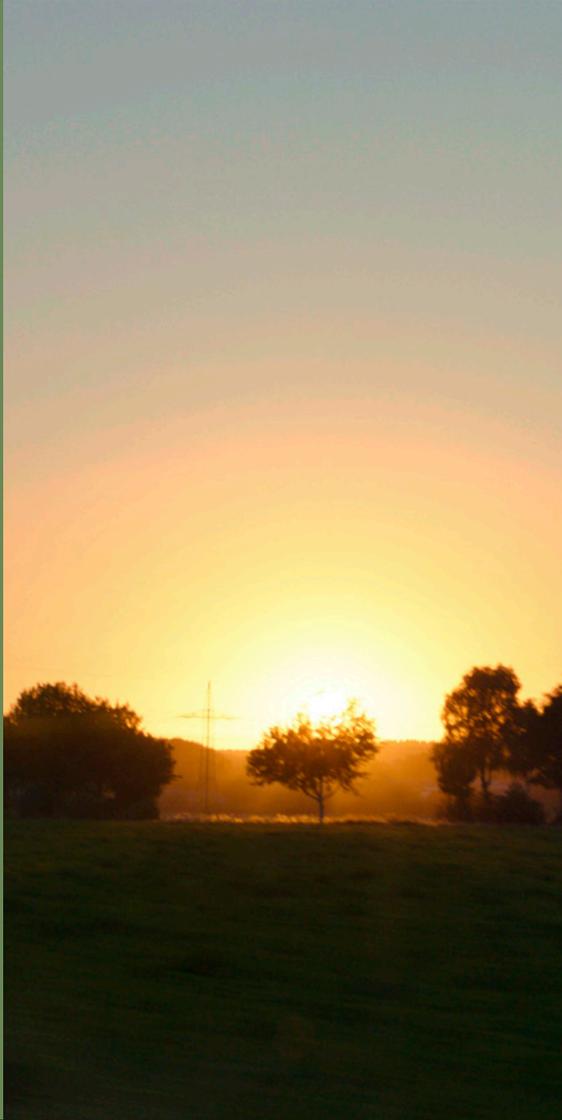




Sustainability Report 2020



More future per m²

We want people to feel comfortable with us for a long time. This is why we offer apartments at fair rents and a wide range of tenant-related services.

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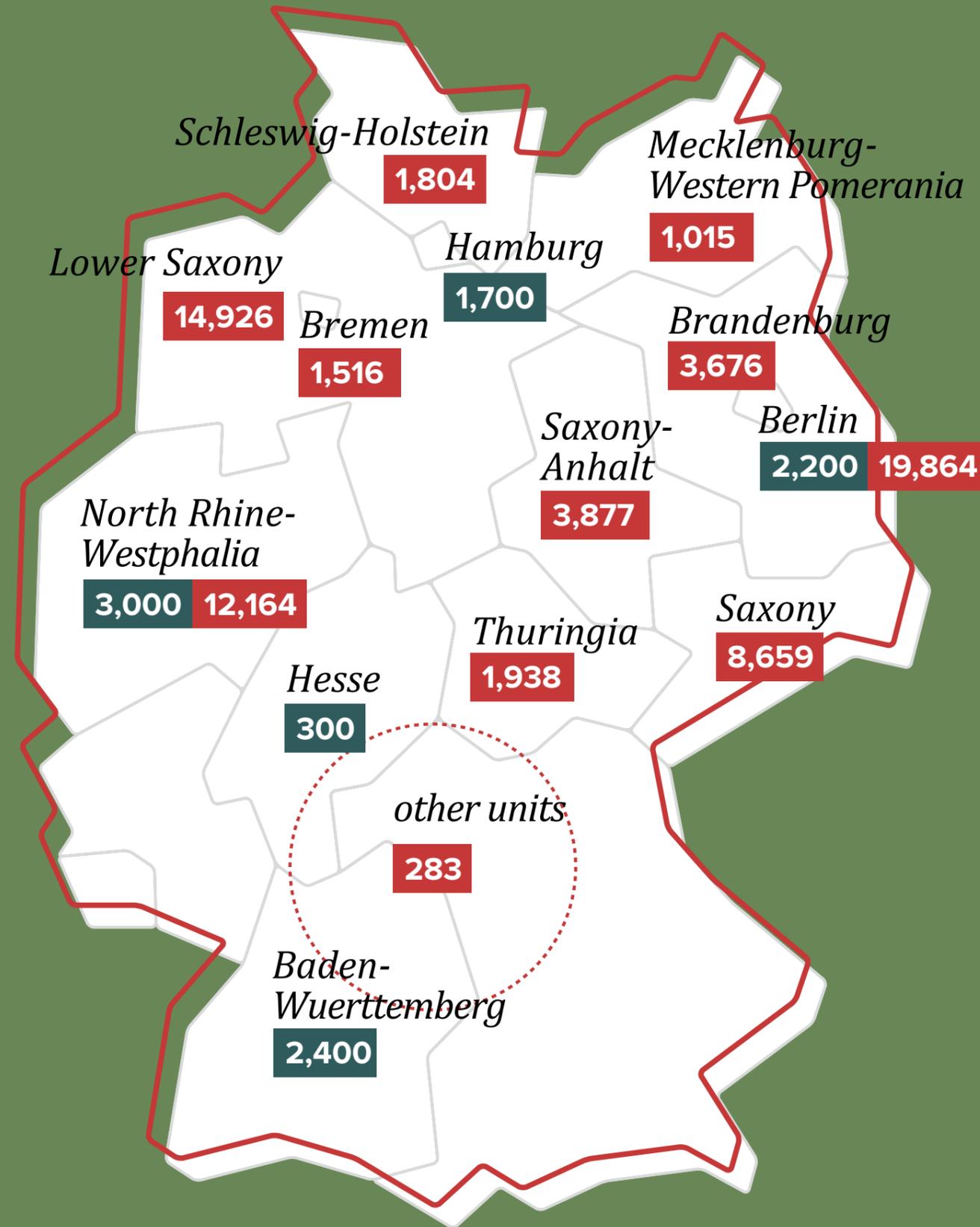
At Home in Germany

Adler Group now and soon

We buy, build, hold and manage real estate and are a committed, reliable partner for municipalities and investors across the entire real estate value chain.

As experts for residential properties and specialists in holding and managing apartments and large housing projects, we offer quality living spaces that people can afford.

With our strategic focus on Germany, we are doing our part in solving the country's housing shortage by providing sustainable residences where they are most needed.



■ Project development pipeline for organic growth

■ Rental property portfolio

Project development pipeline

10,000
units

Rental property portfolio

69,722
units

Focus on top cities **7**

Senior Management



**Maximilian
Rienecker**

Co-CEO

Maximilian Rienecker is one of the former Co-CEOs of ADLER Real Estate. Originally from Hamburg, Mr Rienecker has worked in finance in many places around the globe, including assignments with ING Investment Management in Hong Kong and various parts of Europe.

**Thierry
Beaudemoulin**

Co-CEO



Thierry Beaudemoulin has worked for real estate companies in France, the Netherlands, Belgium and Spain. In Germany, he was CEO of Covivio Germany and CEO of ADO before merging ADO with ADLER Real Estate. Mr Beaudemoulin has been working in real estate for more than 25 years.



**Sven-Christian
Frank**

CLO

Sven-Christian Frank, attorney at law, mediator (DAA), has gathered over 25 years of experience in real estate and asset management – working in leading roles at renowned companies like Deutsche Real Estate AG. For the past five years, Mr Frank has been a member of the board of ADLER Real Estate.

Foreword

"Sustainable management is one of the central strategic pillars of Adler Group."

Sven-Christian Frank
CLO



Dear reader

The year 2020 was a period of serious change for us. The merger of ADLER Real Estate AG and ADO Properties S.A. created the new Adler Group S.A., one of the largest listed residential real estate companies in Europe. This step will enable us to achieve considerable efficiency gains by distributing central services across significantly more residential units.

Yet this was not the only significant change: With the integration of Consus Real Estate AG in 2020, Germany's largest project developer, Adler Group has not only gained a genuine unique selling point in the competitive environment. The integration also gives us the opportunity to think sustainability in a completely new way. Sustainable management will become a central strategic pillar of Adler Group.

In the coming years, we will set **three sustainable priorities**. In the process, we will not only tread familiar paths, but also choose innovative routes. Adler Group will identify high-performance technology partners and integrate them into the operating business, digitize administrative processes and make greater use of modern communication channels, to enable environmentally friendly and tenant-friendly operations.

The first priority is sustainability in construction, refurbishment and renovation. The biggest contribution to reducing the impact of real estate on the climate comes from the operation of existing buildings. Through targeted refurbishment measures, we will massively reduce the associated greenhouse gas emissions. Moreover, through new sustainable buildings, we will continuously enrich the portfolio with particularly valuable properties.

Adler Group always attaches great importance to the use of environmentally friendly technology and building materials. The use of solar and geothermal energy, easily recyclable materials or environmentally friendly construction methods are important points in the specifications for new buildings and for modernisation of the existing stock. Detailed examples of corresponding projects can be found in this report.

The second priority is even greater sustainability in our relationships with tenants and employees. We want to offer tenants ever better quality of living at attractive prices, make our real estate portfolio ever more attractive, and develop entire urban neighbourhoods in line with the changing needs and wishes of residents. We create living spaces in which people feel comfortable for a long time, apartments that are affordable, in places where people want to live. In doing so, Adler Group leverages its unique experience and competence in the real estate business.

Further, we will strengthen our position as an attractive and reliable employer in order to be able to attract and retain performance-oriented, qualified and motivated employees for the company in the long term. This means offering performance-related compensation, a pleasant working environment, and opportunities for training and development, as well as ensuring diversity, equal opportunities, and an appropriate work-life balance.



The third priority is to improve sustainable management by digitising process management on the one hand and interfaces in the tenant relationship on the other. Adler Group wants to be able to offer its tenants all housing-related services from a single source – for more and sustainable quality of life. To this end, we have expanded Adler Group's energy service company to form the new "Innovation and New Services" business unit.

In the coming years, Adler Group will be able to offer its tenants all essential services in an ecologically sustainable manner, from electricity and heating energy to water and waste supply, telecommunications services and modern mobility concepts. We will gradually install the digital metering systems required for this across the board, ultimately also enabling CO₂-neutral management of residential areas.

While this is Adler Group's first sustainability report, we and our predecessor companies have been incorporating sustainability into our operating processes for years. However, this has not been systematically reported on in the past. Only parts of the current Group, the subsidiary ADLER Real Estate, already reported on sustainability in the past and submitted reports for 2018 and 2019. This transparency applies to the entire Group from now on.

We are currently harmonizing the structures of three listed companies and their numerous subsidiaries in order to actually exploit the efficiency gains mentioned. This will then lead quite quickly to further significant improvement in sustainability performance. We are reflecting this aspiration in our new corporate vision: **More future per square metre.**

Adler Group business model and strategy

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The Adler Group business model

Adler Group S.A. is a listed Luxembourg-based real estate company that was formed mid-2020 through the merger of ADLER Real Estate AG and ADO Properties S.A. Its acquisition of Consus Real Estate in the second half of the year not only made Adler Group one of the largest real estate groups in Europe, but also expanded its previous business model, which focused on the management of an existing property portfolio, to include project development.

Adler Group can now handle the entire value chain of real estate, from development and construction to rental and management.

Adler Group holds approximately 70,000 rental units in western, northern and eastern Germany, with a focus on Berlin. In the future, the company intends to focus its activities on the seven major cities in Germany where the majority of its development projects are located. The existing development projects are expected to be completed in the next ten years and comprise around 10,000 new apartments.

Adler Group focuses on residential properties. As a side product, the portfolio includes a small number of commercial units, mainly shops and offices, which are usually a feature of residential properties in city centres.

The existing portfolio is largely composed of small to medium-sized residential units. The apartments have an average size of a little over 60 square metres and are particularly well suited to the needs of the company's current target group, namely tenants with an average or below-average income. However, a change in focus will become evident over the coming years, as Adler Group is entering higher segments of the housing market with the projects already completed and those development projects that are currently in the planning stage – particularly in the conurbations where these projects are concentrated.

Through its various Group companies, Adler Group provides all the main property, facility and energy management services, offering its tenants all tenant-related services from a single source.

Adler Group has its headquarters in Luxembourg and its operational basis in Berlin with regional offices across Germany, enabling it to stay as close as possible to its tenants in managing its properties.

Portfolio:
approx. 70,000 rental units
In development:
+10,000 new rental units

Portfolio:
Mainly residential units, small number of commercial units ground floor shops and offices

Current target group:
Tenants with average to below-average income

Development of additional new markets:
Upscale segment of the residential market

Additional services:
Property, facility and energy management

Operational basis:
Berlin

The importance of sustainability for Adler Group



With this sustainability report, Adler Group fulfils its obligation to disclose non-financial information for the 2020 financial year. The report provides stakeholders and the public with insights into the Group’s business model, its orientation with regard to environmentally relevant issues, and the way in which it fulfils its social responsibility with regard to its customers and its employees.

In this regard, the report is partly based on the preliminary work that has been carried out in the subsidiary ADLER Real Estate. ADLER Real Estate had already conducted a materiality analysis for the first time in 2018, supported by an auditing firm, which was subjected to a careful review for the 2020 reporting year. In particular, it had to be taken into account that in the newly formed Adler Group, a “Build to Hold” business area was created in addition to the “Manage & Service” business area, which is filled by ADLER Real Estate, among others. As a result, certain individual topics have been additionally classified as material in the “Environmental matters” topic area, which relate to ecologically oriented construction, to CO₂ neutrality of the energy supply planned for the projects or to the fact that building to be constructed shall comply with customary certifications.

Otherwise, the review has essentially confirmed the previously elaborated subject areas that are classified as material. These are:

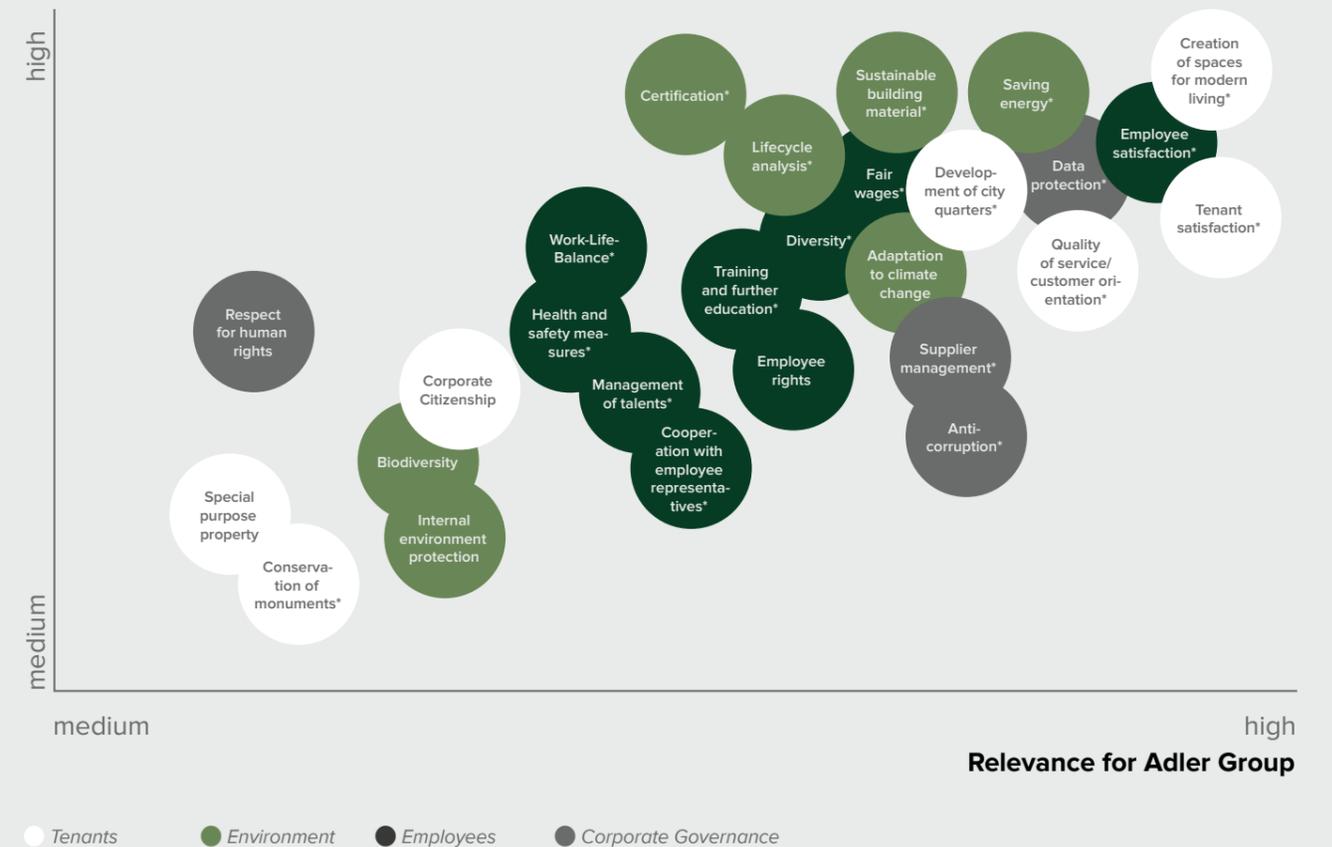
- | Environment – inventory and development sustainability performance,
- | Social/society/employees sustainability performance,
- | Corporate Governance sustainability performance.

The review of the materiality analysis involved all of the Group’s managers who are relevant to the issues covered in this report, including the newly

established Sustainability Board, which regularly discusses relevant sustainability topics. It is chaired by Sven-Christian Frank, Adler Group’s Chief legal Officer (CLO), who is responsible for all sustainability issues.

The materiality matrix below provides an overview of the analysed sustainability aspects and their relevance for Adler Group as well as for its stakeholders.

Relevance for stakeholders



* Considered in this report

Source: Adler Group

The Adler Group sustainability strategy



The company's mission statement, which was formulated at the beginning of 2021 following the combination of the three companies, together with its vision, mission and values, makes clear how important sustainability is to Adler Group. With the slogan "**More future per square metre**", Adler Group is making a commitment to sustainability and has dedicated one of its company values to this aspect: **We are focused on quality and sustainability.**

The environmentally friendly use of resources, the use of innovative technologies, the careful selection of competent business partners and the continuous further training and development of our employees form the basis for Adler Group's professionalism. Our processes and results are subject to ambitious quality requirements and constant review. Our business relationships are based on reliability. We are demanding but fair towards our partners.

In the newly formulated Group strategy, "Excellence in ESG" has been defined as one of the central strategic development paths. These strategic paths run through the entire Adler Group value chain and point the way to the vision. The key topics in the paths differ depending on the business area, so the three development paths ("Excellence in customer satisfaction", Excellence in ESG" and "Excellence in digitalisation") are divided into the following areas:

Manage & Service

Focus on the portfolio and tenant-related services

Build to Hold

Focus on quarter development for the Group's portfolio

Employees & organisation

Focus on making the Group the most attractive employer in the industry

The chart shows that the aim of excellence in ESG concerns all areas of the Group. The following objectives can be assigned to this strategic path:

- | Environmental protection through the economical use of resources across the entire value chain
- | Quarter development aligned with the social needs of all stakeholder groups
- | Good corporate governance in line with the German Corporate Governance Code
- | Employee support
- | Maximum transparency in all key company matters



The sustainability efforts are in line with the United Nations Sustainable Development Goals and are based on internal guidelines, directives and codes of conduct. Eight of the 17 UN goals are especially relevant for Adler Group:

To support the UN initiative and advance its own efforts, Adler Group has applied to become a member of the Global Compact Network.

Adler Group commits to the UN Sustainable Development Goals and becomes a member of the Global Compact Network.

UN GOAL 3



Good health and well-being

For Adler Group, this means not using hazardous materials in the building structure, complying with all safety obligations in the buildings, ensuring accessibility, guaranteeing safety at work, protecting health, maintaining and promoting the performance and motivation of employees

UN GOAL 5



Gender equality

For Adler Group, this means treating men and women equally, offering the same salary for the same work, promoting diversity in the company and non-discrimination in all forms.

UN GOAL 9



Industry, innovation and infrastructure

For Adler Group, this means development projects with strict requirements for meeting environmental standards, CO₂ neutrality, involving all stakeholder groups in district development projects.

UN GOAL 11



Sustainable cities and communities

For Adler Group, this means developing urban neighbourhoods based on needs and involving all stakeholder groups in quarter development projects.

UN GOAL 7



Affordable and clean energy

For Adler Group, this means upgrading heating systems, switching from grey to green energy, using gas instead of oil as a fuel and installing CO₂-neutral heating systems in new builds.

UN GOAL 8



Decent work and economic growth

For Adler Group, this means largely permanent employment contracts, pay in line with market standards, freedom to form associations, occupational health and safety, a contractual obligation to adhere to certain principles – including for suppliers.

