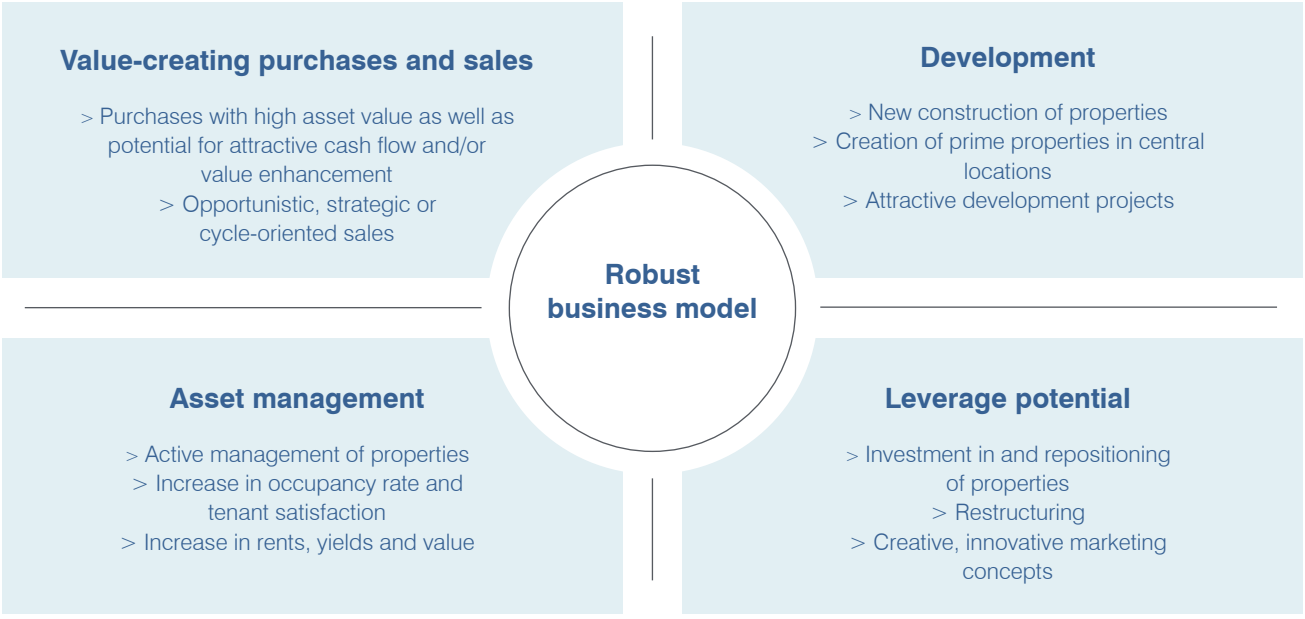
Non-financial report

Sustainability has been part of S IMMO's operating activities for many years. The topic has grown massively in significance, both in the capital market and in the rental and property business, which is why it was a logical step for S IMMO to anchor it even more strongly in its corporate strategy. Since the financial year 2017, S IMMO has published a non-financial report each year. It contains information about environmental, employee and social issues (including a diversity concept) in connection with the key issues defined by S IMMO as well as about observing human rights and combating corruption and bribery. This report is based on the legal requirements of section 267a of the Austria Commercial Code (UGB). A national, EU-based or international framework was not used in the preparation of the report.

Business model

S IMMO AG has been pursuing a sustainable and prudent business policy for almost three decades with the aim of constantly improving its results and creating value for its shareholders. The company applies a robust business model and endeavours to make use of property cycles to generate profit.



In this context, S IMMO's strategic direction is strongly guided by the interests of its stakeholders. The impact of the company's business activities on environmental, employee and social considerations, the observance of human rights and the efforts to combat corruption and bribery have been and will continue to be taken into account on a consistent basis.

Without people, even the best property is just lifeless bricks or concrete. That is why people are at the core of S IMMO's activities. With its properties, S IMMO satisfies people's basic need for living and working space. In this way, the company plays a very important role in the lives of many people and thus actively fulfils its economic, environmental and social responsibility. The satisfaction of tenants and employees, not forgetting respectful interaction with one another, are particularly important to the company.

