity									
5.1	Diversity-Emp	405-1	Gender diversity of employees	in % male/female employee	Supervisory Board	total	5	6	20%
						thereof male	100%	83%	
					Management Board	total	3	3	0%
						thereof male	100%	100%	
				Employees	total	3	4	33%	
					thereof male	67%	50%		
5.2	Diversity-Pay	405-2	Pay-Ratio	Ratio of basic salary and remuneration	Supervisory Board		n/a	n/a	
					Management Board		n/a	n/a	
					Employees		n/a	n/a	
Employees									
5.3	Emp-Training	404-1	Employee training	Average number of hours	Hours per year	17	10	-41%	
5.4	Emp-Dev	404-3	Employee performance appraisals	Percentage of employees, who have received a performance appraisal	in %	100%	100%		
5.5	Emp-Turnover	401-1	Employee turnover and retention	Turnover rate	New hires	Number of employees	9	5	-44%
						in %	47%	36%	
					Turnover	Number of employees	4	2	-50%
						in %	21%	14%	
Health and safety									
5.6	H&S-Emp	403-2	Employee health and safety	Injury, lost day and absentee rate	Absentee rate		13%	13%	3%
					Injury rate		0	0	
					Lost day rate		0	0	
					Work-related fatality		0	0	
5.7	H&S-Asset	416-1	Asset health and safety assessments		in %	100%	100%		
5.8	H&S-Comp	416-2	Asset health and safety compliance		Number of incidents of non-compliance with health and safety standards	0	0		
Community engagement									
5.9	Comty-Eng	413-1	Community engagement, impact assessments and development programs		in %	Local community involvement programs	0	0	

Diversity

The Supervisory Board of DKR was expanded by one person in 2020 to a total of 6 members. In both periods under review, the Board of Management still consists of 3 persons.

The performance indicator Diversity-Pay is not very significant due to the relatively small number of employees and the lack of management structures below the Board of Management. However, it is a fundamental principle that all employees are paid regardless of gender based solely on their qualifications and suitability.

The remuneration of the members of the Supervisory Board is not performance-related and is based on the functions of the members on the committee. The ratio of basic compensation to performance-related compensation at Management Board level largely complies with the recommendations of the DCGK (German Corporate Governance Code) and, depending on the degree of target achievement for the variable compensation components, amounts to at least 49% and 51% fixed/variable respectively. The compensation of the members of the Supervisory Board and Management Board of the Company can be found in the compensation report in the Annual Financial Statements of DKR.

Education and training

External speakers are usually invited, and seminars organised for the further training and promotion of employees. In the reporting period, further education took place exclusively online via video calls or webinars, due to the corona pandemic. Further education relates to topics such as data protection, the Money Laundering Act, insurance and operational security measures, as well as to topics related to operational business, such as building fire protection, operating costs, tenancy law and technical building equipment. In addition, coaching sessions are held to identify and promote the individual strengths and weaknesses of employees. This is also done for the members of the Executive Board.

Additionally, each employee receives an annual feedback meeting. A specific performance assessment based on predetermined criteria or performance measures has not yet been carried out.

Employee turnover

In 2020, a total of 5 new employees were hired, mainly in response to DKR's growing portfolio and business volume.

In addition to permanent employees, DKR's staff consists of interns and student trainees, which explains the fluctuation during the reviewed period.

There were no work-related deaths, absences or injuries in either of the two reporting years. In 2020, there was an absence rate of approx. 13% due to illness. This has not changed compared to the previous year.

Health and safety

All existing properties in the DKR portfolio are regularly inspected for potential health or safety risks in accordance with legal requirements. All properties meet the relevant standards in terms of fire and elevator safety, indoor air quality and asbestos protection.

DKR has no reported incidents of non-compliance with regulations affecting health and safety at the reporting date.

5.4 Governance

No.	EPRA Code	GRI	Indicators	2019	2020
Governance					
			Number of Management Board members	3	3
			Number of Supervisory Board members	5	6
6.1	Gov-Board	102-22	Average term of office in Governance Body	Member of Management Board	4.0 years*
				Member of Supervisory Board	4.0 years*
			Management/Supervisory Board members with competence in environmental and social issues	0	0
6.2	Gov-Select	102-24	Selection and appointment procedure of the members of the Supervisory Board	All Supervisory Board members are elected by the shareholders at the Annual General Meeting. (For further information please see the Annual Report [page 8 ff.]	
6.3	Gov-Col	102-25	Procedure for the regulation of conflicts of interest	Conflicts of interest of members of the Management Board and Supervisory Board must be disclosed to the Supervisory Board without delay. In financial year 2019/2020 there were no conflicts identified.	

* The average term of office refers to the period from the date of taking up office until the reference date 31 December 2020.

DKR is committed to good corporate governance as a central element of corporate management. The Management Board and Supervisory Board manage and lead the company based on compliance with the law and extensive adherence to generally recognized standards and recommendations. These are based on the values of competence, transparency and sustainability.

The Management Board and the Supervisory Board support the German Corporate Governance Code and the objectives it pursues. For the benefit of the Company, the Management Board and the Supervisory Board work closely together to ensure responsible management and control of the Company through good corporate governance. An essential element of corporate governance is the separation of corporate management and corporate supervision. This is achieved by a clear division of responsibilities between the Management Board and the Supervisory Board. In addition, the Annual General Meeting is a further body that allows the shareholders to participate in fundamental decisions.

DKR's main business objective is also to create, maintain and strengthen the trust of tenants, business partners, shareholders and other capital market participants. At DKR, corporate governance means not only compliance with the law and the Articles of Association, but also adherence to internal instructions and voluntary commitments in order to implement the values, principles and rules of responsible management in daily operations.