UN GOAL 13



Climate action

For Adler Group, this means ISO 50001 certification for its energy management system, increasing e-mobility, upgrading heating systems, switching from grey to green energy, using gas instead of oil as a fuel, installing CO₂-neutral heating systems in new builds, comply with „Klimaschutzplan 2050“ of the Federal Government.

UN GOAL 15



Life on land

For Adler Group, this means reducing land use by adding floors to existing properties, green spaces instead of sealing surfaces.

Adler Group's strategic approach to environmental sustainability



Due to the specific structure of Adler Group, which includes both portfolio management (Manage & Service) and project development (Build to Hold), there are a range of different aspects that need to be taken into account in relation to the careful use of resources.

Manage & Service

In the existing portfolio, which contains properties that were often built decades ago, efforts focus mainly on renovating buildings to increase energy efficiency, upgrading heating systems and transitioning from "dirty" energy sources to clean ones. The success of these measures can be seen in buildings' improved energy efficiency, a corresponding decline in energy consumption and – where dirty energy sources are replaced with clean ones – a particularly high decline in CO₂ emissions, which are harmful to the environment. Adler Group pursues this approach in all buildings where the necessary investments also pay off economically. If this is not the case, the property is a

candidate for sale. The environmental aspect is therefore an important criterion in the optimisation of the Group's portfolio. However, the willingness to invest in the portfolio is limited by the relatively

restrictive provisions of rental law, which only permits the owner to pass on the associated costs to the tenants to a limited extent.

Example measures in existing buildings

- | Retrofitting of building technology (updating/replacing entire systems or the shell of the building)
- | Renewable energy (Generation on site or external procurement)
- | Reduction of peak load consumption by using accumulators, batteries and buffer systems to store energy.
- | Waste management on site to achieve better recycling rates.
- | Minimisation of demand for fresh drinking water (collecting rainwater, installing green roofs, water purification on site)
- | Integration of buildings in a "clean" transport infrastructure, installing charging stations for electric vehicles
- | Adaptation of buildings to expected climate change (Modifying roofs to cope with higher snow loads, creating capacity for rainwater storage on site)

Adler Group plans to reduce energy consumption across its entire portfolio by 50 per cent by 2030 – in keeping with Germany's Climate Action Plan 2050.

Build to Hold

A significantly higher degree of freedom in design is available for new projects, which Adler Group predominantly pursues through its subsidiary Consus Real Estate. When planning new buildings, new neighbourhoods or entire districts, the green quality of the buildings can be defined in advance – even more so when they are aimed at tenants who can and want to take on higher rents. The Group's efforts to achieve the best possible ecological balance are expressed, among other things, by the fact that our internal specifications are based on nationally and internationally recognised certification systems such as DGNB/LEED®/BREEAM standard in the "Gold" or "Very Good" levels.

These standards require that preference is given to materials with a particularly small CO₂ footprint, that new construction techniques are employed to avoid CO₂-intensive building materials or that recycled materials are used as a priority. How-

ever, in order to comply with certifications, additional criteria are to be met that are not directly related to the construction. This means climate-neutral heating systems, the use of consumption-reducing water systems, the convenient connection of a district to the public transport network or opportunities for selective waste collection.

For project developers in the Group, this gives rise to a set of specifications that require the creation of an individual climate-neutral energy concept for each location, the preparation of life cycle assessments and the establishment of an energy management system for after completion. When striving to ensure environmental compatibility, it is also always important to discuss and coordinate development and planning with the municipalities, investors and all stakeholder groups.

Example measures in development

- | | |
|---|---|
| Planning based on climate-neutral energy concepts | Provision of opportunities for selective waste collection |
| Preferential use of materials with a particularly small CO ₂ footprint | Consideration of environmentally friendly mobility concepts |
| Use of new construction techniques to avoid CO ₂ -intensive building materials | Architecture that promotes health and well-being |
| Climate-neutral heating systems | Heritage protection |
| Use of consumption-reducing water systems | |

Organisation

To ensure the conservation of resources within the company itself, Adler Group has its internal energy management system audited in accordance

with ISO 50001. Subsidiary ADLER Real Estate has successfully obtained the relevant certificate in past years already. The first complete audit for Adler Group will take place in 2021.

Great decrease in CO₂ emissions

Adler Group aims to reduce the CO₂ emissions of its current real estate portfolio of approximately 4.4 million square metres of living space by around 50 percent by 2030. This means an annual reduction in carbon dioxide emissions of around 80,000 tonnes. Essentially, this will be achieved by abandoning fossil fuels, improving the thermal insulation of the buildings and by the fact that the company's own development projects should meet the requirements for climate neutrality. The Adler Group's greenhouse gas reduction strategy thus rests on a total of six essential elements:

- 1.** Green electricity. Adler Group will increasingly generate the electricity required by its buildings and tenants itself using emission-free or low-emission technologies. This includes the installation of photovoltaic systems as well as combined heat and power plants (CHPs) and fuel cells powered by hydrogen or natural gas. If the self-produced electricity ("tenant electricity") is not sufficient, green electricity is purchased.
- 2.** Environmentally friendly heat. Adler Group will increasingly use geothermal energy (in conjunction with heat pumps) and thermal discharge in electricity generation (combined heat and power) in its portfolio properties.
- 3.** Bioenergy. Adler Group will increasingly use biomass in electricity and heat generation (for example biogas in CHPs) and environmentally friendly district heating.
- 4.** Thermal insulation. Adler Group will continuously optimise the insulation of its portfolio properties; this includes better insulation of basements, facades, roofs and new windows and doors.
- 5.** Sale of inefficient buildings. In the coming years, Adler Group will sell buildings that can no longer be upgraded to the desired energy efficiency with sensible renovation investments.
- 6.** Own development projects. The Adler Group's own development projects, which will be incorporated into the portfolio, should meet the requirements for climate neutrality.

Adler Group's strategic approach to social sustainability



The issue of social sustainability is also relevant to the entire Adler Group value chain. While the main focus in Manage & Service is on the current tenants, it is on creating a plan for sustainable neighbourhood cohesion at an early stage in quarter development, Build to Hold. Naturally, the approach also applies to our own employees and the organisation itself. At this stage, we refer to one of the five corporate values:

We act in a results-oriented and responsible manner.

Our economic success must also always benefit our employees. Moreover, Adler Group takes social responsibility and participates in social projects.

Manage & Service

With its portfolio of affordable housing, Adler Group first and foremost targets tenants with average or below-average incomes. Adler Group has thus positioned itself in a segment of the housing market that has been a particular focus of political discourse on the protection of low-income sections of the population for years. Social responsibility in this context means in particular:

Examples of measures with which Adler Group implements its social responsibility

- | Ensuring customer satisfaction
- | Keeping to terms for the social commitment to rent prices in existing properties
- | Providing appropriate housing for people who rely on state support
- | Instigating rent increases only after carefully analysing whether tenants can afford them
- | Accepting hardship clauses
- | In the case of modernisation projects, defining social quotas for apartments with long-term guarantees for rents

There are other important aspects to social responsibility besides the purely financial aspects. For example, in large residential complexes in particular, Adler Group works with municipalities, charitable organisations and non-profit associations to advise tenants on official matters, overcome language barriers, ensure accessibility, organise child-care and create social spaces, such as greeneries,

playgrounds and common areas. Where the opportunity arises, Adler Group is committed to environmentally friendly, needs-based development. This applies in particular to development projects where Adler Group works in close collaboration not only with the municipalities and investors, but also with representatives of tenant associations and other stakeholder groups.

Build to Hold

Adler Group develops quarters that are designed to make people feel good, which starts with architecture that promotes well-being and comfort. It is also important to have a healthy mix of rental apartments, owner-occupied apartments and apartments with fixed and guaranteed rents. This promotes diversity in every respect. Understanding of one another grows when people from different parts of society come together, when old and young live together, when childcare is guaranteed and the more vulnerable can go about their lives without encountering barriers.

Modern technology and intelligent mobility concepts can help to create better connections between people. Social spaces are also important to help a quarter to be seen as worth living. This includes green spaces, playgrounds and common areas. To accommodate the requirements and demands of the various stakeholder groups as far as possible, these groups should also be involved in planning as early on as possible. Surprises can be avoided if needs can be expressed clearly, planning is made transparent and all parties involved strive to ensure good communication.

Adler Group believes it has a social responsibility towards its tenants and is committed to environmentally friendly, needs-based district development.



Employees & Organisation

Having been formed in 2020 through the integration of three previously independent companies, Adler Group's main focus with regard to its own employees is necessarily on integration. A common organisational structure has now been implemented in the Group. All employees who decided to stay at the new Group have found their place in it. As challenging as the integration process so far was, it was driven from the start by a conviction that was already pursued in all three companies: non-discrimination, diversity and fair working conditions.

Adler Group will continue to abide by these principles. Employee satisfaction will be regularly assessed, development measures stepped up and more extensive training opportunities offered.

Adler Group believes that attractive employer branding is necessary to attract and retain qualified employees. With this in mind, roles have been created in the new HR department to address this specific issue. The activities for safety and health management are linked directly to the CLO in terms of an own department. Employees from the HR department or related areas with training in this field look after all these aspects.

Adler Group already employs almost as many women as men, the age structure among employees is balanced, virtually all employment contracts are permanent and most employees enjoy additional company benefits on top of the contractual remuneration. That will remain the case.

Adler Group promotes diversity, non-discrimination and fair working conditions.



Adler Group's strategic approach to sustainable corporate governance

Adler Group takes special care to ensure corporate governance that is of course based on law and order, but above all also adheres to the guiding principles of the "reputable businessman" – these are what guide and inform day-to-day activities at Adler Group. This also requires continually adapting the company structures – organisation, reporting lines, management processes – in line with the changing size of the company.

Adler Group highly values "compliant" conduct. Long-term success should not be jeopardised by the prospect of attractive but short-term profit. To this end, Adler Group management has defined suitable principles on the basis of the corporate objectives and established appropriate rules that ensure the company's legal representatives and employees, as well as third parties where applica-

ble, comply with the rules. This is intended to prevent serious breaches of the applicable laws and voluntary commitments.

Ensuring that the entire workforce acts in accordance with the statutory regulations and company-specific requirements – compliance – prevents financial and reputation risks. The company's compliance culture therefore provides the foundation for compliance management. A number of key aspects define this culture. One of these is the behaviour of company management in relation to compliance matters – the "tone from the top". In addition, the integrity and responsible conduct of managers at all management levels also plays a role, as the only compliance culture that exists at the company is the one perpetuated by management. Adler Group has successfully implemented this to date.

Naturally, the Governance department focuses in particular on the internal processes and guidelines, which in turn affect the Group's entire value chain. The key processes and guidelines include:

Anti-corruption guideline

A detailed anti-corruption guideline goes beyond the basic rules of conduct and is designed to prevent internal corruption and external bribery. The current guideline gives employees a reliable and easy-to-understand guide which they can use to assess the lawfulness of their business activities. In this guideline, Adler Group sets out the rules governing the various forms of contact with other companies, as well as with authorities, municipalities and public organisations. This significantly reduces the risk of fines, financial penalties and reputational damage. The anti-corruption guideline provides specific guidance on how to conduct yourself correctly in business operations and how to handle donations and sponsorship.

Data protection guideline

Adler Group processes a variety of personal data in order to fulfil its duties and obligations towards tenants, customers, employees, shareholders and business partners, as well as service providers, public authorities and other third parties. Personal data is any information that relates to an identified or identifiable natural person.

Data in various categories and with varying protection needs is processed in this context. Data requiring a high level of protection includes data relating to health, the race or ethnicity of a natural person, trade union membership and political opinions. Adler Group does not process any tenant data that requires a high level of protection; however, this data must sometimes be recorded for employees for reasons relating to labour law. The protection of personal data therefore plays an important role at the company. The data protection guideline provides the goals and principles as well as the organisation and the different levels of responsibility for data protection in the company in easily readable form. External companies are appointed as data protection officer.

IT security

IT at Adler Group is currently tackling the major challenge of combining the various systems used by the individual companies following the takeover and merger processes of recent years. The plan over the course of 2021 is to develop an effective, uniform, Group-wide IT organisation.

In the future, these new structures will be able to offer additional services that go beyond the traditional functions of IT and cyber security. This will be supported by the digitalisation of numerous work processes, a transformation that started at Adler Group in 2020 and will see the IT organisation become an integrated information and data provider. As a final step, the new IT infrastructure will be optimised from an energy efficiency perspective.

Despite the various systems that now need to be migrated, the existing structures have proven themselves to be more than secure enough. There have been no noteworthy hacker attacks in the past, and the systems have been tested on a regular basis (penetration tests).

Employees & Organisation

At Adler Group, good corporate governance is about more than just complying with legal regulations or internal guidelines. Good corporate governance is a special asset because it has a significant influence on the company's reputation. Establishing and maintaining corporate governance thus becomes a long-term, ongoing task that needs to be performed every single day in all areas of the company. As a result, this task also defines another of the five corporate values: ***We are committed to integrity and transparency.***

Adler Group's value-driven corporate governance is based on integrity. We are committed to

abiding by legal requirements and internal guidelines. This also applies to our business partners. Our communication is characterised by transparency, speed and openness. The equal treatment of all market participants and the correct presentation of our reports are fundamental to our credibility.

As a company that is formally based in Luxembourg but predominantly active in Germany, Adler Group decided to follow the German Corporate Governance Code and make any deviation from this code transparent. This transparency includes the appointment of the Board of Directors, providing evidence of board members' professional qualifications, the manner in which work is distributed between bodies and provisions of the Articles of Association.

Good corporate governance and transparency make Adler Group a reliable partner for all involved in the business.

Adler Group also requires its managers and employees to comply with the laws and regulations that govern work, collaboration and cooperation with others. To this end, company management has defined appropriate principles, rules and regulations on the basis of the corporate objectives which are developed, implemented and monitored by the Compliance department. These include, among others, the applicable data protection regulations, the insider register with corresponding instructions for those on the list, rules and regulations on the acceptance of gifts and the prevention of corruption and the establishment of whistle-blower mechanisms.

Adler Group believes that good corporate governance and transparency go hand in hand, as that is the only way to achieve credibility – credibility that makes Adler Group a reliable and sought-after partner for all those involved in the business, for tenants and suppliers, employees and stakeholders, investors and lenders.



Systematic dialogue with stakeholders



Adler Group representatives engage in regular and far-reaching exchange with a wide variety of stakeholders – in direct dialogue, via surveys, at events or via memberships such as in industry associations (see page 37). In this way, the stakeholders' expectations of Adler Group are identified at an early stage and can be taken into account in decision-making. In addition, Adler Group's interests are to be expressed to the stakeholders and discussed with them. Adler Group's most important stakeholders are tenants, employees and capital market participants (external lenders, shareholders). Understanding their requirements as part of the stakeholder dialogue and taking them into account in decisions is a key success factor for the company. Form and frequency of this dialogue are adjusted as required.

Adler Group also actively engages with stakeholders on sustainability issues. Among other things, Adler Group is a member of various organisations that aim to incorporate compliance into companies, including the German Institute for Compliance and the Institute for Corporate Governance in the German real estate sector. Adler Group hopes to gain suggestions for its own compliance work from these memberships. Other important sustainability topics like the protection of the environment or climate change are covered by other memberships (Federal Ministry of Economics and Technology(BMWi) energy efficiency network for housing association energy management companies).

Selected memberships of Adler Group companies

Zentraler Immobilien Ausschuss (German Property Federation – ZIA)

Monthly exchange of ideas and interests on all topics relating to real estate, the energy transition and mobility

The Federal Ministry of Economics and Technology (BMWi) energy efficiency network for housing association energy management companies

Quarterly exchange on current legislation, studies and pilot projects, informal exchange on current industry developments, creation of purchasing associations

Institut für Corporate Governance in der deutschen Immobilienwirtschaft (Institute for Corporate Governance in the German Real Estate Industry – ICG)

Publications, events, working materials, compliance working group to develop materials and publications

Deutsches Institut für Compliance e.v. (German Institute for Compliance – DICO)

Publications, events, working materials

buildingSMART Deutschland e. V.

Various conferences/lectures/publications, training courses, informal exchanges, working groups, research and development.

German Lean Construction Institute – GLCI e.V.

Various conferences/lectures/publications, training courses, informal exchanges, research and development

Sustainability embedded in organisational structure

At Adler Group, the responsibility for sustainability lies with the Chief Legal Officer. Supported by the two Co-CEOs, the entire senior management sets the strategic standard in terms of sustainability (“tone from the top”). The anchoring of sustainability as a central corporate value and the importance of ESG as a strategic development path form the corresponding framework (see “The Adler Group sustainability strategy” chapter, page 20).

The Sustainability Board, staffed by the Chief Legal Officer as sponsor and managers at the implementing functions of the company, manages the environmental and socially responsible aspects of the business. In monthly meetings, the Board sets the direction for the selection and development of sustainability initiatives as well as for the definition of sustainability-related performance indicators and targets. The Sustainability Board also ensures Group-wide harmonisation of sustainability concepts and activities in order to live up to the strategic corporate claim of “Excellence in ESG”. In addition, it takes into account all non-financial aspects required by the relevant sections of the German Commercial Code (HGB).

In 2020, the work of the newly created Sustainability Board focused on the materiality analysis and the resulting materiality matrix, as well as the requirements of the CSR Directive Implementation Act. The operational implementation of the results is carried out in the business units and corporate staff units of Adler Group. Each unit was given clear corresponding responsibilities and accountability. In addition, the new “Innovation and New Services” business unit was set up to establish itself as a coordinator regarding innovative topics across all divisions and to collect and evaluate ESG data.



Sustainability – organisational anchoring in the Adler Group

Strategic level

Anchoring in the strategic framework

Sustainability is one of five corporate values that should shape the corporate culture. In addition, "Excellence in ESG" is one of the strategic paths of the Adler Group. An ESG roadmap translates this strategic goal into concrete initiatives.

Corporate value:
Sustainability

Strategic framework:
ESG of central importance

ESG Roadmap with concrete initiatives

Tone from the top/ Leadership

Support and sponsorship by the Board

The entire Senior Management is committed to achieving set sustainability goals. Responsibility for matters related to sustainability rests with the CLO.

Co-CEO &
Chief Financial Officer

Co-CEO &
Chief Operations Officer

Chief Legal &
Chief Compliance Officer

Sponsor

Governance

Sustainability Board

Regular leadership committee to enable the organisation to manage and operate the business in an environmentally and socially responsible manner. ("Excellence in ESG")

- | Gives direction: Identification and steering of initiatives
- | Definition and management of ESG KPIs
- | Cross-functional coordination

Sponsor: CLO/CCO
Participants: all implementing functions
Frequency: monthly

Responsibility for implementation (selection)

Coordination by the Innovation Division

Sustainability or ESG concerns all corporate functions. The Innovation & New Services department plays a central and coordinating role.

Innovation & New Services

Strategy &
Organisational
Development

Group Financing

Portfolio Management

Central Purchasing

Technical Management

Human Resources

Compliance &
Risk Management

Planning

Execution/Construction

Environment: Sustainability performance

**Sustainability in the
portfolio (Manage &
Service) 46**

**Sustainability in
development
(Build to Hold) 54**

**Sustainability
within the company
organisation 60**

Environment: Sustainability performance

Adler Group has set itself the goal of reducing CO₂ emissions caused by energy consumption and heating by 50 % across its entire portfolio by 2030. A range of measures and initiatives will be required to achieve this goal.

The property portfolio predominantly consists of units that were built at a time when the careful use of energy was not as urgent as it is today. For these properties, the aim is mainly to take measures to improve energy efficiency, improve building insulation, replace windows and doors, install more efficient heating systems or replace fossil fuels with renewable sources. However, the freedom available to make changes in these properties is often limited, for example if residential complexes are supplied with district heating which limits the scope to influence the energy mix used, or if the supply of heating energy is bound by a long-term contract.

The opposite is true for project development, where there is a lot of freedom. Here, the decision for or against climate neutrality, for or against a sustainable energy supply, for or against environmentally friendly construction materials is largely in the owner's hands.

The above aim relates exclusively to the ongoing consumption of energy and heating, and not to the use of natural resources in connection with

construction measures or the associated emission of greenhouse gases. However, this does play a significant role in renovations and new construction projects. Whether it is preferable to renovate existing buildings or build from scratch is not always clear-cut from an environmental protection perspective. One point in favour of upgrading existing buildings is that the existing structure, which would otherwise have to be torn down, disposed of and replaced, is retained. However, new builds offer efficient complete solutions that are virtually impossible to achieve if renovating existing structures. If existing housing is condensed or additional living space is created by adding floors, the consumption of space that would be necessary in new construction can be avoided.