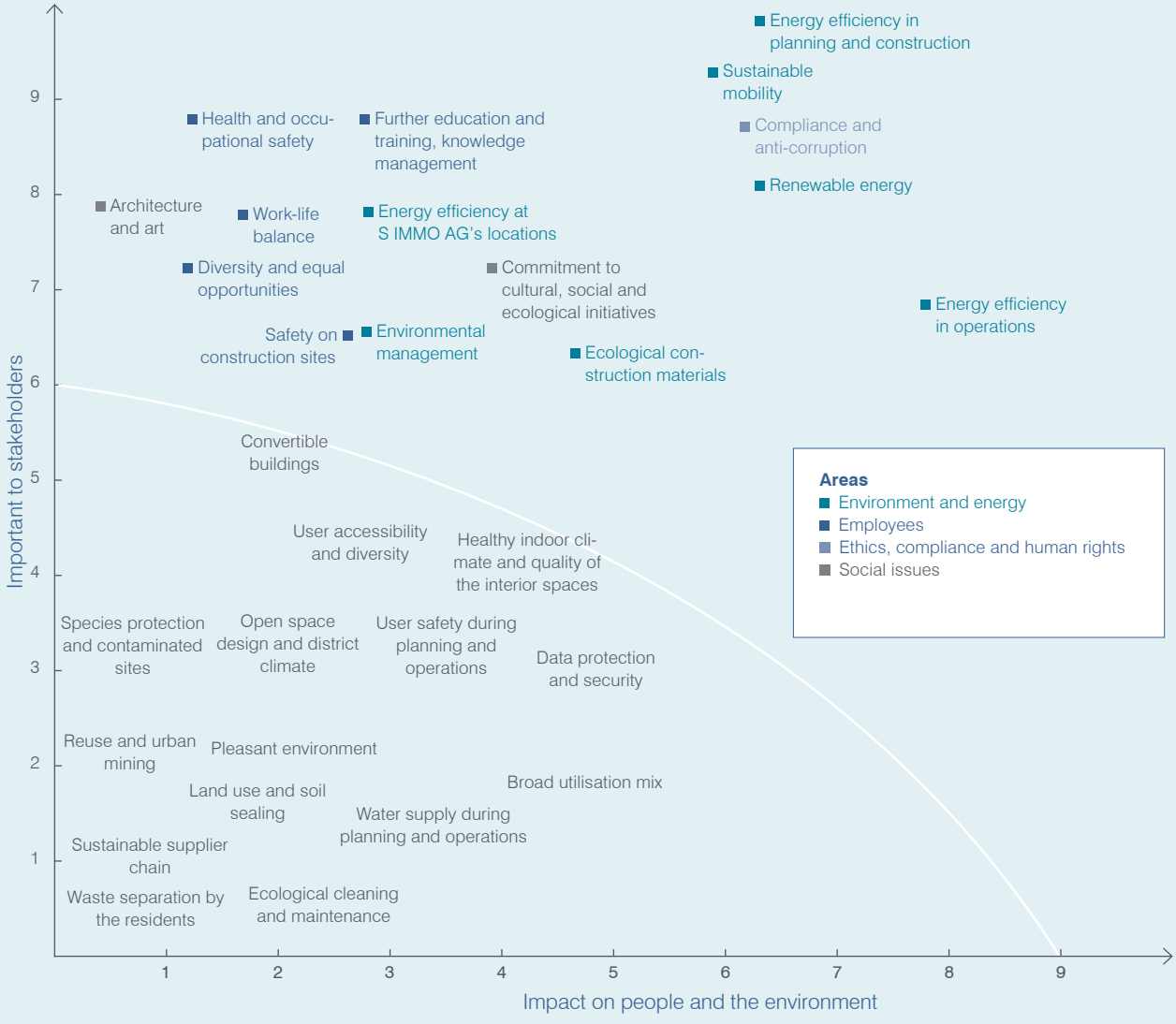
Materiality analysis

The non-financial report is based on a materiality analysis, which analyses potential areas of sustainable management in connection with the Austrian Sustainability and Diversity Act (NaDiVeG). Next, the possible impacts of the topics selected were examined in the course of a recorded workshop involving in-house and external experts. The effects on people and on the environment (x-axis) were analysed as well as their significance for key stakeholders (y-axis). In 2017, the materiality analysis was carried out as part of a recorded workshop in which employees of S IMMO AG held comprehensive discussions with an external team of consultants and made estimates. The assumptions and estimates made were re-evaluated and it was determined that there were no material changes in comparison to 2017. Thus, the materiality matrix is also valid for the financial year 2018. The topics relevant for S IMMO can be assigned to the following four areas:

- Environment and energy
- Employees
- Ethics, compliance and human rights
- Social issues

The main topics for S IMMO AG are thus those 15 aspects that have the greatest impact and/or are the most important to stakeholders and are of the most significance for S IMMO's business activities. Those topics are presented in the following matrix:

S IMMO AG's materiality matrix



In this non-financial report, S IMMO AG details its activities and the measures adopted in relation to the topics defined as key issues:

Issue	Topic	Description	Considerations under the NaDiVeG
Environment and energy	Energy efficiency in planning and construction	Energy efficiency of buildings (heating, cooling and electricity consumption), for example, through the thermal quality of the building envelopes, energy-efficient building services, energy-efficient devices, etc.	Environmental considerations
	Energy efficiency in operations	Energy-efficient operation of buildings and energy-efficient conduct of users	Environmental considerations
	Renewable energy	Consideration in connection with energy concepts and the purchase of land, retrofitting capacity to accommodate renewable energy sources	Environmental considerations
	Ecological construction materials	For example, those made of renewable materials, manufactured in an environmentally friendly manner, regionally sourced, free from pollutants, having a multifunctional purpose and recyclable	Environmental considerations
	Sustainable mobility	Connection to public transport networks, footpath and cycle path networks, provision of infrastructure for bicycles, e-mobility, car and bike sharing options, incentive to use environmentally friendly means of transport	Environmental considerations
	Environmental management	Noise and dust prevention, exclusion of contaminated sites, effective waste management, safe handling of chemicals, short transportation distances	Environmental considerations
	Energy efficiency at S IMMO AG's locations	Conservation of resources within the company's facilities (heating, electricity, water, waste avoidance), sustainable mobility during the employees' commute	Environmental considerations
Employees	Health and occupational safety	Health and motivation of the team are strengthened	Employee considerations
	Safety in construction	Protection from accidents for all persons involved in the construction	Employee considerations
	Diversity and equal opportunities	Heterogeneous team structure in relation to employment, age, gender, background, etc.	Employee considerations
	Work-life balance	Different working patterns, flexible time management	Employee considerations
	Further education and training, knowledge management	Sharing information within the company, promoting further education, professional execution of training measures	Employee considerations
Ethics, compliance and human rights	Combating corruption, capital market compliance and corporate governance, human rights, data protection and security	Properly managed contract award processes, sound working relationships with contractors, observance of legal requirements (employment law, competition law, data protection, etc.), observance of human rights	Combating corruption and bribery, observing human rights
Social issues	Architecture and art	Attractive design, incorporation into the cityscape	Social issues
	Commitment to cultural, social and ecological initiatives	Long-standing cooperation with a variety of institutions, associations and organisations	Social issues, environmental considerations

Potential risks which could have a negative impact on the aforementioned interests as a result of S IMMO's business activities are incorporated into the Group's risk management processes, which are the responsibility of the Management Board.

Accordingly, in the run-up to producing this non-financial report, risks arising from social and ecological aspects were also systematically identified and assessed. The identified risks are described in the separate risk report within the management report.

1. Environment and energy

As a property developer and portfolio manager, S IMMO is constantly faced with environmental and energy considerations and, at the same time, strives to act with the greatest possible care and sustainability in all areas. As of 31 December 2018, S IMMO Group had 284 (31 December 2017: 241) properties with a total area of approximately 1.2 million m² (31 December 2017: 1.2 million m²). Based on main types of use, 70.7% (31 December 2017: 73.0%) of the portfolio consisted of commercial properties (office, retail and hotel) and an additional 29.3% (31 December 2017: 27.0%) of residential properties. Two hotels – the Vienna Marriott and Budapest Marriott hotels – are operated under management agreements.

Energy efficiency in planning, construction and operations

Energy consumption (heating demand and electricity consumption) and water usage in the buildings managed by S IMMO is highly dependent on tenant conduct and is therefore largely outside the company's control. However, S IMMO can influence the energy consumption of its buildings to a certain degree by means of construction measures. Accordingly, as a matter of principle, S IMMO applies the highest standards in development projects, when renovating portfolio properties in terms of their energy consumption and construction, and when managing its portfolio. In this way, the company takes due account of the energy efficiency of the buildings, including during their operation, and endeavours to use resources in an environmentally friendly manner. As a result, operating costs and emissions are reduced and a significant contribution is made to protecting the environment.

To get a better overview of the consumption at S IMMO's properties, the company collects and analyses data on heating demand, electricity consumption and water usage for the entire portfolio, broken down by region and main types of use.