This also includes responsible risk management in order to adequately and systematically counter the risks DKR is exposed to. A comprehensive process has been introduced to enable management to identify, evaluate and control risks and opportunities in a timely manner. In this way, adverse developments and events become transparent at an early stage and can be analysed and managed in a targeted manner.

The remuneration system for the Management Board and Supervisory Board, adapted to the new requirements of the German Corporate Governance Code (DCGK), was adopted by the Annual General Meeting of 2021.

6 Perspective

Regarding the decrease of the ecological footprint ("E"), DKR will mainly focus on the following objectives in the next two years:

- Accelerated planning and construction of currently around 150 planned e-charging stations for electric vehicles at existing properties. DKR is cooperating with EnBW as an experienced partner for this. So far, concession agreements have already been signed for 55 sites and construction measures have been completed at the first sites.
- Conception and installation of further photovoltaic systems on the roofs of buildings in the real estate portfolio. There is also a joint project with an innovative start-up company in this industry. Pilot sites have already been identified, and the technical and economic feasibility is to be examined subsequently. This will be followed by implementation.
- Optimization of the power supply of the entire portfolio and shifting to the purchase of electricity from renewable energy sources. This can be achieved through cooperation with an energy consulting company, which continuously checks the possibilities for a sustainable improvement of this position. According to initial calculations, up to 25% of energy costs can be saved annually. Furthermore, the conversion to eco-certified electricity and gas tariffs makes it possible to reduce the CO₂ emissions of the real estate portfolio by about 8,000 tons of CO₂ per year.
- DKR has identified the replacement of outdated heating technology with modern and far more efficient heating systems in its existing buildings as another important factor in reducing CO₂ emissions. To this end, DKR is currently examining possible locations as well as various economic options for implementation.
- DKR has examined the possibilities of green financing and currently concludes that green financing is possible for the implementation of individual measures to reduce CO₂. This will be examined in more detail with the implementation of the respective projects. DKR is also examining the extent to which the topic of green financing can be usefully applied to the company as a whole in the future.

Appendix

Environmental performance measures of the DKR real estate portfolio

No.	EPRA Code	GRI	Indicators	Units of measures	2019	2020	% Change
Energy indicators							
4.1	Elec-Abs	302-1	Electricity	kWh	4,757,501	6,623,357	39.22%
4.2	Elec-LfL	302-1	Electricity	kWh	4,360,374	4,238,284	-2.80%
			Percentage of renewable sources	%	n/a	n/a	-
4.3	DH&C-Abs	302-1	District heating and cooling	kWh	n/a	n/a	-
4.4	DH&C-LfL	302-1	District heating and cooling	kWh	-	-	-
			Percentage of renewable sources	%	n/a	n/a	-
4.5	Fuels-Abs	302-1	Fuels	kWh	26,650,774	28,393,169	6.54%
4.6	Fuels-LfL	302-1	Fuels	kWh	19,682,666	18,436,721	-6.33%
			Percentage of renewable sources	%	n/a	n/a	-
4.7	Energy-Int	CRE1	Energy intensity	kWh/m ² /a	68.57	68.98	0.60%
4.8	GHG-Dir-Abs	305-1	Dir. GHG emissions	t CO ₂	3,626.1	4,598.7	26.82%
4.9	GHG-Indir-Abs	305-2	Indir. GHG emissions	t CO ₂	3,470.7	5,740.7	65.40%
4.10	GHG-Int	CRE3	GHG emission intensity	t CO ₂ /m ² /a	0.0188	0.0193	2.96%
Water indicators							
4.11	Water-Abs	303-1	Water	m ³	87,887	105,942	20.54%
4.12	Water-LfL	303-1	Water	m ³	66,847	63,544	-4.94%
4.13	Water-Int	CRE2	Water intensity	m ³ /m ² /a	0.169	0,166	-1.7%
Waste indications							
4.14	Waste-Abs	306-2	Weight of waste	t	n/a	n/a	-
4.15	Waste-LfL	306-2	Weight of waste	t	n/a	n/a	-
Certifications							
4.16	Cert-Tot	CRE8	Certification	# Certificates	1	1	-

Environmental indicators of the headquarters

EPR Code	Indicators	Units of measures	2018	2019	% Change
Energy indicators					
Elec	Electricity	kWh	1,169.61	1,353.22	15.70%
	Percentage of renewable energies	%	100%	100%	0.00%
DH&C	District heating and cooling	kWh	n/a	n/a	-
	Percentage of renewable energies	%	n/a	n/a	-
Fuels-Abs	Fuels	tCO ₂	n/a.	8,047,89	-
Energy-Int	Energy intensity	kWh/m ²	13.27	15.35	15.70%
	Heating and cooling	%	n/a.	n/a.	-
GHG-Dir-Abs	Dir. GHG emissions	t CO ₂	n/a	n/a.	-
GHG-Indir-Abs	Indir. GHG emissions	t CO ₂	0.5474	0.5426	-0.87%
GHG-Int	GHG emission intensity	t CO ₂ /m ²	n/a	n/a	-
Water indicators					
Water-Abs	Water	m ³	n/a.	n/a	-
	Thereof hot water	m ³	n/a	n/a	-
Water-Int	Water intensity	m ³ /m ² /a	n/a	n/a	-
Waste indicators					
Waste-Abs	Total weight of waste	t	283.92	283.92	0.00%
Certifications					
Cert-Tot	Certification	# Certificates	0	0	0.00%

Social and governance related indicators

The social and governance related indicators are listed altogether in Section 5.3 (p.14) as well as Section 5.4 (p.16) and are therefore no longer shown here.