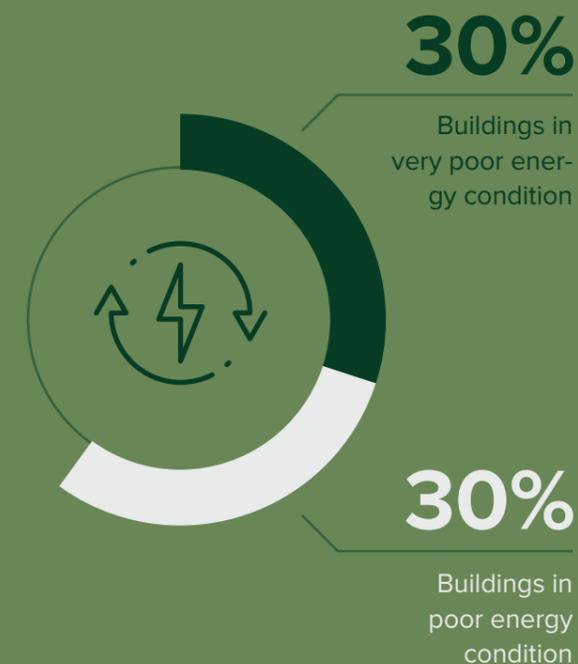
Whether renovating existing buildings or building new ones: the decisive issue from the perspective of climate protection is always how they are constructed. The production of concrete and steel is a very energy-intensive process and therefore also generally associated with a high level of CO₂ emissions. The use of wood, on the other hand, does not harm the environment because wood binds CO₂ and stores it in perpetuity. How environmentally friendly the construction is also depends significantly on the use of different construction materials.

Significant potential for sustainable modernisation

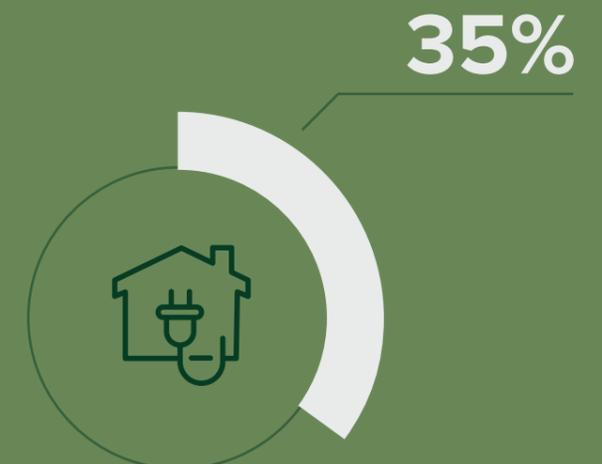
Number of buildings in Germany:

21m

Energy condition
of buildings:



Percentage of energy consumption
in Germany accounted for by buildings:



Sustainability in the portfolio (Manage & Service)



In the past, the companies that make up Adler Group have mainly selected their energy providers based on price. Given the high level of price sensitivity among their tenants, this seemed an appropriate strategy. This process has in some cases resulted in contracts with large corporations and long fixed terms, which had a significant influence on the energy mix in 2020 as well. As a result, the share of green energy was quite low while the share of grey energy was high. This will change going forward, as a lot of the long-term supply contracts expire at the end of 2021. They will not be extended, but be replaced with contracts for the supply of energy from renewable sources.

In addition, Adler Group is switching to the concept of tenants' electricity where this is possible and makes economic sense. A pilot scheme is already under way in Göttingen. This scheme does not provide purely green energy, but rather uses fossil fuels much more efficiently because electricity and heating energy can be generated at the same time with a co-generation plant.

While Adler Group can decide how electricity is provided or what type of electricity is supplied in the housing portfolio, the tenants themselves still decide how much or little energy they use. There are only a few areas where Adler Group can make this decision, for example for stairwells, the external lighting of buildings and common areas in buildings.

Upgrading heating systems step by step

Adler Group has set itself the goal of upgrading inefficient heating systems in the portfolio where the company has the necessary authority to do so. To that end, the programme that was started in 2018 by subsidiary ADLER Real Estate is continuing unabated. Over the past two years, the company has already upgraded 453 heating units supplying

8,195 apartments with heating and hot water. Although it was not possible to complete all the work planned in 2020 due to the coronavirus pandemic, the company was still able to replace a further 79 systems, which, thanks to their greater efficiency, will contribute to CO₂ savings.

Pushing ahead with renovations to boost energy efficiency

Adler Group intends to push ahead with the renovation of existing properties to improve energy efficiency and will first be implementing appropriate measures in the large residential complexes that are typical of the portfolio. This work was already under way in Wolfsburg Vorsfelde and Göttingen Grone in 2020, where the Group has approx. 2,250 apartments. 400 apartments have already been renovated, and the rest will be completed over the next two years. The aim is to upgrade around one % of the property portfolio each year in order to reduce energy consumption and greenhouse gas emissions in the renovated complexes by 30 to 40 %. Extrapolations based on past experience show that savings of this magnitude are realistic. On this basis, once the renovations have been completed in these two locations, the volume of CO₂ emitted each year will be cut by at least 2,000 tonnes based on current consumption levels.

Example case

**District modernisation project
in Wolfsburg**



The renovation and expansion measures carried out at Adler Group properties in the Wolfsburg district of Vorsfelde not only deliver important, sustainable effects, but also improve the (living) quality of the 1,100 apartments. New windows and doors keep heat in the apartment and noise out. The new doors also meet the latest fire safety requirements. The insulation on the façades, roofs and cellars reduces heat consumption and heating costs significantly. In the buildings that gained an additional top floor, lifts were installed to make all apartments accessible. Balconies were enlarged and, in some cases, transformed into winter gardens. In the apartments, a new ventilation system sustainably improves the room air and reduces the risk of mould forming. The old, in some cases underperforming building technology was completely replaced.

As a result, tenants enjoy a noticeable improvement in living quality, a significant increase in residential value and a substantial reduction in running costs. Of course, it would not be possible to undertake renovations on this scale without increasing the rent. However, the share passed on to tenants is limited by the relevant regulations and is partially offset by the reduction in running costs.

The impact on the environment, by contrast, has been noticeably and permanently reduced: In the Adler Group portfolio, an average of 2.5 tonnes CO₂ per year is emitted by each unit. This has been cut by at least one tonne per unit following the renovation work.

In Wolfsburg Vorsfelde, Adler Group has also decided to build 250 new apartments, taking into account environmental aspects. Another floor is being added to existing three-storey buildings without using any extra space, visually bringing them in line with the surrounding buildings. Wood has been chosen as the main construction material – a sensible choice from an environmental perspective, because wood stores CO₂ in perpetuity. The use of wood as a construction material for new apartments is an example of how Adler Group is choosing contemporary materials with good environmental properties.

**Adler Group uses mineral wool rather than
extruded polystyrene foam for the facade insulation
in Wolfsburg Vorsfelde even though it is around
25 % more expensive to procure.**

Why?

- | Mineral wool is obtained from mineral fibres, extruded polystyrene foam from oil or coal tar.
- | The manufacture of mineral wool requires around half of the energy used to produce extruded polystyrene foam.
- | There is very little difference in the insulating performance of mineral wool and extruded polystyrene foam, but extruded polystyrene foam has an average life of just 30 years while mineral wool lasts up to 50.
- | Mineral wool is easier to dispose of as it can either be recycled or sent to landfill as non-hazardous waste. Extruded polystyrene foam, on the other hand, is rarely recycled, and is usually used to recover energy (waste incineration). It is possible to recycle newer forms of extruded polystyrene foam, but the process is complex and expensive.

Expanding the concept of tenants' electricity

The energy-related renovation of the residential complexes in Göttingen Grone supports another concept that Adler Group intends to use to cut the consumption of resources in the future, reduce emissions and offer tenants lower-cost energy: tenants' electricity. The concept was introduced towards the end of 2020 as part of the first expansion stage, which was completed that year. However, there is not yet any concrete data available as the data collection period is too short.

Tenants' electricity is generated on site in co-generation plants. These plants generate electricity and at the same time supply the building with heating and hot water. There is a financial benefit to the tenants because certain duties and charges

that would otherwise be payable with conventional electricity procurement, for example in the form of electricity tax or grid fees, do not apply.

The installation of co-generation plants is always just one part of a package of energy efficiency measures. For example, the efficiency gains achieved through the installation are boosted by thermal insulation measures. Nevertheless, the ecological balance of the energy sources used to produce tenants' electricity can be improved too, so the concept is being expanded in Göttingen Grone in 2021 to include solar panels. These will be installed on the roofs of buildings where an extra top floor is being built like in Wolfsburg. This will significantly increase the proportion of the tenants' electricity that is completely green while reducing greenhouse gas emissions.

The heating and energy concept for the Adler district in Göttingen Grone

Entire living space
90,000 m²

Number of apartments
1,150

For the tenants, both the reduction in energy consumption through energy-related renovations and the transition to green forms of energy are attractive from a financial perspective. These measures will partially offset and perhaps even completely compensate for the additional costs created by the CO₂ tax, which will noticeably increase the cost of fossil fuel consumption from 2021.

Specific heating costs per m²:
Reduction by approx. **40%**

CO₂ emissions:
Reduction by approx. **60%**

Going forward, Adler Group plans to expand the concept further through sector coupling. The aim is to increase the number of areas, both in and on buildings, where energy is generated on site and to use this self-generated electricity not only for the usual household needs but also to support growing e-mobility demands. It would be possible and would make sense to charge the batteries in electric ve-

hicles using self-generated electricity, particularly during off-peak periods. This would make entire residential complexes independent from public networks while at the same time facilitating the more rapid expansion of e-mobility. It could also overcome the issue of public networks not having the capacity to supply the required number of charging stations.

Portfolio structure by energy efficiency classes

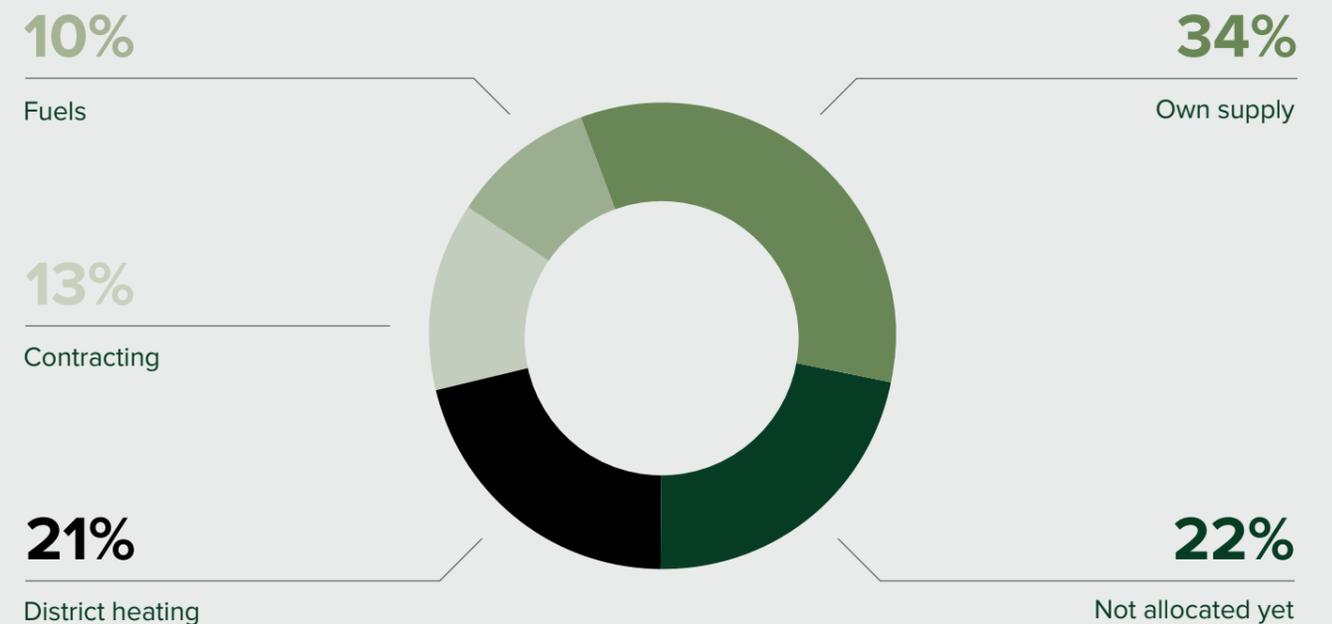
The Adler Group portfolio consisted of 7,005 buildings at the end of 2020. In the course of reviewing the available data on heat consumption, it was possible to check the plausibility and validate the values for 3,300 of these buildings. The evaluation of the values for the other buildings is still ongoing. This report provides only actual data; estimates or assumptions are not included in the consumption figures.

These 3,300 buildings represent 77 % of the rental units and 65 % of total square metres. In 2020, about 247 million kWh was consumed (see total district heating & cooling consumption plus total fuel consumption EPRA table on page 117).

Around 34 % of the heating energy was provided by Group companies, primarily ADLER Energie Service, 13 % in the form of contracting by partners who operate the heating systems in the building, 21 % by district heating, and 10 % by other forms of gas or oil supply (Fuels). Around 22 % of the heat quantities could not yet be allocated because the relevant data are still being evaluated and checked.

Sources of heat supply

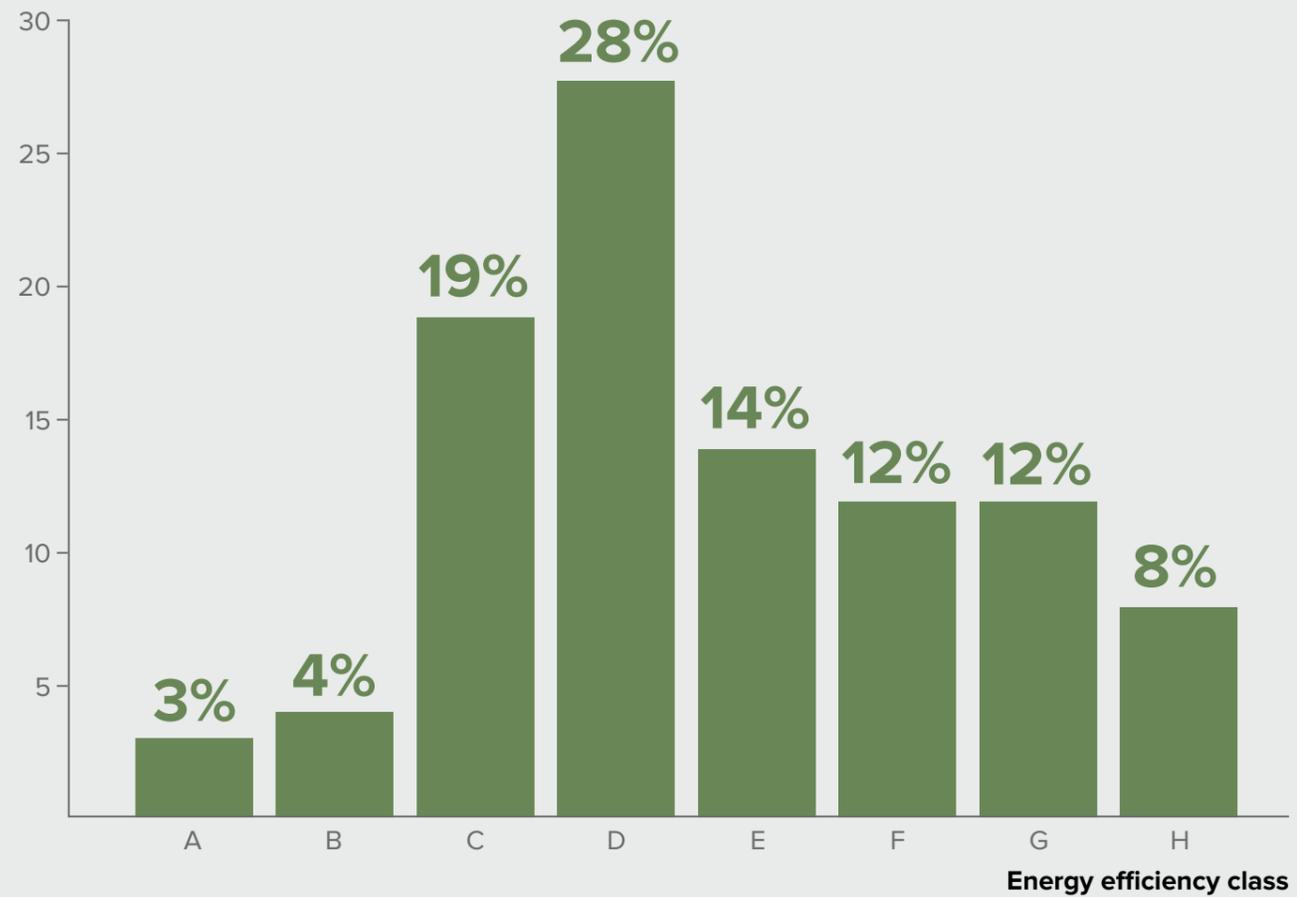
shares in per cent



Based on the consumption data collected, the individual buildings were assigned to the usual energy efficiency classes. According to this, 54 % of the buildings fall into classes A to D, i.e. they meet comparatively high standards in terms of energy efficiency. Buildings in energy efficiency classes G and H are preferred candidates for energy-efficient renovation.

Adler Group buildings by energy efficiency class

Adler Group buildings
(shares in per cent)



Sustainability in development (Build-to-Hold)

Project development is a substantial part of Adler Group's business model. This area of the business is mainly, though not exclusively, undertaken by subsidiary Consus Real Estate. In project development, Adler Group pursues a comprehensive approach to the sustainable development and maintenance of properties over their entire life cycle.

Before it was taken over by Adler Group, Consus predominantly developed and constructed projects on behalf of third parties. In the future, Consus will focus on only pursuing projects that will remain in the Group and expand the permanent portfolio of rental apartments (Build to Hold).

Most of these projects, which comprise around 10,000 units in total and will be realised over the next six to ten years, are still in the early planning stages and so do not have any impact on the key consumption figures that are relevant to the environment. Projects that Consus develops for third parties are not taken into account in this report as it is the clients, not Adler Group, who are responsible for the decisions made regarding the building projects.

These projects are proof of the decades of experience that Consus has in project development and its expertise in the use of renewable energies

and environmentally friendly construction techniques and materials, as well as its focus on the mobility and social needs of future users – essentially, everything that Adler Group advocates.

Adler Group maintains a strict focus on sustainable criteria for both the construction phase and the subsequent building operation from an early stage when planning and designing new buildings for its own portfolio. Sustainability in property development and maintenance is not limited to energy efficiency and CO₂ emissions: It also involves aspects of social interaction and mobility, such as proximity to public institutions and public transport and maintaining a partnership-like relationship with tenants, municipal authorities, planners, investors and other stakeholder groups.

Minimising environmental effects over the entire life cycle

In terms of the purely environmental aspect, sustainability management at Adler Group takes into account all effects that a property has on the environment over its life cycle. That includes raw material and energy consumption during construction, operation and demolition at the end of its life cycle. It also includes the careful use of (drinking) water, a restrained approach to the sealing of surfaces and the preservation of existing biodiversity.

Adler Group sustainability goals in property development

- 01.** Creation of energy concepts for all new builds and complete refurbishments. Creating an energy concept at an early stage in the project development process allows a wide range of options to be evaluated and the best possible system to be selected. This avoids additional work potentially being required due to subsequent alterations.
- 02.** Creation of energy concepts for all campus and quarter development projects. Due to the many different types of use and energy demands, campus and quarter development projects generally offer significant potential for the reduction of CO₂ emission.
- 03.** Preparation of life cycle assessments for all new builds and complete refurbishments. Due to the high level of resources used by buildings and their long duration of use, it is sensible to look at the entire life cycle when seeking to continually reduce the impact of properties on the environment. The only way to ensure the right basis for decision-making is to evaluate all environment-related effects in the life cycle assessment.
- 04.** Technical controlling and commissioning management. The potential for optimisation in terms of energy efficiency and the thermal comfort of users is particularly high during the first twelve months following completion. Technical controlling during planning and execution and systematic and documented commissioning with proof of function and performance for all energy-related technical facilities provide specific indications of opportunities for development.
- 05.** Energy management for all new builds, complete refurbishments and existing buildings. A detailed data collection concept for building technology is essential for the energy-efficient operation of buildings. For this reason, all plans include an effective measuring and counting concept. Energy monitoring is also carried out for the first twelve months after a building is commissioned.

Adler Group sustainability goals in property development

06. Plan all new builds and complete refurbishments to comply with sustainability certification. Building certification is an important tool for implementing sustainable strategies in the real estate industry and provides proof to future tenants and investors that buildings are of a high quality. Therefore, our internal specifications are based on nationally and internationally recognised certification systems such as DGNB/LEED®/BREEAM on the "Gold" or "Very Good" levels.

07. Plan all campus and quarter development projects to comply with sustainability certification. As campus and district development projects involve a large number of different buildings, it is possible to achieve sustainable property development with a lot of positive effects. To document this performance, our internal specifications are based on nationally and internationally recognised certification systems such as DGNB/LEED®/BREEAM on the "Gold" or "Very Good" levels.