The consumption and usage data of buildings which have been owned by S IMMO for at least one full calendar year form the basis of the portfolio monitoring. Properties purchased intra-year, properties sold in the reporting year and properties under construction therefore do not appear in the following statements on key indicators. If the complete accounting for the calendar year 2018 for selected properties was not yet available, partial data were used to project full-year figures.

It was a challenge to collect qualitatively uniform data both for the first-time preparation of the non-financial report 2017 and again in 2018, as the data is collected in different countries from different service providers. In 2018, S IMMO worked intensively to further increase the quality of data and to create a valid assessment basis. Nevertheless, the company sees potential for optimisation in this area in the coming years.

Overview of energy and water consumption for the entire portfolio by types of use in 2018

	Portfolio by main types of use			
	Office	**Retail**	**Hotel**	**Residential**
Heating demand in MWh[1]	18,190 (89.7% gas, 1.8% oil, 8.5% district heating)	12,601 (70.9% gas, 0.3% oil, 28.7% district heating)	15,421 (81.2% gas, 0.1% oil, 18.7% district heating)	29,751 (61.4% gas, 3.0% oil, 35.6% district heating)
Electricity in MWh	8,425[2]	11,762[2]	11,746[3]	691[2]
Water in m³	182,863	155,518	184,616	247,793

[1] The conversion of oil and natural gas into MWh is based on the amended Fuel Ordinance (Kraftstoffverordnung neu) that went into force in 2013.

[2] Electricity consumption, excluding electricity consumed by tenants

[3] The hotels' own energy consumption is only included for the Vienna Marriott and Budapest Marriott hotels. For all other hotels, energy consumption falls under the definition of "electricity consumed by tenants" and the associated data are not collected by S IMMO AG.

Overview of energy and water consumption for the entire portfolio by types of use in 2017

	Portfolio by main types of use			
	Office	**Retail**	**Hotel**	**Residential**
Heating demand in MWh[1]	21,073 (67.6% gas, 0.6% oil, 31.8% district heating)	17,066 (85.6% gas, 14.4% district heating)	12,493 (82.3% gas, 17.7% district heating)	63,117 (88.6% gas, 0.8% oil, 10.6% district heating)
Electricity in MWh	9,965[2]	13,859[2]	14,661[3]	1,410[2]
Water in m³	145,131	148,396	173,126	568,541

[1] The conversion of oil and natural gas into MWh is based on the amended Fuel Ordinance (Kraftstoffverordnung neu) that went into force in 2013.
[2] Electricity consumption, excluding electricity consumed by tenants
[3] The hotels' own energy consumption is only included for the Vienna Marriott and Budapest Marriott hotels. For all other hotels, energy consumption falls under the definition of "electricity consumed by tenants" and the associated data are not collected by S IMMO AG.

Overview of energy and water consumption for the entire portfolio by region in 2018 [1, 2, 3]

	Region		
	Austria	**Germany**	**CEE**
Heating demand in MWh	12,226 (10.0% gas, 90.0% district heating)	46,498 (52.0% gas, 2.7% oil, 45.3% district heating)	31,138 (98.5% gas, 1.5% district heating)
Electricity in MWh	10,013	1,919	20,692
Water in m³	111,470	349,722	309,599

[1] The conversion of oil and natural gas into MWh is based on the amended Fuel Ordinance (Kraftstoffverordnung neu) that went into force in 2013.
[2] Electricity consumption, excluding electricity consumed by tenants
[3] The hotels' own energy consumption is only included for the Vienna Marriott and Budapest Marriott hotels. For all other hotels, energy consumption falls under the definition of "electricity consumed by tenants" and the associated data are not collected by S IMMO AG.

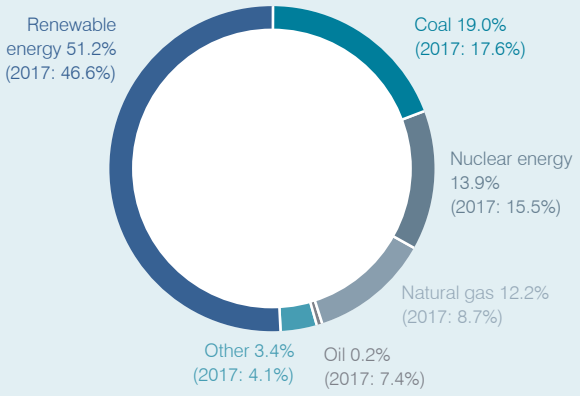
Overview of energy and water consumption for the entire portfolio by region in 2017 [1, 2, 3]

	Region		
	Austria	**Germany**	**CEE**
Heating demand in MWh	12,862 (11.6% gas, 1.0% oil, 87.4% district heating)	71,883 (91.3% gas, 0.7% oil, 8.0% district heating)	29,005 (96.3% gas, 3.7% district heating)
Electricity in MWh	9,508	2,471	27,915
Water in m³	111,212	608,106	315,877

[1] The conversion of oil and natural gas into MWh is based on the amended Fuel Ordinance (Kraftstoffverordnung neu) that went into force in 2013.
[2] Electricity consumption, excluding electricity consumed by tenants
[3] The hotels' own energy consumption is only included for the Vienna Marriott and Budapest Marriott hotels. For all other hotels, energy consumption falls under the definition of "electricity consumed by tenants" and the associated data are not collected by S IMMO AG.

In order to establish a transparent energy footprint for its portfolio properties, S IMMO records the energy sources used for its entire portfolio. In the tenants' interest, S IMMO selects energy suppliers for communal areas in accordance with the cost/benefit principle.

Overview of the energy sources used by S IMMO AG in 2018



In 2018, the energy sources in S IMMO's portfolio comprised among others 51.2% (2017: 46.6%) of renewable forms of energy, followed by 19.0% (2017: 17.6%) of coal and 13.9% (2017: 15.5%) of nuclear energy.

The top three energy sources per region in 2018

	Region		
	Austria	**Germany**	**CEE**
1	Renewable energy (76.8%)	Renewable energy (93.0%)	Renewable energy (34.9%)
2	Natural gas (17.2%)	Coal (4.0%)	Coal (26.7%)
3	Coal (6.0%)	Natural gas (1.5%)	Nuclear energy (21.9%)

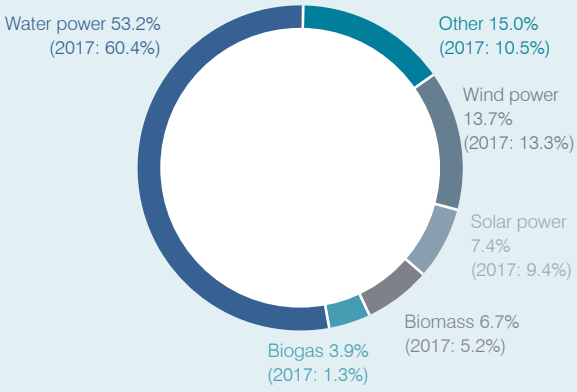
The top three energy sources per region in 2017

	Region		
	Austria	**Germany**	**CEE**
1	Renewable energy (77.3%)	Renewable energy (73.8%)	Renewable energy (33.8%)
2	Natural gas (22.7%)	Coal (15.0%)	Coal (23.9%)
3	–	Natural gas (5.6%)	Nuclear energy (21.7%)

Renewable energy

Based on S IMMO's entire portfolio, hydroelectric power accounted for the largest proportion of renewable forms of energy at 53.2% (2017: 60.4%) in 2018, followed by wind power at 13.7% (2017: 13.3%) and other renewable energy sources at 15.0% (2017: 10.5%). Since energy suppliers in Germany are not required to indicate the composition of renewable energy, it has been assigned to the category 'Other'.