Looking after health and comfort

Properties should be beneficial to the health and comfort of their users. This places particular requirements on the architectural design of properties and how they are used. Both of these aspects have an impact on the people who regularly spend time in the building or live or work in the vicinity in terms of user friendliness, health compatibility, comfort and safety.

People spend the majority of their time in closed rooms, so internal air quality has a significant influence on their health and performance. An important task for building planners is therefore to ensure that there is sufficient natural light and outside air and, where possible, to use only materials for the construction and interior fittings that are not considered to have a negative impact on health.

All these aspects are being taken into account in

the planning and execution of the major VAI Campus project, for instance (see "VAI Campus"). However, detailed consideration is also given to sustainability in smaller projects. For example, in an office building in the Berlin district of Charlottenburg that was developed by Adler Group, though has since been sold, there is a high volume of natural light in the workspaces, the sanitary fittings use over 40 % less water than the relevant comparative value and the annual energy costs are a good 25 % less than envisaged with the original requirements.

Climate-neutral heating

In all development projects, Adler Group aims to make the heating climate-neutral wherever possible, i.e. to minimise CO₂ emissions. Adler Group considers geothermal energy in particular to be suitable for this purpose, like that used in the Cologne project in Cologne.

Example case

Geothermal energy in COLOGNEO in Cologne

On the site of the former Klöckner-Humboldt-Deutz plant in the Mülheim district of Cologne, Adler Group is, in cooperation with other professional developers, in the process of developing a new urban district, the "COLOGNEO Quartier". It shall offer a modern mix of places for working and living, including an already completed day-care center, offices, retail space, catering and a hotel.

On the southern part of the COLOGNEO area, more than 480 apartments, around 20,200 m² of commercial space and around 420 parking spaces will be built by 2023.



For the southern part, Adler Group has designed energy-efficient heating and cooling technology, the heart of which is one of the largest geothermal systems in Germany. In the cold season, the geothermal system extracts heat from the ground and transfers it to the heating system. In summer the principle is reversed and the rooms are cooled while the heat is released to the ground. Each construction complex is supplied decentrally by its own heat pump system. The electricity required to drive the heat pump is generated by the company's own photovoltaic system on site. District heating is only used during peak loads making the system largely CO₂-free.

Involvement of all stakeholder groups at an early stage

Project developments are always subject to certain formal requirements, approval processes, disclosures and public debates. Cities and communities must decide whether to approve development plans and grant building permits. Citizens have the right to object and have their say, stakeholders state their requirements and projects can easily become

a political football.

Against this backdrop, Adler Group considers it advisable to involve all relevant stakeholder groups as early on as possible in the planning stage. Although this can be a lengthy process, in the end it ensures the required planning certainty. There are, of course, different aspects to consider in every project, but the VAI Campus project in Stuttgart Vaihingen is a good example of the process involved.

Example case

VAI Campus in Stuttgart Vaihingen



© Steidle Architekten (Image is nonbinding)

Adler Group is developing a pioneering district in Vaihingen, Stuttgart, in the form of the VAI Campus. The approx. 200,000 m² site, which used to be home to IBM's Germany headquarters, is very well connected to the transport infrastructure. Some of the buildings on the site are listed buildings and so pose a particular challenge. The former "IBM campus" or "Eiermann campus" was designed by Egon Eiermann, a star architect at the time, at the end of the 1960s. After standing empty for a long time, the "Eiermann Ensemble"

was formed in 2013 under the leadership of the Mayor of Stuttgart, Fritz Kuhn with the aim of revitalising the campus. That same year, the ensemble came to the conclusion that the only way to compensate for the high investment costs involved in preserving the existing listed buildings would be to approve extensive reconstruction. Accordingly, today's plans include a total of 30 new buildings, essentially tripling the existing site.

Intensive resident and citizen participation

Adler Group's pursuit of new, sustainable paths includes project development. The procurement of planning permission, citizen participation and urban planning competition have been combined in an experimental process. Adler Group has coordinated closely with Baden-Württemberg Chamber of Architects and the Stuttgart City Administration on this project. Those involved agreed on a two-stage process with an urban planning ideas competition and a parallel urban planning evaluation process.

It was important to Adler Group to present and discuss the results of the first competitive process publicly to allow citizen participation before the second, in-depth process began. Adler Group wanted to inform Stuttgart residents about this important local project from the start and explain the plans to them. Discussions were held with the relevant political bodies in parallel so that all parties involved in the process always had the latest information. This process was new to Baden-Württemberg.

Environment-related approaches in the VAI Campus

- | There are four listed buildings on the VAI Campus. They have cultural and historical value and are being preserved in the future development plan.
- | The VAI Campus is being built with the aim of achieving CO₂ neutrality.
- | New forms of mobility are being considered, such as the design of a smart city.
- | The residential area is intended to be car-free as far as possible. Motorised vehicles used for individual transport will disappear underground before entering the VAI Campus. Instead, there will be bicycle stations and car-sharing options.
- | There are plans for a cable car connection to Vaihingen station. It would be the first time in Germany that a cable car is used as a regular inner-city means of transport.
- | Near the site, there will be the first roundabout in Stuttgart reserved exclusively for bicycles, which will connect to the rapid cycle route towards Böblingen.
- | Some elements of the buildings will feature an environmentally friendly timber construction.

Sustainability within the company organisation

Adler Group has set itself the goal of systematically, continuously and sustainably reducing the amount of electricity, heat and fuel consumed across all administrative offices in company operations.

To this end, Adler Group operates an ISO 50001-certified energy management system at all operating facilities and for the company's vehicle fleet. This system has been in operation at subsidiary ADLER Real Estate since 2016. A central element of the TÜV-certified energy management system is a continuous improvement process according to the "Plan-Do-Check-Act" principle. This principle ensures that Adler Group is able to gradually increase its energy efficiency within its sphere of responsibility.

Energy management is implemented by an energy management team, which also includes local energy officers at the larger operating facilities. An energy management officer has been appointed to head up the energy management team.

However, Adler Group is a tenant rather than owner at most office locations and therefore has only a limited influence over the building quality and technical facilities. In these cases, Adler strives to use more energy-efficient office equipment (computers, printers), adjust the room temperature as necessary and replace lighting with up-to-date technology (LED). During the integration into Adler Group, some offices were merged, for example in Berlin, where seven sites were consolidated into three. This has a positive impact on energy consumption and the associated emissions. By the start of 2023, the plan is to combine all Berlin sites into one sustainable new build in the Heidestraße area, in EuropaCity behind the main train station.

As Adler Group has grown, so too has the fleet of vehicles used. The Group's fleet of commercial and company vehicles currently comprises over 600 cars and vans, as well as functional vehicles and other forms of transport, such as e-bikes.

A key priority in fleet management is to continually reduce the fleet's fuel consumption and corresponding greenhouse gas emissions, particularly CO₂ emissions. An important tool in the implementation of this aim is the use of suitable software that allows the relevant data to be recorded and evaluated so that appropriate solutions can be developed. In order to reduce the fleet's fuel consumption and emissions in the medium term, Adler Group has specified in its internal guidelines that priority will be given to the procurement of electric and hybrid vehicles going forward.

For property and district maintenance work, Adler Group employees regularly use motorised equipment such as mini cars and leaf blowers. Earlier, for financial reasons as well, exclusively equipment with combustion engines was purchased for these purposes. Now, Adler Group is focusing on using equipment with an electric drive. This means less noise for residents and less polluting emissions.

Energy management measures

- | Analyses of energy consumption in order to identify the top consumers and take them into account in energy efficiency measures
- | Development of KPIs for energy efficiency to enable site comparisons, for example heating consumption per square metre
- | Creation of location-specific action plans with energy efficiency measures
- | Appointment of regional energy officers at larger operating facilities who implement the energy management system in coordination with the energy management officer, and train and motivate employees at the sites to reduce energy consumption
- | Posters in the operating facilities on energy-conscious behaviour during day-to-day work
- | Use of electric-powered cargo bikes and electric vehicles

Sustainability performance: Social/tenants/employees

Tenants 64

Employees 74

**Occupational safety,
tenant protection
and health protection
during the coronavirus
pandemic 82**

Tenants

Adler Group believes that companies have a social responsibility towards their customers that goes beyond a mere business relationship and that it is in their own interest to actively assume this responsibility. After all, only companies that do business responsibly can ensure that they will be accepted by society and survive on the market in the long term. This is all the more true for Adler Group as its portfolio of affordable housing mainly targets tenants with average or below-average incomes.

Adler Group therefore operates in a section of the housing market that has been a particular focus of political discourse for many years. Although rent brakes, rent caps and the current hot topic of how responsibility for the upcoming CO₂ costs should be shared between tenants and landlords affect everyone living in rental accommodation, they have a particular impact on those who cannot afford any additional burden – or could only do so by cutting back in other areas. Adler Group provides housing for this group and understands social responsibility in this respect to mean a specific obligation to provide for the well-being of its tenants – by offering a safe and healthy living environment, good service and affordable rents and by serving as a reliable partner in developing neighbourhoods.

Preserving the value of a property in terms of living quality for tenants and optimising property with respect to climate protection requires investment. Adler Group spends hundreds of millions of euros on maintaining, renovating and modernising its residential complexes every year. In 2020, the total for all Adler Group companies was EUR 149 million. These investments mainly serve to improve the living quality of existing apartments or to create additional living space.

Providing security

The housing portfolio forms the material basis of Adler Group's business operations. Buildings in a good state of repair are crucial to tenant satisfaction. And satisfied tenants ensure the economic success that Adler Group needs to survive. The company therefore aims to guarantee the conditions for a safe and healthy living environment in its properties at all times. The extent to which tenants benefit from these conditions does, however, also depend to a large extent on their cooperation.

The responsibility for a sound living environment starts as early as the development and construction phase of the property and is therefore mainly the responsibility of subsidiary Consus Real Estate (see section "Sustainability in development"). Regulations, standards and classifications for the use of construction products also apply to maintenance, renovation or refurbishment projects, which are regularly carried out in the Group's existing properties. Such regulations include the provisions of the German Civil Code specifically aimed at the construction sector, the German Construction Tendering and Contract Regulations, the German Building Products Act, the Regional Construction Regulations, DIN standards and the "Ü" and "CE" labels for construction products. Adler Group's suppliers and contractors receive detailed specifications about what products may be used as soon as they are awarded a contract.

Proof of meeting specifications is required as part of the building inspection. A declaration by the participating structural engineer or structural safety engineer must be submitted. The



construction firm must also declare in writing that the building has been constructed according to the construction plans and generally recognised codes of practice. Also required are certification by the chimney sweep, specialist contractor certificates by the companies that did the electrical and plumbing work, and proof of a "blower door" test of the airtightness of the building(s). When a property is handed over to Adler Group as the owner, it is expected that final approval has been issued by the building authority and appropriate certification has been received. If the supplier or contractor cannot provide such proof, either a defect is recorded in the acceptance certificate or acceptance is denied. The process is evaluated by spot checks conducted by technical quality management.

The Central Procurement department at Adler Group is responsible for ensuring compliance with all key health, safety and environmental compatibility classifications. (see also "Supplier management" on page 96) The responsible employees are specially trained for this responsibility. In conducting their checks, they apply a particular duty of care if business relationships are being formed with new suppliers: As a rule, a new supplier or service provider must submit a comprehensive information form including non-financial indicators. For important contracts, Central Procurement runs a plausibility check of the information and initiates a credit check, for instance through Creditreform, a business information service. If the requirements are not met, the contract is not awarded.

Regular maintenance, repairs and upgrading of technical systems (drinking water supply, heating, electrical systems, lifts) fall under the remit of public safety obligations. They are therefore Adler Group's responsibility as the operator and are always met in full (EPRA: H & S-Asset). The property management staff and facility management specialists responsible for technical systems ensure

that building services are in good working order. They arrange for maintenance or replacement of the equipment if defects are found.

The Senior Management is directly involved in all technical decisions. There is a general consen-



sus in the Group that all products used must meet and possibly also exceed the legal requirements. In addition, the Management Board assumes the duty of care to ensure that all technical systems are maintained, tested and – given the necessity – replaced at the appropriate intervals. Subsidiary Adler Wohnen Service (AWS), which is responsible for all aspects of building services, employs

a group of experts to ensure it has the specialist knowledge required to do so. These experts each take care of a specific technical issue such as lifts, drinking water safety, fire safety, asbestos or apartment renovation process management. Each of them is trained in their specialist field and

receives continuing education in the event of significant changes in technical or legal standards. The employees with local responsibility for these issues can reach out to the experts in the head office at any time.

The Central Technology department at AWS is tasked with developing strategies applicable

to the entire Group on how to deal with certain aspects of building services or the problems associated with these systems. Public safety and operator responsibility play a key role as material responsibilities of property management. AWS has specified all services and intervals in these areas of responsibility and delegated the majority of services to Adler Gebäude Service (AGS), ADLER Energie Service (AES) or specialist companies. (Building) caretakers conduct walk-throughs of the facilities for which they are responsible at regular intervals. The results are logged and submitted to the responsible property manager at AWS, who evaluates the log and hires tradespeople to rectify any damage, if necessary. These processes have now mostly been digitalised.

Avoiding health hazards

Adler Group motivates and supports tenants in doing their part to ensure a safe and healthy living space. The company provides information on its website on how to protect against theft, how to ventilate properly, how to clean drinking water pipes after a long absence, how to keep heating costs low and much more. This advice is also given to new tenants in a multilingual brochure at the start of their tenancy. These measures are the company's effort to appeal to residents' personal interest and voluntary engagement.

In addition, Adler Group installs "Regel-air" systems in its construction projects to help residents ventilate their units properly and create a comfortable indoor climate. They help to prevent damp and mould damage, which in turn reduces the risk to tenant health.

Older people and people with mobility issues in high-rises rely on elevators being in good working order at all times. For this reason, Adler Group fulfilled its responsibility as an operator by arrang-

ing for inspections of all lifts in its portfolio so that they can be modified, refurbished or replaced, if necessary, to the state-of-the-art standards by the end of 2021.

Moreover, Adler Group completed a full technical survey of the Group's entire property portfolio in 2020. In connection with a database specially set up for this purpose, this provides a complete overview of the technical condition of the properties for the first time. This tool will enable the company to further standardise, maintain and refurbish its technical systems, better coordinate these processes, and more quickly identify and eliminate possible defects.

Service quality and customer focus

Adler Group generates most of its income from rent. Because a high tenant turnover rate is associated with high costs, all companies in Adler Group want to retain tenants for the long term and keep vacancy levels low. Adler Group is convinced that the best way to achieve this is through high service quality and customer focus. When it comes to the development of entire districts, networking with politicians and authorities at a local level is of the utmost importance. This collaborative effort will enable entire residential complexes and neighbourhoods to be improved.

In most cases, the AGS caretakers are the first point of contact for tenants and responsible for excellent service quality as the landlord's representatives. For this reason, Adler Group began to prepare all caretakers even better for the many different demands of day-to-day business as part of the newly established Adler Academy in 2019 in cooperation with the European Education Centre for the Housing and Real Estate Sector (EBZ) in Bochum. In addition to specialist training, continuing education modules were also used to teach them

the best ways to deal with tenants and their concerns. The objective is to put the caretakers in the position to appropriately react to tenant requests and to forward these to the responsible contacts at AWS when necessary. The training courses were completed in 2020; around 100 people participated. Based on the positive experience and results of the first caretaker academy, Adler Group plans to offer further similar training measures for employees who wish to expand their professional horizons and become a building caretaker, with duties encompassing rental law, property inspections and apartment handovers, as well as building services and technology.

Helping tenants

Adler Group provides a wide range of support to its tenants, including taking into account its tenants' income situation when planning rent increases or renovation work. If a rent adjustment would result in unreasonable hardship or even personal insolvency, Adler Group will refrain from increasing the rent or will reduce the planned increase. This affected around one % of tenants whose rent should actually have increased in 2020. In the case of renovation projects like the one in Göttingen, Adler Group is willing to make a long-term commitment to keeping rent at a low level for a certain percentage of the apartments. In 2020, rent increases were suspended altogether in some cases due to the coronavirus pandemic. Adler Group also offers apartments to tenants who are not able to pay their rent themselves and who therefore rely on social transfer payments.

In locations where Adler Group operates entire residential complexes in particular, the company actively seeks to cooperate with charitable organisations, associations and citizens' initiatives. Depending on the location, the residential environment can vary substantially and require various measures to increase value. This may involve

building or renovating a playground in complexes with a large number of families and children or increasing accessibility in neighbourhoods where there are a lot of elderly tenants. Sometimes it can mean renovating pavements in the complex, setting up a football pitch or taking particular care of green spaces.

Adler Group is working together with charitable institutions at selected locations to enable older people to live in age-appropriate housing. This is the case in Wilhelmshaven. Here, Adler Group ensures accessibility and renovates bathrooms to be age appropriate, whilst employees of the non-profit Gesellschaft für Paritätische Sozialarbeit are available as contacts for social issues.

At other locations, such as Oberhausen, Adler Group provides space to the German Workers' Welfare Association (AWO). These facilities are used for neighbourhood projects, tenant support, social services and homework assistance, among other things. Adler Group also provides space for other initiatives that encourage a good sense of community, such as youth centres, neighbourhood cafés or history workshops. Summer festivals, Christmas markets and other social gatherings also promote respectful co-existence, although it was not generally possible to hold these events in 2020 due to the coronavirus restrictions.

Supporting district development

As a project developer and portfolio holder, Adler Group actively participates in the development of districts and urban renewal projects. When new projects are developed, the leeway for designing them is much greater than when redeveloping existing districts. Accordingly, the participating cities and municipalities often put forth far-reaching requests and ideas, or conditions. These often relate to the design of green spaces, the construction of

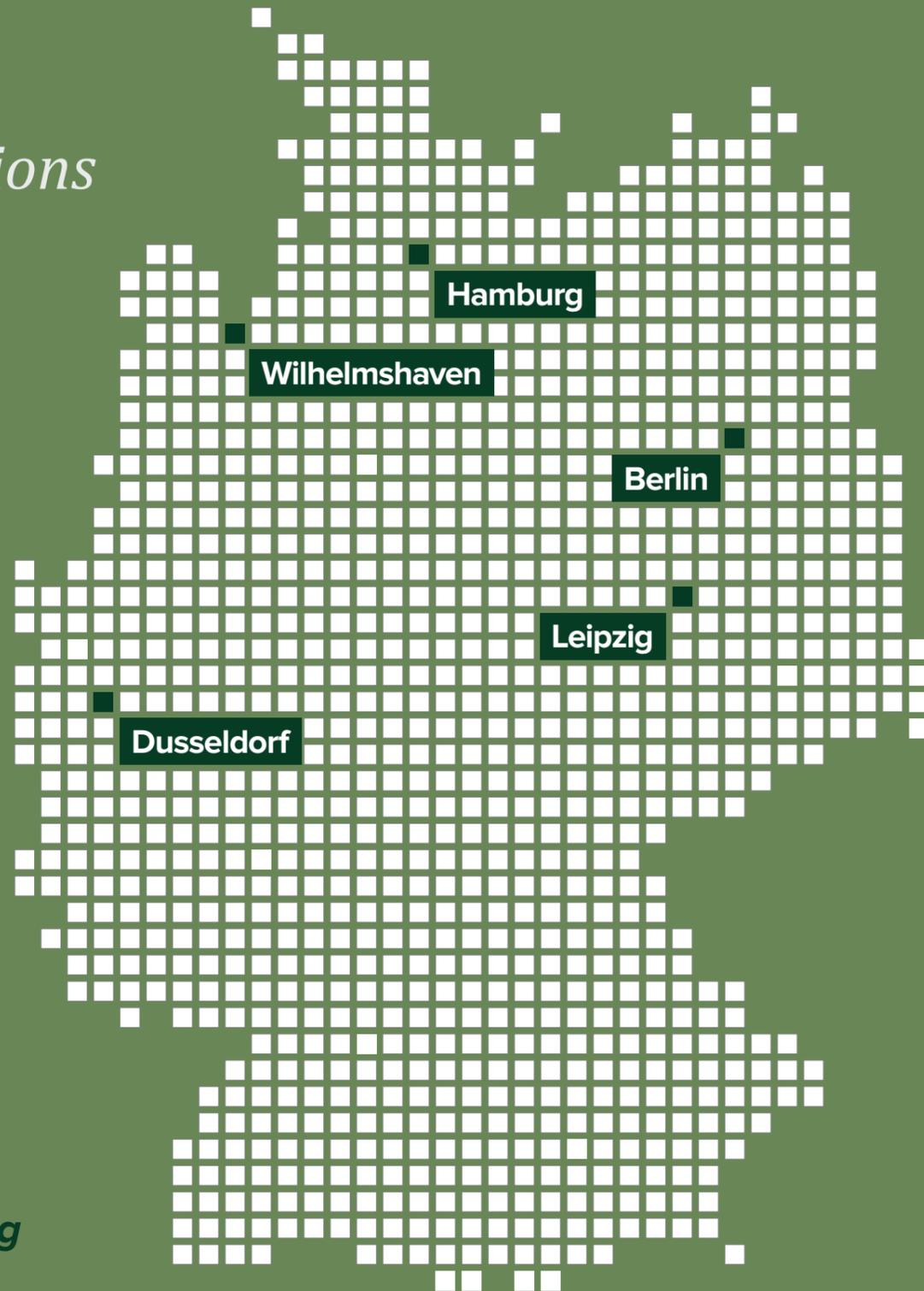
a nursery or the provision of common areas or facilities. Incorporating these stakeholders at an early stage is essential for the success of any project. For this reason, Adler Group pays close attention to them in all new construction projects. That applies to Consus Real Estate in particular: This task is an essential part of its operations as it relates directly to its business purpose. For an example of this, please refer to the description of the VAI Campus in Stuttgart on page 58.