Composition of renewable energy sources in 2018



It is S IMMO AG's medium-term aim to improve its energy footprint over the next years by increasing the share of renewable forms of energy and reducing CO_2 emissions. However, since the expenses for the energy consumption in communal areas is allocated to all tenants (as part of operating costs), cost and competitive factors must also be taken into account.

CO_2 emissions in S IMMO's entire portfolio in 2018 (in tonnes) [1]

	Region		
	Austria	**Germany**	**CEE**
Heating demand	2,346	9,199	6,223
Electricity	1,436	207	8,840

[1] The conversion of energy sources into CO_2 emissions is based on the conversion factors provided by the Environment Agency Austria (http://www5.umweltbundesamt.at/emas/co2mon/co2mon.html dated October 2017) and country-specific data from ecoinvent version 3.4. dated February 2018, scope 2 & 3.

CO_2 emissions in S IMMO's entire portfolio in 2017 (in tonnes) [1]

	Region		
	Austria	Germany	CEE
Heating demand	2,480	14,361	7,364
Electricity	1,628	640	13,456

[1] The conversion of energy sources into CO_2 emissions is based on the conversion factors provided by the Environment Agency Austria (http://www5.umweltbundesamt.at/emas/co2mon/co2mon.html dated October 2017) and country-specific data from ecoinvent version 3.4. dated February 2018, scope 2 & 3.

S IMMO has made a clear commitment to climate protection and, as part of its sustainability commitment, is focused on energy efficiency and the use of state-of-the-art technologies. Both in terms of its existing properties and for new project developments, the company always strives to find the best solution to keeping energy consumption, and thus also the operating costs for its tenants, as low as possible. For example, in the case of new projects, efforts are made to obtain green building certificates attesting to sustainability, and thermal optimisations are both considered and, depending on the prevailing market situation, implemented as far as possible (see section 'Ecological construction materials').

The data collected, which form the basis of this report, are intended to serve as the basis for monitoring the success of S IMMO's efforts in the future.

Ecological construction materials

Portfolio properties make up the majority of S IMMO's real estate holdings. In order to meet the growing demand for sustainable construction, the Group launched the gradual certification of its existing properties in 2014. As of 31 December 2018, the total area certified under BREEAM stood at 171,134 m² (2017: 171,134 m²) or 9.0% (2017: 14.5%) of the total area in the portfolio.

The recently completed offices – the Einsteinova Business Center in Bratislava and The Mark in Bucharest – have excellent ecological data. S IMMO is aiming for a BREEAM sustainability certificate with an 'excellent' rating for both office buildings. After obtaining the certificates, the share of certified buildings will increase.

BREEAM stands for Building Research Establishment Environmental Assessment Method and has been the leading worldwide certification system for sustainable construction since 1990. BREEAM building assessments exist for numerous types of buildings. BREEAM International is an assessment method which is used globally and, as a result, makes a key contribution to the international coverage of the assessment method. So far more than 110,000 buildings worldwide have already been certified by BREEAM.

Sustainability has always been a priority at every stage of development for The Mark in Bucharest. This is shown by the efficient, flexible interior design offering a range of different workspaces as well as by numerous highly efficient low-energy installations which, in conjunction with a climate-sensitive façade and an innovative shading system, contribute to reducing the building's energy consumption significantly.

The Einsteinova Business Center in Bratislava has an automatic external shading system, a smart lighting system and an open green space on the third floor. In addition, during the planning for the building, provision was made for charging stations for electric cars, bicycle stands and showers to allow employees to travel to the offices in an environmentally friendly manner. Geothermal energy is used in the building: A ventilation system with humidity control and windows that can be opened contribute to ensuring a particularly pleasant indoor climate.

There is also a clear commitment on S IMMO's part regarding ecological construction materials: The company strives for the highest standards in all new development projects and thus to obtain the accompanying certification; it also examines the need for optimisations in the case of ongoing renovations.

Sustainable mobility

S IMMO AG's properties are located in Austria, Germany and the CEE region and, for the most part, are in the capital cities of the European Union. The vast majority of the buildings are therefore easily accessible on account of the well-developed local public transport networks, cycle paths and footpaths. In addition, car-sharing schemes are in operation in an increasing number of cities. Location and the ease of accessibility by public transport are key factors when making decisions in connection with development projects and the purchase of properties.

For example, the office project The Mark is located in Bucharest's central business district and can be easily accessed by public transport. An underground station and several tram stops are just a few minutes away. The Sun Plaza shopping centre is located in the south of Bucharest. In addition to direct access to an underground train, a unique feature that is not offered anywhere else in Romania, the shopping centre has excellent connections to numerous forms of other public transport. The completed Einsteinova Business Center in Bratislava is connected to the old

town by a bridge carrying pedestrians and trams. Bus stops located five minutes away by foot and a tram connection offer good accessibility by public transport.

S IMMO is also working on a project in Vienna that is conveniently located: The Quartier Belvedere Central development, in which S IMMO holds a 35% stake, is located directly next to the new Vienna Central Station. Tram, rapid transit and underground stations are in close proximity.

In the interests of sustainable performance and the satisfaction of its tenants, S IMMO will also attach great importance to location, favourable infrastructure and convenient transport connections when selecting properties and land in future. In this way, the company is demonstrating its readiness to respond to the ever-growing demands of its tenants for sustainable mobility options (such as public transport, bicycle parking, e-charging stations, etc.).

Environmental management

When renovating and developing buildings, S IMMO makes sure to keep noise and dust pollution to a minimum. In addition, effective waste management, the secure handling of chemicals and short transportation distances are key priorities. Efforts are made to exclude contaminated sites by performing thorough location analyses. Where necessary, professional disposal of waste or treatment of contaminated sites is agreed by means of framework construction contracts. Strict compliance with official regulations is guaranteed in all cases.