Work is also undertaken to develop existing properties in the housing portfolio, such as in the Göttingen district of Grone and the Wolfsburg district of Vorsfelde, where Adler Group holds a total of around 2,250 units. All the units are being renovated to increase energy efficiency, and new floors are being added to create more living space. The first phases of construction were completed in 2020, with around 400 apartments having already undergone energy-saving renovation work; the visual improvement to the neighbourhood is unmistakable. There are also plans to build a daycare centre in Göttingen, which will boost the residential value further. Residents there are also offered "tenants' electricity" for a price below the comparable regional level.

In both projects – Göttingen and Wolfsburg – Adler Group involved tenants in the planning at an early stage, organised information events for the tenants and in 2020, as the coronavirus-related restrictions on gathering meant it was no longer possible to meet physically, provided regular written updates.

Where you find us

Our main locations



Adler Group covers the entire real estate value chain, from development and construction to letting and management.

Portfolio

69,722

Rental unit portfolio

+10,000

Rental units in development

4.4m m²

Rental space portfolio

+0.9m m²

Rental space in planning

2.3%

Vacancy rate (top 13 cities)

Average rent

6.54 EUR/m²

Top 13 cities

6.30 EUR/m²

Total

Company figures

1,627
Employees

Operational workforce

EUR 11.4bn

Fair value of investment properties

EUR 148.9m

Total investment in maintenance and modernisation 2020

Employees

In 2020, the HR department at Adler Group tackled the challenge of integrating the workforces of four companies – with Consus came two companies that had been merged not long before that – into the Group. This involved harmonising different cultures and different remuneration and incentive systems.

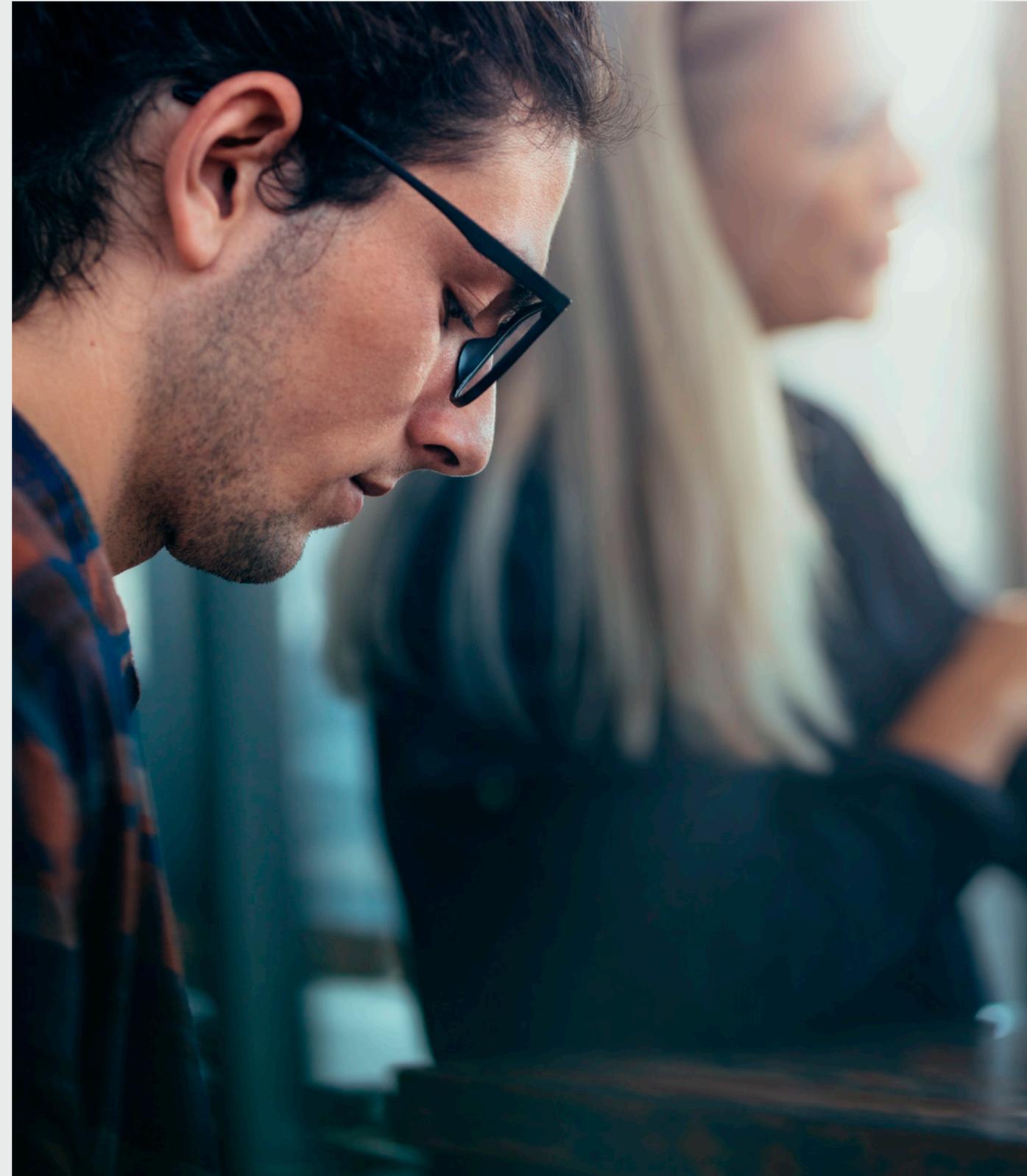
The main aim of the integration efforts was to review all the HR-related activities in the various parts of the company and create an effective HR department that not only managed personnel, but above all helped to develop and service personnel, making Adler Group an attractive employer both internally and externally. The foundations for this were successfully laid by the start of 2021, and operational implementation will now follow. This applies in particular to the new employer branding concept, which is communicated via various channels and is intended to support the retention of qualified employees in Adler Group.

In order to accommodate the growing and ever-changing requirements of the working world, to optimise processes and to exploit synergies, Adler Group's aim is to fill positions with the best employees for the job. Virtually all employees (excluding

interns, trainees, students, temporary employees, workers in marginal employment, employees released from work and similar) have a permanent employment contract. Adler Group employs agency workers only in exceptional cases like bridging short-term capacity bottlenecks.

The range of training and qualification opportunities offered by Adler Group in 2020 was needs-based. Employees were able to attend further training in the form of external and internal seminars and workshops, share experiences and develop their own potential. Due to the corona pandemic most of these were conducted virtually. Dual courses of study were also supported, as well as on-the-job training as a trainer, coach or real estate specialist and master's courses.

As part of the digitalisation measures, the basis for a new HR management system was laid in 2020. This system digitalises all employee data and optimises HR processes with the aim of making processes more efficient and transitioning to



digital document management to achieve a paperless office. A milestone will be the internalisation of all companies that employ staff in the second quarter 2021.

Varied work and development opportunities

The new HR department's aims for 2021 are to improve the company's attractiveness as an employer through tailored personnel development, harmonised and attractive remuneration models,

interesting development and career opportunities, digitalisation, the development of new working models, diversity and inclusion and the compatibility of work and family life. One key priority is the development of a common corporate culture at Adler Group. As well as instigating a change process in which employees will play a major role, there will also be a campaign encouraging all employees and managers to implement and embody the company values in everyday working life.

One of Adler Group's main aims is to ensure a high level of satisfaction and commitment among employees. Adler Group plans to implement an employee survey in 2021 to determine the current situation and the criteria. The Group is aiming to use this tool to facilitate employee participation in the change processes by obtaining feedback from employees on the planned changes.

Another important aspect of the HR department's work at Adler Group is the promotion of young talent. The development of young professionals is supported in development programmes, trainee programmes and dual courses of study. The individuals who successfully complete these programmes take on key roles and, as key players, are expected to stay with the company for a long time. The opportunities available at Adler Group include a bachelor's course in real estate and training as an estate agent and, in the future, will also include training in business administration.

Furthermore, Adler Group is determined to attach even greater importance to the values of diversity and inclusion. Diverse ideas, strengths, interests and backgrounds will be crucial to the success of our company and are a major competitive advantage. The aim is to create a working environment where all employees are highly valued, regardless of their gender, nationality, ethnicity, religion or belief, abilities, age, sexual orientation or identity.



Long-term objectives in the HR department

- | Train all managers to ensure a common understanding of leadership and give managers the knowledge and skills required to support employees through the change process
- | Develop a common corporate culture at Adler Group
- | Develop attractive, uniform remuneration models for the entire Group
- | Create interesting development and career opportunities
- | Digitalise all personnel related processes
- | Achieve a high level of employee satisfaction and participation in design processes
- | Develop new working (time) models
- | Promote work-life balance
- | Promote diversity in the workforce and inclusion

Distribution of employees according to work area

as of 31 Dec 2020

1.2%

Board / management and assistance

22.2%

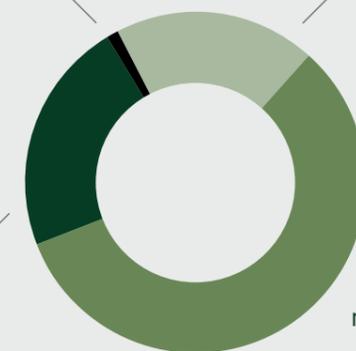
Corporate staff, e.g. purchasing, human resources, marketing, accounting, finance, legal

19.2%

Real estate development, e.g. project manager, site managers, engineers

57.4%

Housing division, e.g. property management, technicians, district supply



On the reporting date of 31 December 2020, Adler Group had a total of 1,477 employees (excluding BCP), 60 % of whom worked in portfolio management (Manage & Service) and almost 20 % in project development (Build to Hold). The employees in Manage & Service mainly handled operational tasks in property and facility management. A little over 20 % of employees worked in central functions.

To meet the structural requirements of a nationwide company, the HR department has regional representatives as well as a central office. These representatives of the HR department are based at larger company sites ("HR business partners"), and act as advisors to the local management.

To ensure that the HR Business Partners of Adler Group have sound consulting expertise, there will be an externally led certification workshop, which will be held in the second quarter of 2021. This will focus on the role of the HR Business Partners in order to provide managers with the best possible support in all HR-specific issues.

Key personnel figures

On the background of the merger of ADO Properties, ADLER Real Estate and Consus Real Estate, it is difficult and unhelpful to compare personnel figures with figures from previous years. For example, a number of employees left the various Group companies during the merger, so the number of employees at Adler Group at the end of 2020 is much lower than the sum of the employees at the three Group companies prior to the merger. This change is also due to the fact that, as is the case at Consus, for instance, substantial parts of the former business have been sold. Other members of the workforce meanwhile wanted a change in career and therefore left the company. Adler Group only let staff go in a limited number

of cases, in order to exploit the synergy effects of the merger. A consolidation of staff numbers could thus be achieved.

It therefore does not make sense to determine a fluctuation rate (EPRA: Emp-Turnover) for 2020. Numerous employees have left the company, and some have joined. To publish a fluctuation rate in this situation would be misleading, so Adler Group will not be doing so for 2020.

At the end of 2020, a total of approximately 43 % of all employees were women (EPRA: Diversity-Emp). This structure has existed to date primarily because significantly more men than women tend to apply for the mainly manual jobs in facility management. The ratio of male to female staff is more balanced in the central functions, which mainly involve office work (EPRA 5.1); here, the percentage of female employees is around 50 %. Among managers, the share of female employees was 25.7 % (55 male and 19 female).

At the two executive management levels directly below the Board of Directors, women earn more or at least the same as men on average. In the Adler Group as a whole, the average salary for women is 94 % of the level for men; this deviation is essentially the result of the fact that there are currently more men in management positions at Adler Group than women in absolute terms.

Average wage of female employees in relation to male employees

as of 2020

109% Second level management

100% Third level management

94% Total staff

Adler Group has set itself the goal of increasing its focus on a more even gender balance when hiring. For this reason, the Group intends to underscore that women are encouraged to apply when advertising positions in male-dominated careers in order to reduce the reluctance of female candidates to submit applications.

The age structure of the workforce is balanced, and Adler Group welcomes employees of all ages. The company would like to benefit from the energy and new ideas of young employees as well as the professional experience and discernment of senior staff. Adler Group will therefore pay closer attention to this issue in its recruiting efforts.

Age structure of total employees (excluding subsidiary Brack Capital Properties)

Age	Number of employees	in %
Up to 30 years	213	14,4
30 to 39 years	370	25,1
40 to 49 years	283	19,2
50 to 59 years	382	25,9
60 years and above	229	15,5
Total	1.477	100

By providing training and continuing education opportunities, Adler Group plans to increase the company's attractiveness as an employer and retain high-performing employees for the long term. The Group's growing demands mean that offering exceptional training opportunities will be imperative going forward. At the end of 2020, 32 trainees were employed across the Group (see EPRA 5.3). Adler Group plans to increase this figure significantly over the coming years.

Adler Group also enables current employees to learn new skills and to build on their existing knowledge. For example, further training is offered on new technological developments. An investment in further employee training is also an investment in employee satisfaction and ultimately the success of the company. Regular training courses in sensitive subjects such as compliance, data protection or other relevant areas of the law are also a standard component of continuing education.

Working at Adler Group is not associated with any particular health risks. Nonetheless, the company promotes the health and performance of its employees. In order to increase well-being, Adler Group provides its employees with ergonomic advice on the layout of their workstations and enables them to participate in preventive healthcare visits such as vision tests. Of course, Adler Group also makes available all prescribed equipment required to provide first aid. There is also an adequate occupational health and safety system, which is firmly embedded in the Group's organisation. In the reporting period, the absentee rate (EPRA: H & S-Emp) was 5.33 %.

Compliant working

Adler Group's HR policy is based on the Group's corporate culture, which focuses on mutual respect, open interaction across all hierarchical levels, and a goal-oriented, direct and committed work ethic.

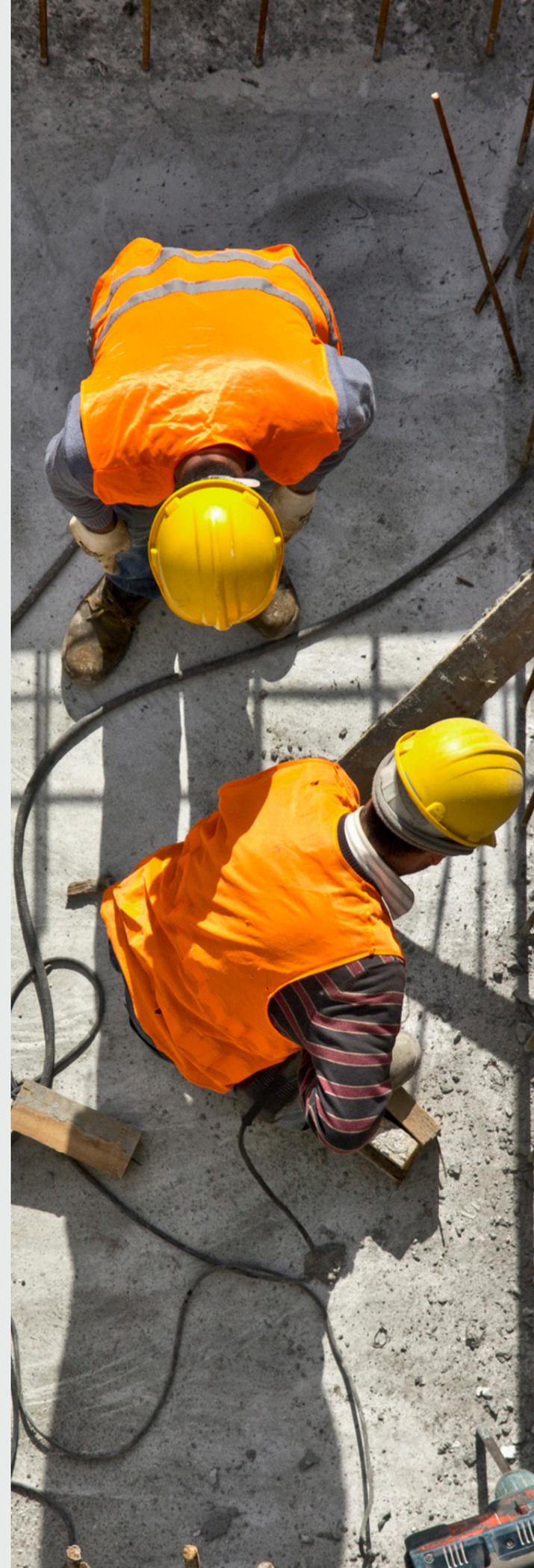
Adler Group expects all employees to adhere to statutory regulations and company standards, such as the Code of Conduct or the relevant compliance guidelines. This is essential to facilitate smooth operational processes and productive interaction. Adler Group highly values exchange across hierarchical levels between managers and employees.

Equal opportunities and self-determination are key premises of the HR policy. Discrimination on the basis of gender, age, ideology, ethnicity, physical disability, sexual orientation or other diversity factors is not acceptable. In its Group-wide Code of Conduct, Adler Group has stipulated that discrimination, bullying or harassment of any kind in the workplace will not be tolerated. Adler Group is committed to the core labour standards of the International Labour Organization (ILO) and is striving to introduce a process to monitor compliance with these standards, particularly with regard to combating discrimination and providing equal opportunities in the company and in its value chain.

Adler Group uses preventive measures to stop discrimination and marginalisation from taking hold. The company promotes a corporate culture that serves this end and requires its managers to be role models for ethical corporate governance and integrity – setting the right "tone from the top".

For Adler Group, upholding employee rights, including the right to unionise and hold meetings, is an inherent part of the HR policy to which it is committed in accordance with its Code of Conduct. The same applies to the German Works Constitution Act, wherever it is applicable in the Group. Adler Group has generally had a good experience with the existing works councils in various locations. The partnership with them has been collegial and constructive for many years now.

This has been particularly visible since September 2019. Due to property sales, Adler Group



was forced to also adjust the number of employees and make entrepreneurial decisions. Here, a total of three reconciliations of interests/social plans were negotiated with the works councils of the subsidiaries Central Facility Management (CFM) and Adler Wohnen Service GmbH (AWS) to reduce a total of around 100 jobs.

The negotiations were conducted on an equal footing, and the business decisions were successfully reconciled with the social security of the employees. For example, separate severance bonuses were paid to employees with children.

The Helmstedt site was moved to Wolfsburg in order to guarantee proximity to the portfolio. Here, a total of 14 employees, primarily property managers, were able to move seamlessly into subsequent employment. As an employer, Adler Group supported all employees in finding new employment and was also prepared to enter into short-term termination agreements in order to underline Adler Group's social responsibility.

Occupational safety, tenant protection and health protection during the coronavirus pandemic

Adler Group responded to the emerging potential threat at an early stage, back in February 2020, and convened an interdepartmental crisis team that would meet regularly to track current events and find solutions for any problems that arose. This included making sure that regulations are kept up to date, documenting any cases of COVID-19 and issuing guidelines on the correct way to behave. Personal protective equipment and sanitiser were also immediately procured for employees who were on site and in daily contact with other people. In addition, Adler Group set up working from home arrangements right at the start of the pandemic wherever work processes allowed.

Employees were kept up to date about any important incidents or changes in government regulations. This included guidance on voluntarily downloading the Corona-Warn-App onto work mobile phones, behaving appropriately in the office, on essential business trips and getting into the useful habit of maintaining lists to keep track of external contacts. This information was continually adapted to the latest developments and official regulations.

The main aim of all regulations was to consistently minimise the amount of contact employees had with each other and with other people. The measures taken included activating rotation plans to reduce the number of employees in the office and setting a limit for the number of interested tenants invited to apartment viewings. And in rooms where it was not possible to open windows for ventilation, the air-conditioning systems were assessed to determine whether they facilitated an adequate exchange or supply of fresh air.

Coronavirus pandemic poses service challenges

The coronavirus pandemic posed particular challenges when it came to providing services. Contact restrictions and lockdowns meant it was not possible to provide tenants with the usual personal service. Rental offices had to close their doors to visitors and switch to telephone support. Field employees were advised to maintain a safe distance from tenants as well. They were also provided with personal protective equipment and

sanitiser to give them optimum protection against infection.