Energy efficiency at S IMMO AG's locations

In addition to its registered office in Vienna, S IMMO Group has its own employees in Germany, Hungary and Romania. The German-based property management company Maior Domus is also part of the Group. Employees at all of S IMMO Group's locations are encouraged to incorporate energy efficiency into their day-to-day work. Given the small number of employees, the branches in Hungary and Romania do not have a significant impact on the Group's overall consumption. Thus, data in this category is only collected for the locations in Austria and Germany.

Energy and water consumption at S IMMO's locations in 2018 [1]

	S IMMO AG (Vienna)	S IMMO Germany (Berlin)	Maior Domus (Berlin)
Heating demand	34,800 kWh	44,478 kWh	71,688 kWh
Electricity	39,209 kWh	18,669 kWh	35,151 kWh
Water	258.7 m³	129.50 m³	212.13 m³

[1] Where information is specific to a location, branches with a team of less than 15 employees are not taken into account.

Energy and water consumption at S IMMO's locations in 2017 [1]

	S IMMO AG (Vienna)	S IMMO Germany (Berlin)	Maior Domus (Berlin)
Heating demand	35,200 kWh	n/a	77,187 kWh
Electricity	40,417 kWh	20,295 kWh	26,692 kWh
Water	319.0 m³	120.0 m³	167.25 m³

[1] Where information is specific to a location, branches with a team of less than 15 employees are not taken into account.

CO_2 emissions at S IMMO's locations in 2018

CO_2 emissions in tonnes	S IMMO AG (Vienna)	S IMMO Germany (Berlin)	Maior Domus (Berlin)
Heating demand	6.6	8.5	13.7
Electricity	0.8	2.0	3.8

CO_2 emissions at S IMMO's locations in 2017

CO_2 emissions in tonnes	S IMMO AG (Vienna)	S IMMO Germany (Berlin)	Maior Domus (Berlin)
Heating demand	6.7	n/a	14.7
Electricity	0.8	5.3	6.9

Other measures to reduce environmental pollution

Headquarters in Vienna

The responsible use of resources has always been given high priority in S IMMO's business operations. In the past few years, numerous measures have been adopted to minimise environmental impact. One particular concern was to reduce the company's use of paper. To that end, the company has decided, amongst other things, to cease printing all four reports that are published each year and, from now on, to print just the annual and half-year reports using a carbon-neutral process starting in the financial year 2018 and FSC mix paper for printing. The FSC system guarantees that forests are used in line with the social, economic and ecological requirements of current and future generations.

Furthermore, the S IMMO team is instructed to keep the printing of documents to a minimum – 'think before you print'. Last year, around 233,016 (2017: 256,077) pages were printed. This equates to a yearly paper consumption per person of 5,470 (2017: 5,820) pages. Documents are generally printed on environmentally friendly FSC recycled paper entirely manufactured from waste paper. In addition, employees are asked to avoid printing documents in colour. Old toner cartridges are collected and returned for charitable purposes. This is part of a recycling project for the benefit of the children's cancer charity 'Kinder-Krebs-Hilfe'.

Rubbish has been separated at S IMMO AG's headquarters for years. When supplying mineral water in office spaces, the company also ensures that recyclable glass bottles (return and refill system) are used. Furthermore, plastic caps from bottles and tetra packs are collected for the association SPD-EDINOST Bleiburg (www.stoepsel-sammeln.at). These caps are sold to a recycling company in Slovenia, which uses them to make granulate for the production of plastic parts. The proceeds are donated to families with children who need surgeries and therapies.

In the past year, the S IMMO team travelled some 882,890 km (2017: 634,894) by train, plane and car in Austria and Germany. In the coming years, S IMMO will continue to endeavour – depending on current projects – to increase the usage of sustainable transport means and to keep travel activity to a minimum by using new forms of communication technology.

Kilometres travelled in 2018 (Austria)

Location/figure in km	Pool of company vehicles/ rental vehicles [1]	Train	Plane	Private cars [1]	Total
S IMMO AG in Vienna	5,909	42,115	501,337	13,469	**562,830**

[1] Based on travel expense settlements

Kilometres travelled in 2017 (Austria)

Location/figure in km	Pool of company vehicles/ rental vehicles [1]	Train	Plane	Private cars [1]	Total
S IMMO AG in Vienna	13,164	11,507	399,055 [2]	9,268	**432,994** [2]

[1] Based on travel expense settlements
[2] Figure adjusted (in comparison to the non-financial report 2017)

Locations in Germany

Employees at the locations in Germany are also instructed to save paper and to reduce the number of documents printed to the absolute minimum. In the past year, 5,253 (2017: 4,474) pages were printed in Germany per S IMMO Germany employee and 7,545 (2017: 13,000) pages per Maior Domus employee.

The composition of the kilometres travelled differs significantly in Germany from the data in Austria. This is due to the fact that portfolio and development properties in the CEE region are managed from the Vienna location, making the plane the primary means of transport. In Germany, most of the portfolio is located in the immediate vicinity of Berlin and can therefore be reached by the local team by public transport or car. Car pools were set up and rail cards for the German rail networks were purchased in order to reduce the number of kilometres travelled by car. In addition, a number of office bicycles have been purchased to be used to travel short distances for work and showers were provided on site, making it easier for bicycles to be used in daily working life. The pool of company vehicles largely comprises fuel-efficient Smart cars. These measures are appreciated and very positively received by the team.

Kilometres travelled in 2018 (Germany)

Location/figure in km	Pool of company vehicles/ rental vehicles	Train	Plane	Private cars	Total
Maior Domus	89,370	13,860	123,830	n/a	**227,060**
S IMMO Germany	59,500	20,500	12,500	500	**93,000**
Total					**320,060**

Kilometres travelled in 2017 (Germany)

Location/figure in km	Pool of company vehicles/ rental vehicles	Train	Plane	Private cars	Total
Maior Domus	77,000	6,500	3,500	n/a	87,000
S IMMO Germany	73,000	21,000	18,500	2,400	114,900
Total					**201,900**

As in Vienna, mineral water bottles that are part of return and refill systems are also used in Germany.

The data collected for this report are used to take stock of the current situation. All measures adopted to date will also be continued in the future and additional environmentally friendly measures are constantly being examined. In this regard, it is S IMMO's clear objective to increase employee awareness – at all Group locations – of the issues identified above and, in doing so, to improve the related key indicators.

2. Employees and diversity

Qualified employees are S IMMO's most important asset. The company attaches particular importance to providing them with a motivating working environment as well as the personal scope for development and the ability to strike a healthy balance between work and family life. S IMMO therefore supports an open corporate culture in which cooperation as well as the satisfaction and health of all employees are promoted at all levels.

S IMMO aspires to attract the best people for the company and, working together with them, to give its best each and every day. This only works if an environment is created in which employees do not have to decide between their career and their family but can instead combine both aspects. This provides motivation, promotes team spirit and fosters a feeling of solidarity.

Employee structure

S IMMO's employees are the manifestation of the company's comprehensive expertise and make a significant contribution to the company's success. S IMMO Group had an annual average of 107.5 employees (2017 annual average: 102) in Austria, Germany, Hungary and Romania (calculated on the basis of full-time equivalents, not including employees on leave). Including hotel staff, the Group employed 595.5 (annual average in 2017: 577) people. The two hotels – Vienna Marriott and Budapest Marriott – are operated under management agreements. Management of the hotel staff is therefore a matter for the two hotels and is not within S IMMO's control. The two Marriott hotels ensure that the guidelines relating to employee matters are observed.

Where reference is made in the following to S IMMO Group, this should be understood to include all employees from Germany, Hungary and Romania as well as employees based in Austria. Compared to the previous year, where, given the small size of the teams, certain data was only provided for Austria or Austria and Germany, S IMMO has adapted its method of collecting data. Subsequently, the key figures are given for all employees of S IMMO Group (except the employees of the Marriott hotels). Due to the changed method of collecting data, there are no comparative values from the previous year for this data. From 2019, all key figures can be shown with comparative values. If a key indicator does not refer to all locations, this is explicitly stated.

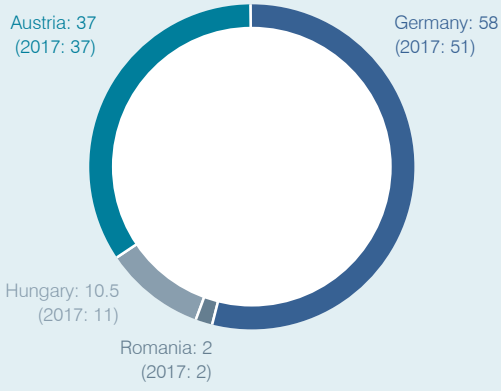
Health and occupational safety

Promoting the health of its employees and reducing the corresponding risk factors for damage to health in the workplace are particularly important to S IMMO. For this reason, a medical check-up, a melanoma screening programme, seasonal vaccination programmes and various specialist tests are organised each year at the company's headquarters in Vienna. In addition, medical advice concerning the ergonomic design of the workplace is provided on a regular basis. The offers provided are very well received by S IMMO's employees. In order to secure occupational safety, there are four first-aiders and one safety officer based in Vienna and two employees are also being trained to be first-aiders in Germany.

In the reporting year, S IMMO also collected accumulated sick leave data relating to its employees for all locations for the first time. On average, employees at all locations took eight sick days. In 2017, nine days were taken (this figure only applies to the locations in Austria and Germany).

Team structure by country [1]

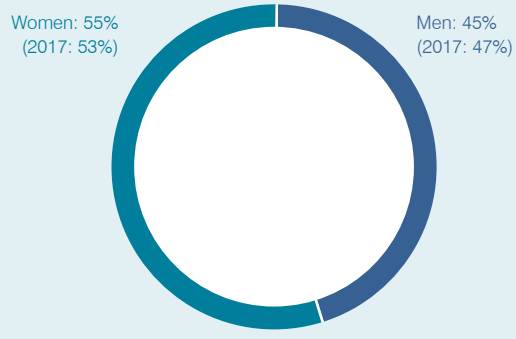
(annual average)



[1] Full-time equivalents not including Vienna Marriott and Budapest Marriott hotels

Gender distribution [1]

(as of 31 December 2018)



[1] Calculated on the basis of headcounts, excluding the Vienna Marriott and Budapest Marriott hotels

Both management and the S IMMO team are very happy with the measures adopted in relation to occupational health and safety. The company will also continue all measures adopted in the years to come.

Safety in construction

S IMMO's building contractors ensure that everyone involved in construction is protected against accidents, taking into account local statutory provisions. S IMMO therefore abides by high quality standards when selecting partner companies and opts for companies which attach great importance to the environment, safety in the workplace and employee protection. For example, in Germany S IMMO works in conjunction with partners who are ISO-certified in the area of energy, environmental and quality management.

In the case of project developments, S IMMO works with general contractors and is therefore able to manage concerns relating to environmental protection and safety in construction when selecting partners. When making such selections, S IMMO will also exercise the utmost care and focus on the highest standards in future.

In 2018, there were no occupational accidents or fatalities at the locations of S IMMO AG.

Diversity and equal opportunities

Diversity and equal opportunities are key aspects of S IMMO's corporate philosophy. As an internationally operating group, S IMMO employs people from many different countries. The Group considers this wealth of languages and cultures to be an extremely valuable resource.

The average age of employees was 42 in the reporting year. As of 31 December 2018, there were 15 employees in the <30 age group, 73 in the 30–50 age group and 38 in the 50+ age group.

Employees in Austria are covered by a collective agreement. In all other countries in which S IMMO Group has employees, all legal provisions and requirements have high priority and are conscientiously observed.

All locations used by S IMMO Group itself are barrier-free, and ease of access is taken into account for all new buildings. In total, four people (2017: four) were employed with long-term physical, mental or psychological impairments or impairment of their sensory functions.

S IMMO operates a company-wide 'open door policy' and constantly strives to bring all kinds of conflicts to a quick and non-bureaucratic conclusion that is satisfactory to all sides. The satisfaction and well-being of the team is one of S IMMO's key assets, and the greatest care will also be taken to maintain them in future. Making the best possible use of the personal strengths and potential of each individual is not only in the company's own interest, but also increases the motivation and identification of all employees on a sustainable basis. At the same time, the company aims to create a working environment that is free from discrimination and harassment. The work of every team member is appreciated, regardless of gender, age, disability, marital status, sexual orientation, skin colour, religious or political beliefs, ethnic background or nationality. There were no cases of discrimination at S IMMO in the reporting year.

S IMMO AG has set itself the goal of continuously increasing the proportion of women in management positions and is expressly committed to the advancement of women. S IMMO places great emphasis on the advancement of women when filling senior managerial positions. As of 31 December 2018, 54.4% (2017: 53.2%) of the S IMMO Group workforce and 46.2% (2017: 44.0%) of managers (not including the Management Board) were female. There were no women on the Management Board of S IMMO AG in the reporting year. Specific measures to appoint women to the Management Board will be considered when a change to the composition of the Board is due. With the company's best interest in mind, the emphasis when making appointments to the Management Board and the Supervisory Board has been on the maximum degree of professional skill and international experience possible. In addition, the company makes a conscious effort to ensure a diverse composition with regard to professional qualifications and educational background, regardless of gender. As of 31 December 2018, the proportion of women on the Supervisory Board was 37.5% (2017: 14.3%).