At the same time, however, the pandemic also created opportunities to help tenants – particularly where their mobility is restricted. For example, from April 2020, Adler Group took action to ensure that its tenants had the basic food supplies they need in the 4,000 apartments in the Duisburg district of Rheinhausen – under the motto "Adler helps – shopping service." A lot of older and vulnerable tenants who are in one of the coronavirus at-risk groups live in this neighbourhood, frequently also users of this basic service. Every 14 days, they could order a basket of food worth around EUR 40, 50 per cent of which was subsidised by Adler Group, which could be filled with products of the tenants' choosing from a defined basic range. The service partner then delivered the goods "contact-free", i.e. left them outside the door.

Creating opportunities for contact

All told, Adler Group is represented at around 100 locations with branches, rental offices or caretaker liaison offices in the residential complexes. In all these locations, direct contact between tenant and landlord is possible, which is an important social factor, particularly for older tenants – unless contact restrictions like those during the coronavirus pandemic prevent this.

The usual method of contact, however, is via the central service number, which tenants can use for any concerns they may have. 20,000 to 30,000 calls per month are fielded by this service. More than 50 per cent of the concerns that tenants raise can be addressed immediately, while the rest are forwarded to the responsible employees in property or facility management, where they are generally processed within two days.



Corporate governance sustainability perfor- mance

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Corporate governance sustainability performance

Adler Group's activities are always conducted within the applicable legal standards and additionally adhere to the ethical principles and rules contained in the company's own guidelines. The company also endeavours to ensure that service providers and suppliers comply with the relevant standards. However, this approach should not just be understood as restrictive. Adler Group has recognised that responsible corporate activity also includes promoting values in the broader sense and contributing to (literally) building a liveable future. In this sense, the company aims to be a role model and establish a culture of responsibility in the company and its environment.

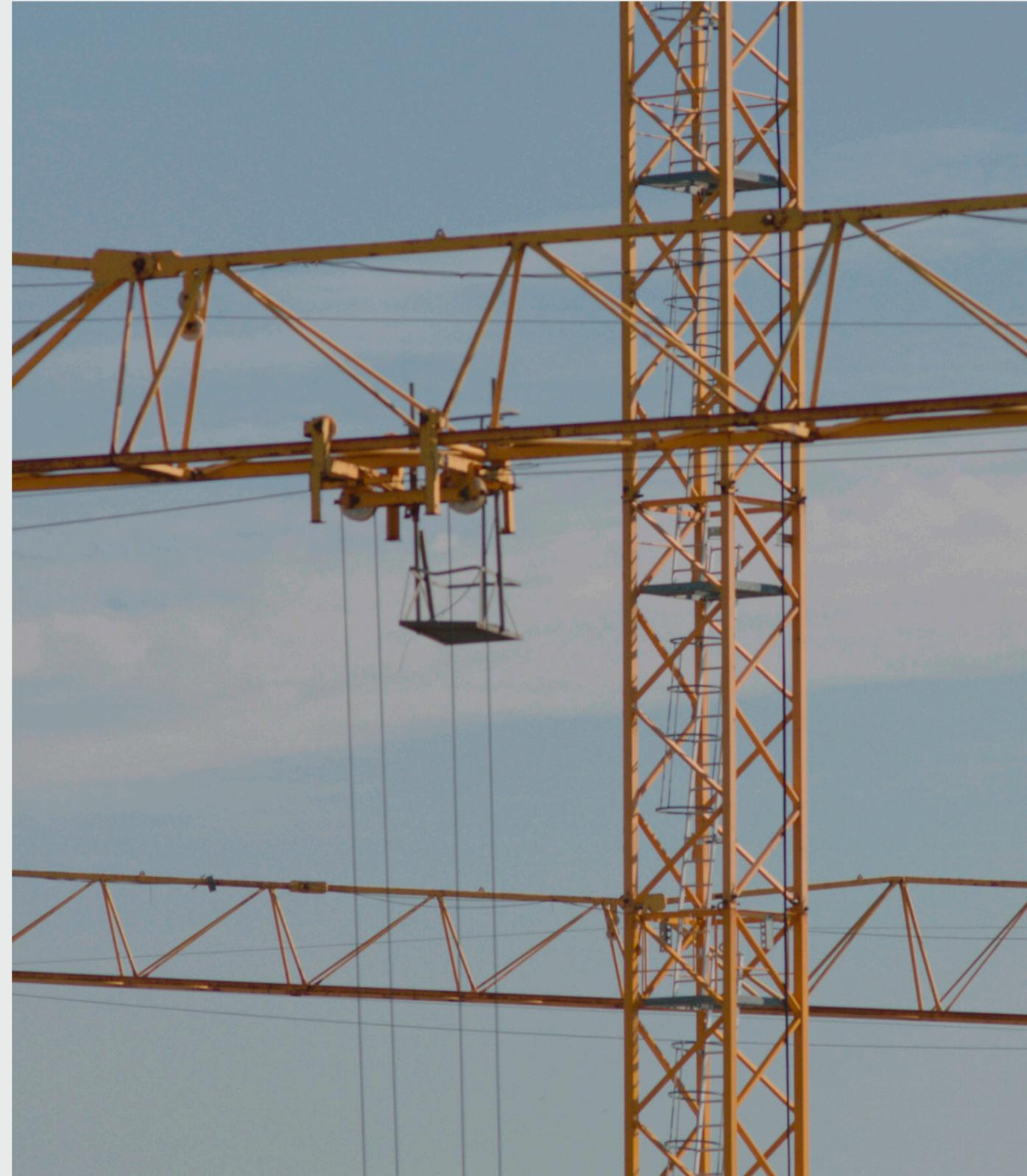
Environmental and social concerns along with the activities involved in conventional corporate governance form a whole – increasingly so from the investors' perspective. The financial world coined the term "ESG" (environment, social, corporate governance) for this concept. Analysts today value financial investments according to ESG criteria and fund managers use these parameters to structure their stock portfolios. For these reasons and others, Adler Group has concentrated on making ESG an integral part of the Group's strategy.

The company's management is committed above and beyond the statutory requirements to

taking responsibility vis-à-vis stakeholders and investors to achieve a sustainable increase in the value of the company. The aim is to establish Adler Group as a reliable partner for furthering ESG-relevant issues in society.

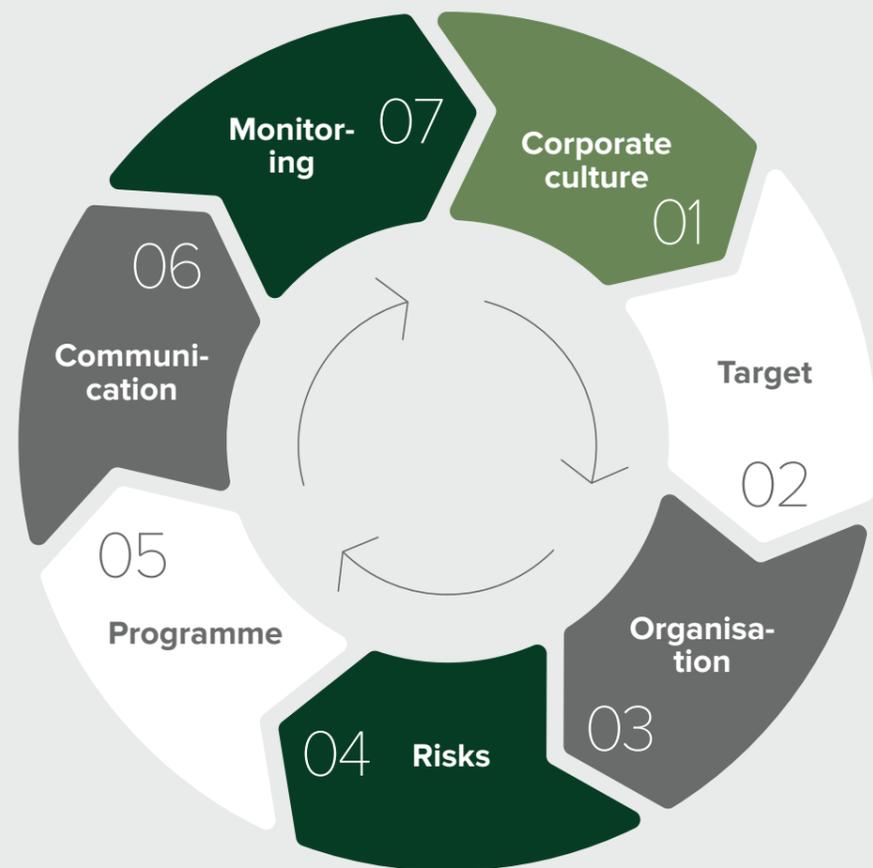
Vision, mission and values are the three pillars of corporate governance to which the management of the new Adler Group is committed: Adler Group can only make the vision – more future per square metre for customers – a reality if it pursues the mission with complete dedication: providing and creating liveable housing and needs-based urban neighbourhoods. And Adler Group will only succeed if it stays true to its values (customer satisfaction, quality and sustainability, team spirit, integrity and transparency, responsible action).

A dedicated department directly under the company's Chief Legal Officer has assumed the function of corporate social responsibility (CSR) management, giving CSR a position within the company that is commensurate with its significance. The department analyses the demands on the company related to ESG and raises awareness of these issues within the company. At the same time, the department acts as a contact for enquiries regarding these issues from outside the company.



Compliance management system

Good corporate governance requires good tools. Adler Group has a compliance management system (CMS) that conforms to the applicable standards, such as IDW PS 980, and is defined in a compliance manual.



Compliance culture and compliance objectives

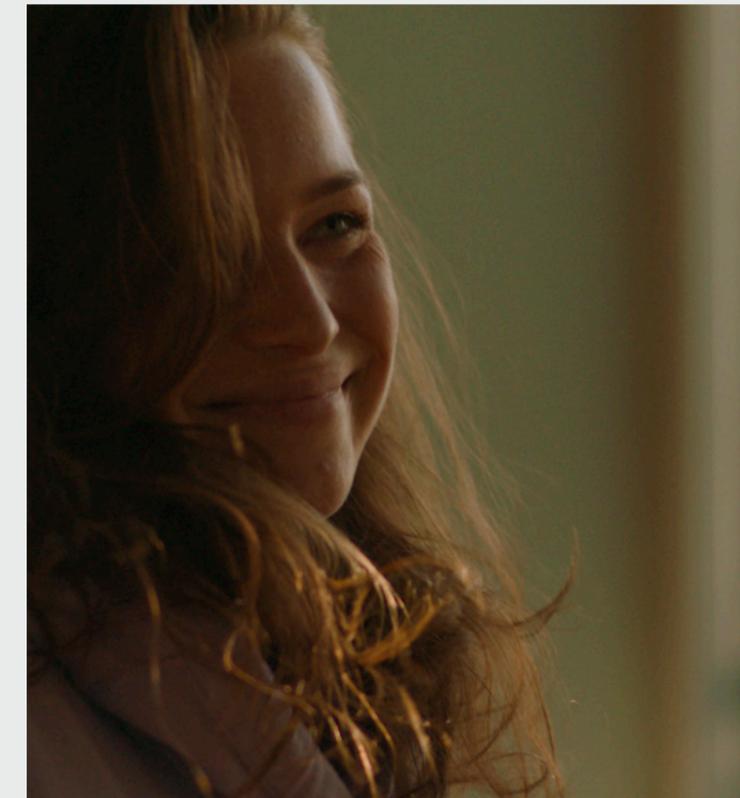
Adler Group highly values a compliance culture put into practice throughout the Group and is confident that corporate policy with a strict focus on the law and reasonable regulations serves the long-term interests of the company. The aim is therefore to ensure compliance with these regulations – in respect of third parties to act as a reliable partner and in respect of employees to create a work environment based on integrity, respect and fairness. Adler Group does this with the help of a compliance management system. The compliance topics material to the Group are fighting corruption, supplier management and data protection.

In order to prevent issues such as corruption, the Management Board and Managing Directors of the Group companies are keen to promote fair and respectful interaction among employees across all hierarchical levels. This is supported by the conviction that employees who feel heard and respected are less inclined to take improper advantage for themselves at the expense of the company or to damage the company through illegal or non-compliant behaviour.

A distinct focus on data protection and data security is also an inherent part of compliance culture at Adler Group. Without appropriate rules, it is not possible to work in a data protection-compliant manner in an increasingly digitalised world. As a real estate company, Adler Group mainly collects and stores data on prospective and existing tenants. Real estate management software is used for this purpose. The company also saves data on applicants and employees as part of the initiation and completion of the hiring process. In addition, it also stores personal data on capital market participants who want to be informed by Adler Group about major business events. It is therefore part of the company's strategy to guarantee data protection and

data security. In doing so, Adler Group abides by legal requirements and implements the provisions of the General Data Protection Regulation (GDPR) across the Group.

Adler Group's mission gives rise to specific corporate objectives, which in turn influence the



Group's compliance objectives. As a result, these compliance objectives are derived not just from general legal requirements and on the basis of the company's structure, but also directly from the desire to work with motivated and dedicated employees to create a good environment for tenants, acting at all times within the bounds of the law.

Compliance organisation

One of the central pillars of the compliance

management system is the compliance organisation. The challenge when it comes to a functioning compliance organisation at Adler Group lies in ensuring that the company is compliant at all times, both in its capacity as a listed corporation and in its activities in the operational segment of real estate project development and portfolio management. The new structure was established alongside the existing compliance departments of the individual parts of the company in the course of establishing Adler Group during the reporting period. The new compliance organisation consists of the Chief Compliance Officer (a role undertaken by the Chief Legal Officer of Adler Group), the Head of Compliance & Risk Management, a Senior Compliance Manager and various compliance, risk and data protection managers.

The compliance organisation, which is embedded in Compliance & Risk Management across the Group, is thus an independent department within the company and holds a central role. The organisation also includes managers, who are a role model and first point of contact to their employees for any questions or suggestions on the topic of compliance and function as an interface between the relevant departments and the Compliance department while also ensuring that the Compliance department's "messages" are disseminated within the company. The compliance organisation therefore has decentralised structures as well as a central structure.

There is close collaboration with the departments where required, for example with the Legal department. In addition, Adler Group will advise external service providers on specific compliance issues relating to the creation of documents, material and guidelines for the risk and compliance management system and act as a sparring partner in discussions on relevant compliance topics. Case-specific and routine audits are currently still performed by an external service provider. The

reporting and escalation channel for compliance issues leads from the Compliance department to the Chief Compliance Officer, and from there to the Board of Directors.

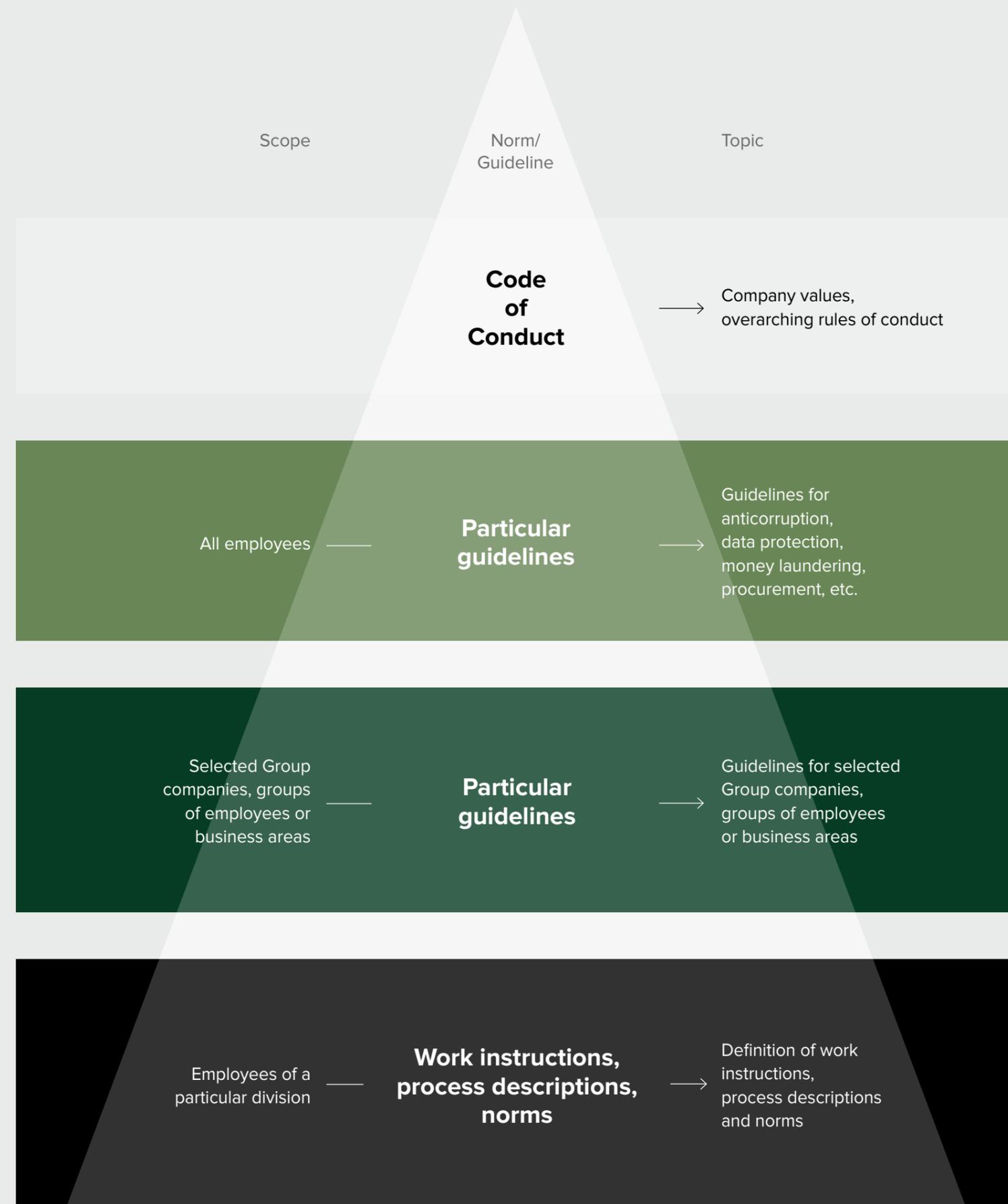
Compliance risks

A functioning compliance management system is inconceivable without the sustainable, regular analysis of compliance risks. Appropriate analyses have already been conducted in the established Group companies. In light of the merger, a comprehensive risk assessment was carried out in order to identify the compliance risks in the extremely different areas of Adler Group and to evaluate the situation accordingly on both a gross and net basis. To minimise risks as far as possible, risk management measures were then determined in cooperation with the risk officers. The necessary information is provided to Adler Group management in the form of the regular risk reports that are supplied to company management, and from there to the Board of Directors, as well as through any ad-hoc reports required.

Compliance programme

The Code of Conduct and other applicable guidelines form an integral part of the compliance programme.

A Code of Conduct has been created based on the codes of conduct that already exist in the individual parts of the company so that employees and partners of Adler Group know what the company defines as doing business with integrity and what it expects from them with a view to the law. This code forms the basis for corruption prevention measures and provides information on matters such as the consequences of corruption, bribery and accepting undue advantage. The code applies to all Adler Group employees, as well as to its suppliers and service providers, provided



it can be legally enforced within the scope of the General Terms and Conditions of Business. Adler Group has therefore incorporated information on the binding nature of the code into the General Terms and Conditions of Business.

In order to oblige the Group's employees to adhere to the rules of the code and its guidelines, Adler Group conducts information and awareness-raising sessions. The code is also attached to the employment contract for new hires and must be signed by new employees. Furthermore, enforcement of compliance provisions is supported by routine audits conducted on a rolling basis in line with a multi-year plan.

The relevant parts of the company also already had guidelines in place on the key issues of anti-corruption and data protection. These guidelines were harmonised based on the existing guidelines and adapted to the current circumstances. The original guidelines were already an obligatory part of the hiring process for new employees.

Corruption cases cause reputational damage that is hard to recover from and can ultimately threaten the economic existence of a company and therefore jobs. Against this backdrop, fighting corruption is one of the key compliance areas at Adler Group and plays a correspondingly important role in the compliance management system. Adler Group aims to prevent corrupt conduct from the outset with information and preventive measures. Anti-corruption guidelines were already an essential element of compliance in the individual parts of the Group. Traditionally, a particular emphasis is placed on fighting corruption in training measures.

There is also a special focus on data protection in relation to compliance. The data protection organisation at Adler Group essentially consists of external data protection officers as well as its own

employees who chiefly focus on data protection and data security. They are supported by the personnel of an IT service provider specially trained in these areas. Current data protection issues are discussed and dealt with at regular meetings. Information about this topic is also exchanged with the relevant departments when appropriate. The Senior Management regularly gets involved with data protection matters, for instance before the publication of important guidelines and instructions. The data protection officer is responsible for evaluating the data protection measures that have been introduced at Adler Group and for suggesting any potential changes.

Ensuring that data is protected is the foundation for trust-based relationships with employees and business partners. In order to ensure compliance, Adler Group has issued a data protection guideline for the entire Group and all sites. The guideline provides the goals and principles as well as the organisation and the different levels of responsibility for data protection in the company in easily readable form. It serves to guarantee that the necessary data protection measures are introduced in the company as well as with respect to contractual partners and employees. In addition to this guideline, there are individual guidelines such as those on the rights of data subjects, as well as on the private use of hardware and software and the handling of data and IT systems.

Adler Group provides employees with the opportunity to report possible violations in a protected space. Subgroup ADLER Real Estate established a whistle-blower system in 2018 that guarantees the anonymity of the whistle-blower and enables and ensures that the information will be dealt with quickly and systematically. The whistle-blower software is supplied by a third-party service provider with whom the various parts of Adler Group have been working for years. This provider also looks after technical support for this system. Compliance with



all applicable legal data protection requirements is guaranteed. Whistle-blowers are able to maintain anonymity at all times. Based on this existing system, the whistle-blower system was rolled out across the entire Group at the start of 2021. Any queries and reports relating to compliance could and can also always be made directly to the relevant supervisor or to the Compliance team, or directly to the Chief Compliance Officer. The Compliance department can be contacted at compliance@adler-group.com. Queries and information are treated as confidential and processed promptly as a matter of course.

There has been a particular focus on the issue of business partner compliance in the past year with a view to harmonising existing "know your customer" processes swiftly and doing justice to the complexity of the issue in light of the wide range of areas in which Adler Group is active. "Know your customer" refers to the requirement to collect all information relevant to the business relationship, including ESG aspects, via the partner.

Compliance communication

Adler Group has digital training documentation that contains a mandatory compliance self-test. The self-test consists of questions on general and specific compliance issues (accepting gifts, handling company property, awarding contracts or insider information rules). After completing the test, each participant must confirm participation. In cases where an employee is not willing to take the test, Adler Group reserves the right to make participation mandatory. As basic training, the training documentation serves as a bridge to the Code of Conduct and helps to actively communicate the values and requirements defined in it. An e-learning tool is also available that presents employees with standard situations relating to corruption, as well as equal treatment in general and occupational safety, which they are required to assess. Important and essential information relating to compliance is provided on the intranet.



A compliance card contains a summary of all the key information an employee needs to know about compliance outlined in a two-page A4 leaflet. It highlights key risks and provides recommended actions, including how to deal with gifts and invitations. Employees receive the compliance card when they start working at Adler Group and they will also find it displayed in poster form at designated locations in the company. Questions and concerns on the topic of compliance can be sent to the Compliance department via email.

The data protection card provides a summary of all key data protection information employees need to know. It explains what "data protection" and "personal data" mean and what Adler Group employees are required to do to protect data. In addition, the data pro-

tection card includes contacts for questions and reporting channels for anonymous reports, and provides an overview of important basic rules for data protection and data security. Despite COVID-19 restrictions, it was still possible to hold important in-person training sessions, primarily on tenant data protection, during the reporting year by adhering to a strict code of conduct. However, the current restrictions require greater use of digital training formats. Questions about special issues can be directed to the Data Protection team at datenschutz@adler-group.com. When employment contracts are signed, employees are required to agree to comply with the provisions of the GDPR.

Guidelines, training and information material are drafted in close consultation with the Senior Management and require its approval.

Adler Group is a member of various organisations that aim to incorporate compliance into companies. This includes the German Institute for Compliance and the Institute for Corporate Governance in the German real estate sector. Adler Group has already benefited from these memberships in the past as essential information and materials have been provided. Adler hopes to gain valuable ideas for its own compliance work from these memberships going forward as well.

Compliance monitoring

In order to prevent corruption, Adler Group performs case-specific and routine compliance audits and has retained an external expert to handle the auditing of its business processes.

The Compliance department reviews the documents in the compliance management system for appropriateness on a regular basis and regularly conducts risk assessments of the Group's compliance issues.

The Compliance department is also regularly audited as part of regular, Group-wide audits conducted by an external service provider. Findings are addressed and tracked.

There are also regular discussions between the responsible auditors and the Senior Management on relevant compliance issues in connection with the annual financial statements.

If a compliance breach is discovered, Adler Group first conducts internal investigations. If suspicions are confirmed, the employee must face the disciplinary consequences according to the severity of the misconduct. They may also be criminally charged if the incident is a matter of criminal law.

Risk management system

The merger of residential property portfolio holders ADO Properties and Adler Real Estate, as well as property developer Consus Real Estate, which specialises in the development of property and districts with a focus on housing, required the harmonisation of three different risk profiles and risk management systems so as to enable a standardised and meaningful overall risk assessment at Group level.

- | Risk strategy: definition of a uniform risk policy and the risk appetite, as well as Group-wide risk principles
- | Risk organisation: clear assignment of responsibilities and tasks
- | Risk identification: consistent and complete recording of all (material) risks relating to company activities and all causes of risks
- | Standardised risk assessment using an effective model
- | Risk management by means of control, avoidance, mitigation or transfer
- | Risk monitoring by means of a target/actual comparison based on the defined risk tolerance and review of the effectiveness of risk management measures
- | Communication by the risk officer with company management by means of regular standard reports, case-specific on-demand reports and ad-hoc reports in the event that thresholds are exceeded in the early warning system

The conditions, processes and structures of the risk management system are documented in the risk management handbook, which applies across the Group. This risk management handbook acts as a guideline and thus takes on a steering function for management. In addition to being a source of information, it also makes a record of the obligation to continuously implement risk management, making it an integral part of Group-wide corporate governance.

Risks are assigned to five risk categories and assessed using a scoring model featuring six loss classes and six probabilities of occurrence. The risks that exist at Adler Group are identified using a systematic grid and then assigned to categories. These categories cover the macroeconomic and sector-specific conditions, strategic risks and financing risks, operational risks relating to portfolio management and project development and company-specific risks. The risk assessment is therefore based on the targeted measurement and assessment of identified risks.

The scoring model can be used as a basis to directly measure the impact on assets, expenses and income, liquidity, and the image of Adler Group. It can also be used to estimate the relevance of the measured risks in order to filter out significant risks. The focus here is on adherence to risk limits and thresholds. The scoring model also takes into account whether there is a correlation between individual risks in the Group. Weighting the risk scores of the individual risks horizontally and vertically gives an overall risk assessment for Adler Group.

In the last step, where possible, the impact of the identified risks on assets and the liquidity position are quantified in monetary terms, i.e. in euro, to enable these impacts to be aggregated and expressed as a single figure. All these steps are governed in a Group-wide handbook that defines the conditions, processes and structures of the risk management system.



Supplier management

One particular aspect of governance and compliance is supplier management. Adler Group procures a wide range of services, including from the construction sector. The Adler Group procurement guidelines and the General Terms and Conditions of Business included in these guidelines are therefore an important element of the fight against corruption, as well as the promotion of sustainable and socially responsible conduct in business. Adler Group strives to only cooperate with suppliers who comply, as Adler Group does itself, with applicable laws, other regulations and conventions as well as ethical principles.

For this reason, when master agreements are signed, where possible Adler Group applies its own General Terms and Conditions of Business, which require adherence to the company's Code of Conduct, among other stipulations. In addition to mandatory compliance with the statutory regulations regarding environmental issues and labour practices applicable to suppliers from Germany, the use of an environmental management system is also a potential criterion used in supplier selection. Moreover, the requirements of the General Data Protection Regulation are taken into account when dealing with suppliers. Suppliers and their employees can use the Group's whistle-blower system to report possible rule violations.

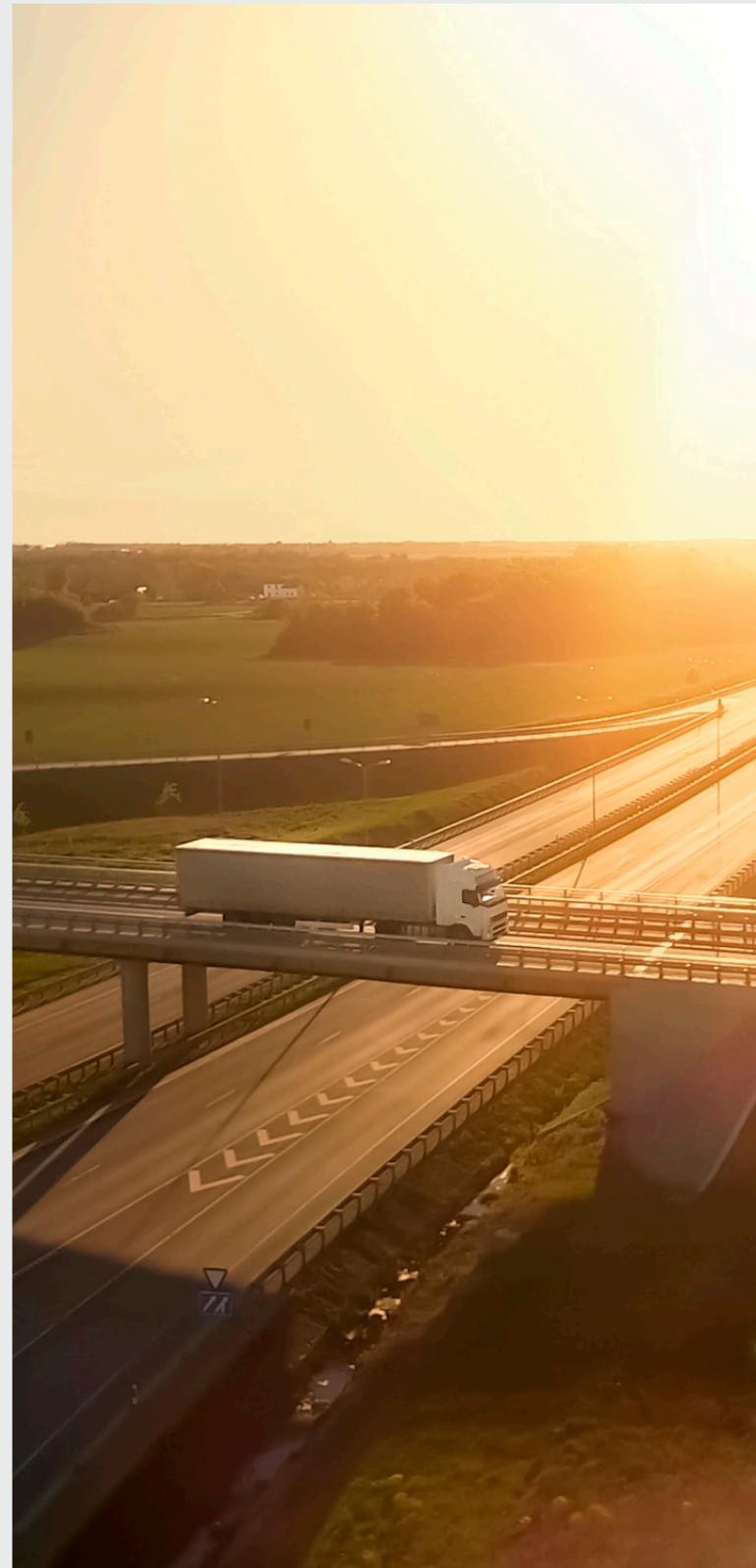
Adler Group also promotes a basic ethos of appreciation, open and honest treatment of others and mutual respect vis-à-vis business partners. It

explicitly advocates for the prohibition of discrimination, particularly on the grounds of race or ethnicity, gender, religion or belief, disability, age or sexual identity, as well as unfairness and harassment of any kind.

Back in 2017, Central Procurement at ADLER Real Estate formulated the General Terms and Conditions of Business (GTC) as a foundation for all business relationships. Two versions were formulated – one for general procurement and one for the procurement of construction services – to reflect the different requirements. With their signature, the Group's suppliers and service providers undertake to comply with the guidelines in the Code of Conduct and other rules. The aim of this process is to ensure that business partners feel just as obliged to behave in an ethically correct and law-abiding manner as Adler Group itself. As part of the Adler Group merger, the procurement guidelines and the General Terms and Conditions of Business were adapted to the current circumstances at the company.

Central Procurement selects suitable suppliers and service providers as part of its procurement management responsibilities. It not only takes into account business aspects, such as the price and quality of the products and services on offer, throughout this process, but also the quality of the provider with regard to sustainability and social responsibility.

Before Adler Group enters into a sustained



contractual relationship and signs a master agreement, contractual partners are reviewed based on the available information. Suppliers with a certified quality and environmental management system are generally preferred. In 2019, Central Procurement at ADLER Real Estate introduced a comprehensive contractor information form. Services of external credit reporting agencies were used in its development. Providers who violate environmental standards or the German Employee Secondment Act will not be considered in any selection process. This process also applies at Adler Group.

In addition to the request for information, contractual partners are also obliged to protect personal data by a new data protection guideline.

The majority of Adler Group's suppliers offer products and/or services related to property construction, renovation or modernisation. In 2019, 80 % of suppliers with whom new contracts had been concluded via Central Procurement already accepted ADLER Real Estate's GTC.

Central Procurement is solely responsible for arranging master agreements for the procurement of ongoing services according to the process described in the procurement guidelines. This ensures that Adler Group's requirements for complete, uniform processes across the company in central procurement and thus in supplier management are also implemented consistently in relation to corporate social responsibility, anti-corruption and data protection.

Board of Directors

Dr. Peter Maser

Chairman of the Board

Lawyer, Banking and Finance Partner of Deloitte Legal Rechtsanwaltsgesellschaft mbH since 2003. Many years of professional experience with an international auditing firm, the Treuhandanstalt, in publishing and with a renowned law firm.

Supervisory mandates:

- | Deputy Chairman of the Supervisory Board of Volksbank Stuttgart eG
- | Chairman of the Supervisory Board of BF.direkt AG
- | Chairman of the Supervisory Board of EURAM Bank AG

Maximilian Rienecker

Master of Science in Management (University of Nottingham), member of Senior Management and Co-CEO of Adler Group. Professional activities at a renowned international investment bank and in the offshore oil and gas industry as well as in the real estate industry (six years).

Supervisory mandates:

- | Deputy Chairman of the Supervisory Board of Consus Real Estate AG

Thierry Beaudemoulin

Master's degree in Regional and Urban Strategy (Institut d'Etudes Politiques de Paris), member of Senior Management and Co-CEO of Adler Group. Professional activities for real estate companies (28 years) in France, the Netherlands, Belgium, Spain and Germany, most recently as CEO at Covivio Germany and at ADO Properties.

Supervisory mandates:

- | Member of the Supervisory Board of Consus Real Estate AG

Arzu Akkemik

Master of Science in International Finance and Accounting (London School of Economics). Work experience at internationally renowned investment banks and asset managers (23 years), accounting advisory expertise for governments and sovereign wealth funds. Founder of Cornucopia Advisors Ltd. and Cornucopia Asset Management Ltd.

Supervisory mandates:

Currently none

Dr. Michael Bütter

M.St. (Oxford), lawyer and business economist. CEO of Union Investment Real Estate GmbH, member of the Management Board of RICS Germany and member of the Executive Committee of the German Property Federation (ZIA). Active in various management and supervisory board positions in the real estate industry since 2008. Partner and lawyer at renowned international law firms until 2008 (eight years). Active in the housing industry since 2008 (13 years) and in other service industries (five years).

Supervisory mandates:

- | Deputy Chairman of the Supervisory Board of Union Investment Real Estate Austria AG
- | Deputy Chairman of the Supervisory Board of Assmann Beraten + Planen AG (until October 2020)
- | Chairman of the Advisory Board of Realconnex.com (until October 2020)
- | Chairman of the Advisory Board of Bots4You GmbH

Claus Jørgensen

MBA in Finance and Marketing, Head of EMEA Credit Trading at Mizuho International Ltd. Extensive work experience at large international banks and financial service providers.

Supervisory mandates:

- | Member of the Supervisory Board of ADLER Real Estate AG
- | Member of the Board of Directors of Brack Capital Properties N. V.

Thomas Zinnöcker

Graduate of Business Studies, CEO of ISTA International GmbH from 2016 until May 2021. Professional activities in industry (ten years) and real estate (25 years). Member of the Management Board of the German Property Federation (ZIA) since 2006. Chairman of the Board of the Institute for Corporate Governance in the German Real Estate Industry from 2014 to October 2020. Head of the Board of Trustees of the Becker & Kries Family Foundation since 2019.

Supervisory mandates:

Currently none

Thilo Schmid

Professional activities in numerous positions in the software industry and as investment manager for venture capital and real estate investments in a Swiss family office. For this purpose currently non-executive member of the Board of Directors of DTH Sàrl in Luxemburg, Yeditepe Marina Yatirim Turizm Insaat A.S in Istanbul and as Advisory Board member of cynora GmbH, Bruchsal.

Supervisory mandates:

- | Deputy Chairman of the Supervisory Board of ADLER Real Estate AG

Performance of the Board of Directors of Adler Group S.A.

Adler Group S.A. does not have a Supervisory Board. Instead, the company has a Board of Directors. Accordingly, any reference to a Supervisory Board, insofar as it refers to Adler Group S.A., is to be understood as a reference to the Board of Directors of Adler Group S.A.

Likewise, Adler Group S.A. does not have a Management Board. Instead, the company has Se-

nior Management consisting of the two Co-Chief Executive Officers (who have been appointed as Managing Directors (délégués à la gestion journalière) under Luxembourg law) and the Chief Legal Officer. Accordingly, any reference to a Management Board, insofar as it relates to Adler Group S.A., shall be understood as a reference to the Senior Management of Adler Group S.A.

Assessment criteria	In accordance with the German Corporate Governance Code
Ability, diversity and organisation	
Overall, the members of the Supervisory Board have the knowledge, skills and professional experience required to properly perform their duties.	●
The statutory gender quota is complied with (≥ 30%).	○
The Supervisory Board specifies concrete objectives for its composition and sets itself a competence profile.	○
An age limit is set for members of the Supervisory Board.	○
The term of Supervisory Board membership shall be disclosed.	●
Diligence	
Each Supervisory Board member has sufficient time available to perform his or her duties.	●
Members of the Management Board of a listed company shall not hold more than a total of two Supervisory Board mandates in non-group listed companies or comparable functions.	●

Assessment criteria	In accordance with the GCGC
Independence	
The Supervisory Board shall include what it considers to be an appropriate number of independent members from the group of shareholder representatives, thereby taking into account the shareholder structure. A Supervisory Board member is then considered independent if they are independent from the company and its Management Board, and independent from any controlling shareholder.	●
A Supervisory Board member is considered independent if they have no personal or business relationship with the company that may cause a substantial – and not merely temporary – conflict of interest.	●
A Supervisory Board member is considered independent if they do not act as a representative of a major shareholder.	●
A Supervisory Board member is considered independent if the company for which the member works does not supply goods and services worth more than EUR 10,000 to the Supervisory Board company.	●
A Supervisory Board member is considered independent if the company for which the Supervisory Board member works has no material business relationship with Adler Group S.A. (material = more than 1% of revenue).	●
A Supervisory Board member is considered independent if they have not been a member of the Supervisory Board for more than twelve years.	●
The independent proportion of shareholder representatives is > 50%, i.e. there is no personal or business relationship with the company that may cause a substantial – and not merely temporary – conflict of interest.	●
Conflicts of interest	
The Supervisory Board members are obliged to act in the best interests of the company. In all their decisions, they must neither pursue personal interests nor exploit for themselves business opportunities to which the company is entitled.	●
Each Supervisory Board member shall inform the Chair of the Supervisory Board of any conflicts of interest without undue delay.	●
Each Management Board member shall disclose conflicts of interest to the Chair of the Supervisory Board and to the Chair or Spokesperson of the Management Board without undue delay and shall inform the other members of the Management Board.	●
Management Board members shall only assume sideline activities, especially Supervisory Board mandates outside the company, with the approval of the Supervisory Board.	●
Supervisory Board members shall not be members of governing bodies of, or exercise advisory functions at, significant competitors of the company, and shall not hold any personal relationships with a significant competitor.	●

Assessment criteria	In accordance with the GCGC
<p>Procedures The Supervisory Board shall establish an Audit Committee that addresses the review of the accounting, the monitoring of the accounting process, the effectiveness of the internal control system, the risk management system, the internal audit system, the audit of the financial statements and compliance.</p>	●
<p>The Chair of the Audit Committee shall have specific knowledge and experience in applying accounting principles and internal control procedures, shall be familiar with audits, and shall be independent. The Chair of the Supervisory Board shall not chair the Audit Committee.</p>	●
<p>The Chair of the Supervisory Board and the Chair of the Audit Committee shall be independent from the company.</p>	●
<p>The Supervisory Board shall form a Nomination Committee, composed exclusively of shareholder representatives*, which names suitable candidates to the Supervisory Board for its proposals to the General Meeting.</p>	●

**The Nomination Committee of Adler Group S.A. is composed exclusively of members of the Board of Directors who are independent of the company. While the members of the Nomination Committee cannot, per se, be explicitly designated as shareholder representatives, the company nevertheless considers this criterion to be met.*

● Criteria fulfilled

○ Criteria not fulfilled

Independence of the Board of Directors of Adler Group in 2020

Member	According to GCGC criteria
Maximilian Rienecker, Senior Management	○
Thierry Beaudemoulin, Senior Management	○
Dr. Peter Maser (Chairman)	●
Arzu Akkemik	●
Dr. Michael Bütter	●
Thomas Zinnöcker	●
Claus Jorgensen	●
Thilo Schmid	●

● Independent

○ Not independent

Remuneration of the Board of Directors

Compensation of the members of the Board of Directors (the “Board” and each member a “Director”) is determined by the general meeting of the shareholders (the “General Meeting”) of Adler Group S.A. (the “Company”).