Work-life balance

S IMMO attaches the greatest importance to a healthy work-life balance. The company regards this as key to the increased motivation, stronger commitment and improved performance of its employees; in addition, this makes a major contribution to equal opportunities within the company. S IMMO offers, among other things, flexible working hours and the option of personalised working and part-time work patterns, including in conjunction with study or training. Parental leave and sabbaticals are also supported, as are various schemes to simplify re-entry into the workplace after parental leave. Such opportunities are positively viewed and very well received by S IMMO employees.

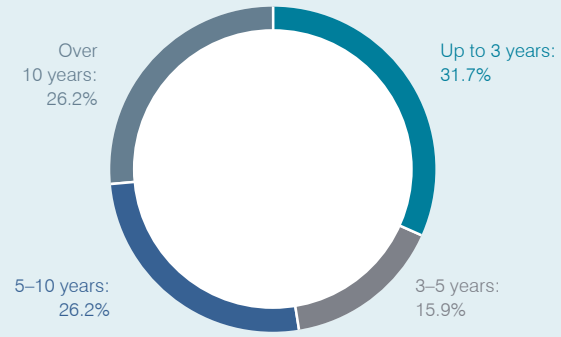
As of 31 December 2018, 29 staff members were employed on a part-time basis at S IMMO, 20 of whom were women. As of 31 December 2018, four employees were on parental leave or in maternity protection.

It is particularly important for S IMMO that employees' families are also involved in various events. Children are happy when they get to know their parents' workplace, spouses and family members gain an understanding for the business model and contact between families strengthens team spirit and promotes identification with the company. In order to promote a feeling of together-

ness and team spirit, a variety of events are organised such as an annual summer festival, a Christmas party, team excursions and joint participation in events such as the Business Run in Vienna.

Period of service in years [1]

(as of 31 December 2018)



[1] Not including Vienna Marriott and Budapest Marriott hotels

Employee satisfaction with the measures adopted and their effectiveness in various areas are also shown by the years of service of employees, which averages 5.9 years across all locations.

The turnover rate across all locations is 18.2% for the reporting year. In particular, the German labour market is highly competitive in the real estate sector at the moment, which is reflected in the turnover rate (employees are often poached). For the more stable Austrian market, the turnover rate is 9.4% (2017: 9.3%) for the same period.

Further education and training, knowledge management

S IMMO provides targeted support to its staff in relation to professional and personal further education and training. Along with individual coaching sessions, language courses and part-time study courses, the primary focus in this area is on expanding employees' industry-specific knowledge, for example through the completion of postgraduate programmes in the field of real estate.

Since 2016, trainees have also received training at Maior Domus in Berlin. There are currently five trainees at the company. They spend time in all departments of the property management company as part of their three-year training programme and take on sole responsibility of properties from their second year, where they are supported by so-called mentors. The first trainee who started the training programme in 2016 has already been taken on by the Maior Domus team on a permanent basis. The current trainees also show great potential and actively support the work of their colleagues. Trainee programmes are an integral part of the company's human resources policy and a valuable investment in the future.

S IMMO regards the annual performance review between employees and their line manager as a key human resources management tool. The aims of the review are, amongst others, to provide the opportunity for reciprocal feedback, to improve the quality of cooperation between employees and their managers, to promote employees in an efficient and targeted manner for their current and future roles, and to improve the corporate culture and climate of communication.

All the aforementioned measures relating to knowledge management are to be continued in the future. Safeguarding in-house expertise and ensuring the continuous training of its team is a declared aim of S IMMO and a key component of human resources management.

Internal communications

S IMMO Group's corporate culture is characterised by lean, efficient structures and interdepartmental collaboration. The close ties fostered with management allow for quick and open communications and are standard practice at S IMMO. The intranet is an important internal communication channel and is used to share both internal and industry-related news. At the beginning of 2019, this channel was adapted to be even more closely in line with the needs of employees as part of a relaunch. One of the main goals was to increase the efficiency of internal communication and make relevant information easily accessible to all employees centrally in one place. To this end, the homepage of the intranet acts as a news hub on which the latest articles from the industry press

review, the latest articles from the S IMMO blog, the latest tweets and the current share price can be found. In addition, an intra-group chat service was launched that provides opportunities for communication across departments and is expected to promote it.

3. Ethics, compliance and human rights

Combating corruption

The observance of internationally applicable rules, the fair treatment of stakeholders and transparent communications with all target groups are basic cornerstones of S IMMO's corporate culture. As a company listed on the stock exchange, S IMMO AG is subject to the Austrian and European provisions of capital market legislation. Building upon that legislation, the company feels not only bound by the laws but, in addition, has established a policy which lays down codes of conduct for business activity on a company-wide basis, particularly with regard to the acceptance of gifts.

Official contact persons are available to all employees at their request and when a breach is suspected. Local management can also be used as the point of contact when reporting compliance infringements.

No cases of compliance violations were reported in 2018 and there were no instances of corruption or cases leading to disciplinary measures, legal proceedings or the termination of an employment relationship. In addition, no supplier contracts had to be terminated on account of breaches of the compliance guidelines. S IMMO was not required to make any penalty payments in connection with cases of corruption or breaches of competition law in the reporting year.

Capital market compliance and corporate governance

For the purpose of preventing market abuse and the misuse of insider information, a guideline governing issuer compliance was established and is valid company-wide. It is binding for all employees, regulates the handling of insider information and the management of capital market compliance, and clarifies the legal regulations governing insider information.

Since 2007, S IMMO AG has been committed to observing the Austrian Code of Corporate Governance (for more information, see the corporate governance report), which contains principles on transparency and good corporate governance. The Management Board has brought corporate governance into line with the principles of the Austrian Code of Corporate Governance and, in conjunction with the Supervisory Board, declares that the company observes and complies with the C Rules (deviations from the C Rules are also set out in the corporate governance report).

All compliance measures will also be continued in the future. Training courses are again planned for the current year and ensuring that all employees are aware of key principles is a declared aim of the company.

Observance of human rights

S IMMO is committed to consistently respecting human rights as recognized and set out in the international conventions of the UN Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. S IMMO AG does business exclusively in the European Union. Art 2 of the EU Treaty (TEU) establishes human rights as part of binding European Law. Freedom of expression is an integral part of the corporate culture and prevents any restriction of communication. The observance of human rights is also of great importance in day-to-day dealings within the company, for example through the strict rejection of discrimination and the development of a respectful corporate culture which creates a working environment free of prejudice and accepts people regardless of gender, religion, beliefs, sexuality, etc. This is also expected from our business partners. In the case of a violation, this will be sanctioned and could lead to the termination of the business relationship. In 2018, there were not any violations of human rights at any of the S IMMO branches.

Data protection and security

S IMMO took the entry into force of the EU General Data Protection Regulation (GDPR) as an opportunity to adjust the data security within in the company. For this purpose, an internal working group was formed within the company, which consists of employees from different departments. In addition, external legal experts were also consulted.

A key step was the preparation of a comprehensive processing register, in which data processing operations are documented. This document includes information on which data is stored for what purpose and for how long. As part of this process, corresponding processor agreements were concluded.

Furthermore, the company's website has been closely examined and improved regarding data protection. The main focus was on the principle of data minimisation. The company reviewed the cookies used as well as the application and order forms used, and revised them to include only the data that is actually required.

An important step was to revise the company's customer relationship management (CRM). All stored contact details are now pro-

vided with the required information such as the reason for storing the data, the retention duration and any other recipient of the data. Thus, the company can meet requests for access and deletion immediately. Contact details are checked at least once a year, and data records that are no longer needed are deleted accordingly.

To fulfil the obligations associated with the GDPR, the active involvement of employees is of great importance. The employees were informed about the legal situation and the change in processes during a training session. The company has created its own IT and data protection regulations for the parent company to grant data security and privacy. Among other things, the regulations refer to how data should be protected at the workplace and what secure options are specified for sharing data digitally.

4. Social responsibility

Architecture and art

Art Supermarket (Kunstsupermarkt)

In 2018, S IMMO made its facilities at 103 Mariahilfer Strasse available to the Vienna Art Supermarket for the 12th time. Over a three-month period, art enthusiasts could purchase over 6,000 original works by 95 artists from 19 countries at affordable fixed prices. The Art Supermarket is one of the largest contemporary art events in Austria and makes art readily accessible. Alongside disciplines such as drawing, painting and photography, performance art was also on display. Furthermore, S IMMO also provides active support by purchasing works – numerous paintings are hanging in the company's offices.

Artistic design at Sun Plaza, Bucharest

The renovation and expansion of the Sun Plaza shopping centre in Bucharest was completed in the first quarter of 2018. More than 40 new shops were integrated on an area of approximately 20,000 m² of space, existing shops were adapted and the shopping centre was brought up to the latest standards. The artistic highlight of the renovation is a 700 m² glass installation in the entrance of the shopping centre to the underground station and a light installation with a height of about 18 m inside the shopping centre designed by the renowned and internationally successful Austria artist Peter Kogler. For the refurbishment of the shopping centre, S IMMO won the gold award "Extension/Refurbishment of the Year" at the SEE Real Estate Awards 2018.

Commitment to cultural, social and ecological initiatives

To support sustainable development and change, S IMMO is keen to pursue long-term partnerships in those countries in which it operates.

In addition, it is most important to S IMMO that its employees are actively involved in social projects. As part of corporate volunteering projects, over the past few years several teams from S IMMO took over the cooking at the Caritas day centre at Vienna Central Station, providing hot meals for people in need.

S IMMO has supported various charitable Caritas projects in Austria, Hungary, Romania and Bulgaria which provide people in need with a home under the motto 'Giving shelter' since 2008. The aim of these projects is to provide people in need with a home. In addition, the company is committed to further projects that help young people.

Hoffnungshaus (hope house) and counselling in Romania

Since 2000, Caritas has operated four hope houses for children and adolescents without parents in Alba Iulia. The aim of the project is to offer young people a safe place to live and positive prospects for the future as well as to support them in their integration into society. Thanks to financial assistance from S IMMO, urgently needed repairs and renovation work were carried out at the hope house.

Day centre, soup kitchen and mobile care in Bulgaria

In the Bulgarian village of Pokrovan, 90% of the residents are over the age of 70. The village is heavily affected by migration – there is neither a school nor a community centre. Many elderly people live in poverty and isolation. Caritas cares for around 40 old and needy people, providing them with hot meals and medical aid. Those unable to visit the day centre receive home visits.

Future for children in Hungary

Members of the Roma minority in Hungary are often affected by poverty and unemployment. At the 'Unser Haus' (Our House) community centre, care is provided to some 90 socially disadvantaged children and adolescents. The aim of the project is to help these people pull themselves out of poverty. S IMMO supports the 'external class' project, which helps pupils to finish school and to start a vocational training programme.

Christmas campaign

The Christmas campaign on S IMMO's website is a now well-established tradition. In 2018, website users were again invited to take part in an online game to raise money for a charitable cause. In the reporting year, the association "Austrian Autonomous Women's Shelters" was supported in its work. The association comprises a network of 15 autonomous women's shelters in Austria and provides women who have been abused and threatened and their children protection and help when they need it the most.

Promoting young talent

S IMMO adopts targeted measures to promote young talent in the industry via the academic sector. As part of the existing collaboration with Danube University Krems, the company allowed students of the postgraduate real estate programme to undertake a foreign studies module at S IMMO Germany in Berlin. In addition, a scholarship for the short-term master's level course Green. Building. Solutions was also awarded in 2018. This annual summer programme provides 30 students from the fields of architecture and civil engineering with extensive insight into the topic of sustainable construction.

Financial literacy

Proper money management and basic knowledge about finances and economy are skills which have a great impact on people's lives. Through its financial literacy initiative, S IMMO contributes to making it easier for young people to learn about this issue. To that end, the popular online stock market game from previous years, Aktien Trophy, was repeated in 2018. An ongoing stream of interesting information and articles concerning money are published on the Apropos Geld financial blog and on the social media channel Facebook. In the autumn of 2018, S IMMO again took part in a podium discussion on the issue of financial education.

Memberships

For S IMMO, sustainability means taking responsibility for society and the environment. A further expression of the company's well-established CSR concept are its memberships in the corporate platform respACT (Austrian Council for Sustainable Development) and the Austrian Sustainable Building Council (ÖGNI). ÖGNI is committed to creating sustainable living spaces.

Donations for baby unit

At the end of 2018, S IMMO donated a mobile marketing office, which was no longer needed due to the completion of the office building The Mark, to the Marie Sklodowska Curie "Emergency Clinical Hospital for Children" in Bucharest. The clinical hospital has been operating since 1984 and is not only the largest pediatric hospital in Romania, but also one of the most prestigious hospitals in the country. The high-quality mobile marketing office will be used as a meeting room for the medical team, which allows discussions to be held outside the normal hospital premises.

S IMMO is convinced that long-term forms of cooperation are the best way of fulfilling its social responsibility on a sustainable basis. For this reason, cooperation with the aforementioned institutions will also be continued in 2019.

Ernst Vejdovszky Friedrich Wachernig