On 29 September 2020 the General Meeting approved the following gross remuneration of the Directors applicable as from the start of the financial year 2020 (“FY2020”):

- | an annual fixed remuneration in a gross amount of EUR 150,000 for the role as the chairman of the Board;
- | an annual fixed remuneration in a gross amount of EUR 100,000 for the role as the deputy chairman of the Board;
- | an annual fixed remuneration in a gross amount of EUR 75,000 for the role as a Director of the Company (excluding the chairman and deputy chairman of the Board);
- | an additional annual fixed remuneration in a gross amount of EUR 25,000 for any Director who also acts as the chairman of any committee of the Company;
- | an additional fee in a gross amount of EUR 1,500 per attendance of a Director at any meeting of the Board or any meeting of a committee of the Company, of which the Director is a member

If a Director is not appointed for the entire duration of a given financial year, the annual fixed remuneration shall be paid pro rata temporis for the relevant period of appointment during the respective year.

All Directors are covered by the Company’s directors’ & officers’ liability insurance and are entitled to reimbursement of any reasonable costs incurred within the scope of their duties as Directors, upon presentation of proof of payment of such costs.



Remuneration of the senior management

The remuneration of members of the senior management (together the “Senior Management” and each a “Senior Manager”) and daily managers (délégué(s) à la gestion journalière) (“Daily Managers”) of the Company is determined by the Board.

The Senior Management of the Company is composed of:

- | Mr Maximilian Rienecker (Director and Co-Chief Executive Officer (“Co-CEO”), from 9 April 2020;
- | Mr Thierry Beaudemoulin (Director and Co-Chief Executive Officer (“Co-CEO”), from 10 December 2019;
- | Mr Sven-Christian Frank (Chief Legal Officer (“CLO”), from 1 September 2020.

Both Co-CEOs, Mr Thierry Beaudemoulin and Mr Maximilian Rienecker, are also appointed as Daily Managers. There are no other daily managers appointed.

The Senior Management remuneration system provides for a fixed annual salary, a short-term incentive (“STI-Bonus”) and a long-term incentive (“LTI-Bonus”). Members of Senior Management may also receive certain fringe benefits and are covered by the Com-

pany’s directors’ & officers’ liability insurance. In addition, the Senior Management is entitled to reimbursement of any reasonable costs incurred within the scope of their duties as senior executives, upon presentation of proof of payment of such costs.

Pursuant to the respective service agreements with the Company, the members of Senior Management are entitled to receive the following gross fixed annual remuneration (pro rata temporis as applicable):

- | Mr Maximilian Rienecker – EUR 600,000 (part of which is paid pursuant to a service agreement with Adler Properties GmbH);
- | Mr Thierry Beaudemoulin – EUR 500,000 for his activities until 8 April 2020; EUR 600,000 for his activities from 9 April 2020;
- | Mr Sven-Christian Frank – EUR 420,000 (part of which is paid pursuant to a service agreement with Adler Properties GmbH; Mr. Frank also has a service agreement with another subsidiary, ADLER Real Estate AG, but any remuneration received by Mr. Frank pursuant to the ADLER Real Estate AG service agreement is netted against the remuneration he receives pursuant to the service agreements with the Company/ADLER Real Estate AG).

The STI-Bonus is an annual payment dependent on the achievement of certain targets, which are agreed between the relevant member of Senior Management and the Company at the time of (or shortly after) the approval of the budget for the relevant financial year. For the financial year 2020, the STI-Bonus targets are linked to certain quantitative variables set by the Board, such as, for example, (i) net rental income, (ii) funds from operations (FFO1) and (iii) residential vacancy rate and certain qualitative variables, which may result in the attribution of a discretionary bonus. The weightings of each variable in the total STI-Bonus calculations vary between Senior Managers. While the Co-CEOs’ STI-Bonus weightings for the financial year 2020 are composed of 90 % quantitative variables and 10 % qualitative variables, the CLO’s STI-Bonus weightings are composed of 70 % quantitative variables and 30 % qualitative variables.

The payment of the STI-Bonus is made from a minimum target achievement of 50 % of the targets up to a maximum target achievement of 100 % of the targets. A linear calculation takes place between these values.

Pursuant to the respective service agreements with the Company, the maximum STI-Bonus payable to members of Senior Management (pro rata temporis as applicable) is as follows:

- | Mr Maximilian Rienecker – EUR 350,000 per annum;
- | Mr Thierry Beaudemoulin – EUR 250,000 per annum for the activities until 8 April 2020; EUR 350,000 per annum for the activities from 9 April 2020;
- | Mr Sven-Christian Frank – EUR 150,000 per annum.

The STI-Bonus for the FY 2020 (and, in respect of Mr. Beaudemoulin, in respect of the period from 10

December 2019 to 31 December 2019) is payable at the latest with the next payroll run following the General Meeting in the year 2021 approving the financial statements for the FY 2020. Therefore, because the right to receive the STI-Bonus for FY 2020 (and, in respect of Mr. Beaudemoulin, in respect of the period from 10 December 2019 to 31 December 2019) did not vest in FY 2020, the amounts of STI-Bonus will only be reported in the next financial year.

The members of Senior Management are eligible to earn an LTI-Bonus, to be settled in shares of the Company (if Company can issue said shares) or in cash (if the Company cannot issue shares) on termination of the respective service agreement. The LTI-Bonus is dependent on the achievement of certain targets, which are agreed between the member of Senior Management and the Company at the time of (or shortly after) the approval of the budget for the relevant financial year. For the Co-CEOs, in regards of the financial year 2020, the LTI-Bonus targets are linked to certain quantitative variables set by the Board, such as, for example, (i) the development of the EPRA NAV and (ii) the development of the Company’s share price in relation to the EPRA Germany Index. For the CLO, with respect to the financial year 2020, both quantitative variables (such as the aforementioned examples) and qualitative variables, such as, for example, developments in the area of human resources are taken into account. The CLO’s LTI-Bonus weightings are composed of 70 % quantitative variables and 30 % qualitative variables.

The payment of the STI-Bonus is made from a minimum target achievement of 50 % up to a maximum target achievement of 100 %.

Pursuant to the respective service agreements with the Company, the maximum LTI-Bonus payable to members of Senior Management (pro rata temporis as applicable) is as follows:

- | Mr Maximilian Rienecker – EUR 350,000 per annum;
- | Mr Thierry Beaudemoulin – EUR 250,000 per annum for the period until 8 April 2020; EUR 350,000 per annum for the period from 9 April 2020;
- | Mr Sven-Christian Frank – EUR 155,000 per annum.

The amount of the LTI-Bonus in respect of the FY 2020 (and, in respect of Mr. Beaudemoulin, in respect of the period from 10 December 2019 to 31 December 2019) will be published in next year's report.

Each of the service agreements between the Company and the respective members of Senior Management have a fixed term ending on 9 December 2023. They may generally be terminated by either party, subject to a notice period of 90 days. In case of a termination of service agreements by the Company for any reason other than for reasons for which the member of Senior Management is responsible, the member of Senior Management is entitled to a severance payment. The severance payment shall be in an amount equal to two annual salaries (annual fixed salary, STI-Bonus and LTI-Bonus) and shall not exceed the remuneration which would be due for the remaining term of the service agreement if it was not terminated prematurely.

The members of the Senior Management are bound by non-compete restrictions in their service agreements for a period of three months following termination of their service agreement.



Total remuneration paid to the senior management

In FY 2020, the following total remuneration was paid to the Senior Management, in EUR:

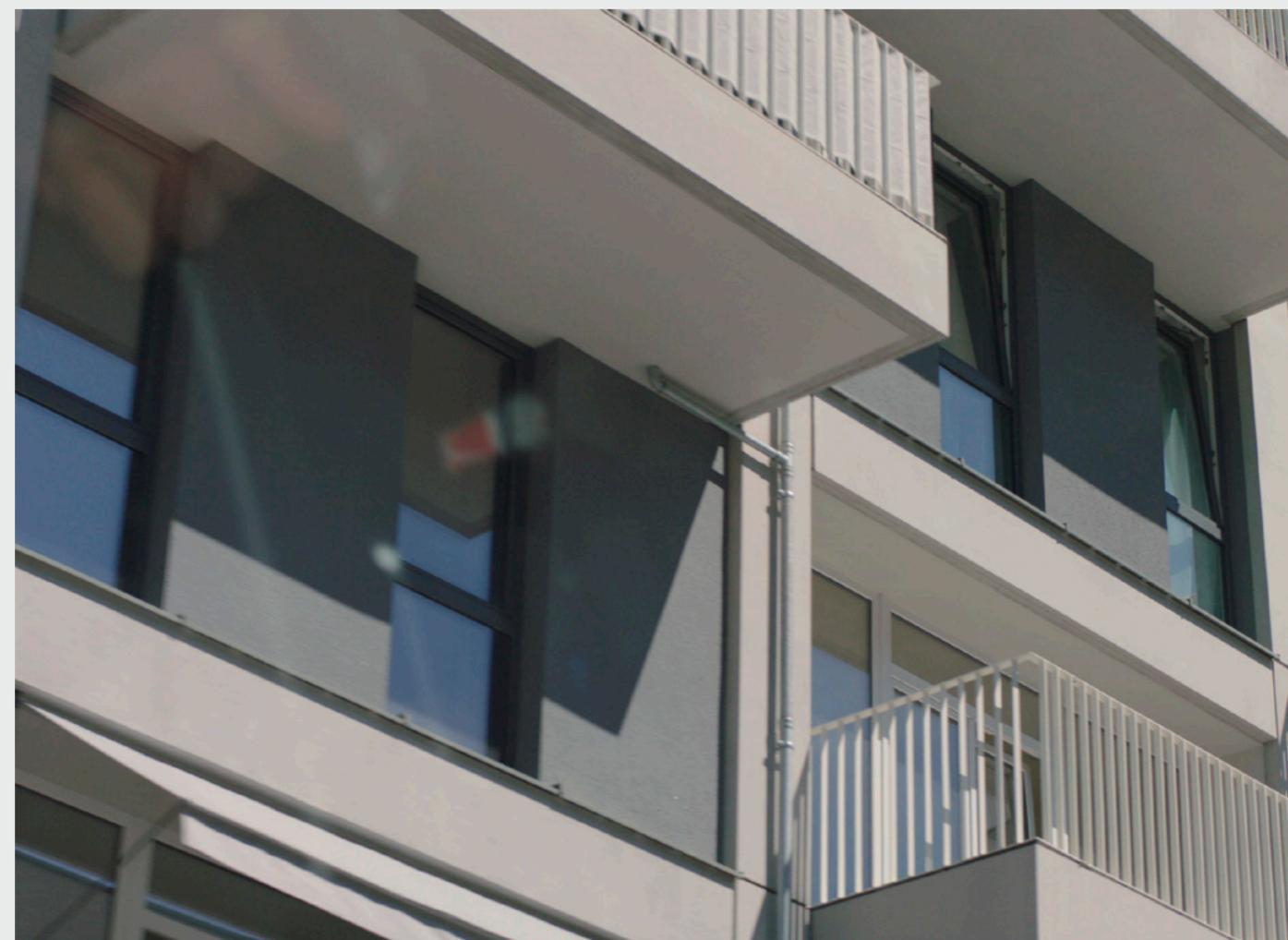
in EUR	Thierry Beaudemoulin Co-CEO	Maximilian Rienecker Co-CEO	Sven-Christian Frank CLO
Fixed remuneration	572.778	436.667*	139.800**
Fringe benefits	21.928	30.566	18.247**
Total	594.706	467.233	158.047
STI-Bonus	as mentioned above the amount will be determined and will be payable only after the close of FY 2020 and will be reported in the next financial year		
LTI-Bonus	as mentioned above the amount will be determined only after the close of FY 2020 and will be payable only on or about the time of termination of the relevant Service Agreement and therefore is not reported on herein		
Total	594.706	467.233	158.047

* paid/due by the Company/ Adler Properties GmbH. For the avoidance of doubt, this amount does not include the remuneration paid/due by other group entities to Mr Rienecker before his appointment as Co-CEO on 9 April 2020

** paid/due by the Company/Adler Properties GmbH. Mr. Frank also has a service agreement with another subsidiary, ADLER Real Estate AG, but any remuneration received by Mr. Frank pursuant to the ADLER Real Estate AG service agreement is netted against the remuneration he receives pursuant to the service agreements with the Company/ADLER Real Estate AG. For the avoidance of doubt, this amount does not include the remuneration paid/due by other group entities to Mr Frank before his appointment as CLO on 1 September 2020

The summary remuneration report covers the remuneration of Senior Management who held office during the FY 2020. For the avoidance of doubt, this summary remuneration report does not include information on any remuneration paid to former members of senior management of the Company who did not hold office in FY 2020 but due to the early termination of their service agreements with the Company in 2019, were paid a portion of their settlement amount in respect of such terminations during FY 2020 (due to the notice of termination period pursuant to their respective service agreements expiring during FY 2020).

Furthermore, this remuneration report is only in summary form. A complete remuneration report will be presented to the 2021 annual general meeting of shareholders of the Company as required by the Luxembourg law of 24 May 2011 on the exercise of certain rights of shareholders in listed companies (as amended).



EPRA overarching recommendations and key figures

EPRA overarching recommendations

Adler Group prepared this report in line with the European Public Real Estate Association (EPRA) reporting criteria for sustainability reports, as described in the institute's "Best Practices Recommendations" from September 2017. All these criteria correspond to the Global Reporting Standards (GRI). Adler Group reports on 20 of the 28 criteria. With regard to the remaining eight criteria, data collection was only started in the course of 2020.

Operational Boundaries

Information on energy consumption and greenhouse gas emissions for 2020 only relates to buildings that were maintained by ADLER Energie Service GmbH's energy supply management over the entire year. This represents 85.4 % of the total portfolio representing 95.1 % of total square metres.

Coverage

Information on personnel related parameters and corporate governance disclosure relates to the Adler Group with 590 Group companies. Disclosures on stocks always relate to 31 December. Disclosures on flows always cover the full year. Disclosures on flows also include data for properties that were sold or acquired within the period and as such did not belong to the Group for the entire period.

There is no data on the number of buildings with a certificate. Data collection for this item is expected to begin in 2021. Adler Group has no influence over water consumption, waste volumes or the type

of waste disposal as water consumption and waste disposal services are generally provided by municipal companies as the sole provider.

Estimation of landlord-obtained consumption

Disclosures on the individual parameters do not include any estimates. All figures have been measured or counted.

Third party assurance

The Board of Directors has examined the contents of the report. For this purpose, the board commissioned KPMG Luxembourg Société Cooperative, among others, to conduct a limited assurance review in line with the international standards on assurance engagements (ISAE 3000). The basis for this is regarding the principles of proper auditing or review of reports in the area of sustainability in line with EU/2014/95 EU Directive on Non-Financial Reporting. The main financial and non-financial information that serve the internal management and further development of the company are described in the annual report.

Boundaries – reporting on landlord and tenant consumption

Adler Group only has limited influence on the total amount of energy used by tenants for various purposes. Where properties are heated via district heating or for example contracting networks, Adler

Group has no influence over the efficiency of this supply. Influence over heating consumption is thus limited to properties where the heating systems belong to Adler Group.

This also applies to electricity consumption. Adler Group can only influence which electricity providers and which energy sources are used. The exact opposite holds true for (office) buildings rented for the company's own administration. Adler Group controls consumption but cannot influence the installation of more efficient heating systems or the choice of electricity supplier.

Segmental analysis (by property type, geography)

Adler Group's portfolio comprises almost exclusively rental units which fall into the category of affordable housing. They are located in western, northern and eastern Germany and thus in regions that differ very little from each other in terms of climate, infrastructure and the need for special protective measures. Therefore, the properties were not segmented. The approach taken in non-financial reporting is thus in line with that of financial reporting.

Disclosure on own offices

Adler Group reports on energy consumption at its own locations, which are mostly rented, on pages 60 and 61 of this report.

Narrative on performance

Adler Group has decided to focus its non-financial reporting on the topics derived from the materiality analysis. Pages 42 – 97 of the non-financial report describe developments regarding these topics in 2020.

Location of EPRA Sustainability Performance measures in companies' reports

The EPRA key performance indicators for the year 2020 were published exclusively in the non-financial report. Adler Group decided to separate financial and non-financial reporting as this makes the topic of sustainability far more visible and therefore ensures that it is also perceived as such. In order to improve visibility, Adler Group has also created a separate, prominent section for sustainability on its website.

Reporting period

The reporting period is the 2020 calendar year. Previous year comparisons relate to the 2019 calendar year. The reporting period is the same as in financial reporting.

Materiality

The material analysis was first conducted, accompanied by an auditing company, in 2018 at subsidiary ADLER Real Estate and was reiterated and confirmed at Adler Group in 2020 after a careful review. More detailed information can be found in the respective section on page 18.

Environmental sustainability performance measures

The predecessor companies of Adler Group each practised individual sustainability management. This also relates to the collection and analysis of corresponding data and information, which are therefore not comparable with each other. In addition, there was generally no reporting on sustainable business activities. Currently, the collection and analysis methods are being harmonised and combined across the Group.

The Group company with the longest sustainability tradition is ADLER Real Estate, the largest single company in the new Adler Group. This is also where the volume of data is greatest and the data quality is best. For this reason, the table columns “2019 ADLER Real Estate” and “2020 ADLER Real Estate” state sustainability values for real estate and business activities of ADLER Real Estate on a com-

parable basis, i.e. the same buildings were recorded in each case for the calculation of the two annual values. This enables meaningful comparisons to be made; exceptions are marked.

At the same time, the data quality at ADLER Real Estate has improved, so not all changes can be explained exclusively by changes in consumption.

The figures in the table column “2020 Adler Group” record, in whole or in part, the sustainability values of approx. 80 % of the Adler Group portfolio at the end of 2020. Since this figure also includes properties for which no values are available from previous years, no comparative values can be given. This will be possible only in next year’s sustainability report.

EPRA Code	GRI Standard and CRESO indicator code	Unit(s) of measure	Feature	2019 ADLER Real Estate	2020 ADLER Real Estate*	2020 Adler Group
Elec-Abs		kWh	Total electricity consumption, tenants	1,565,262	1,228,366	3,937,974
Elec-Abs		kWh	Total electricity consumption, landlords	410,309	389,213	[1]
Elec-Abs	302-1	kWh	Total electricity consumption	1,975,571	1,617,579	
Coverage	ADLER Real Estate tenants: 58% of the portfolio ADLER Real Estate landlords: 100% of branches Adler Group tenants: 75%					
Elec-LfL		kWh	Like-for-like total electricity consumption, tenants	1,565,262	1,228,366	[2]
Elec-LfL		kWh	Like-for-like total electricity consumption, landlords	410,309	389,213	[1] [2]
Elec-LfL	302-1	kWh	Like-for-like total electricity consumption	1,975,571	1,617,579	
Coverage	ADLER Real Estate tenants: 17% of the portfolio ADLER Real Estate landlords: 100% of branches					
DH&C-Abs		kWh	Total district heating and cooling consumption, tenants	75,798,847	8,161,928 [3]	219,578,714
DH&C-Abs		kWh	Total district heating and cooling consumption, landlords	475,606	[1]	[1]
DH&C-Abs	302-1	kWh	Total district heating and cooling consumption	76,274,453		
Coverage	ADLER Real Estate tenants: 96% of the portfolio ADLER Real Estate landlords: 100% of branches Adler Group tenants: 75% of the portfolio					

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EPRA Code	GRI Standard and CRES D Indicator Code	Unit(s) of measure	Feature	2019 ADLER Real Estate	2020 ADLER Real Estate*	2020 Adler Group
DH&C-LfL		kWh	Like-for-like total district heating and cooling consumption, tenants	75,798,847	82,161,928 [3]	[2]
DH&C-LfL		kWh	Like-for-like total district heating and cooling consumption, landlords	475,606	[1]	[1] [2]
DH&C-LfL	302-1	kWh	Like-for-like total district heating and cooling consumption	76,274,453		
Coverage	ADLER Real Estate tenants: 23% of the portfolio ADLER Real Estate landlords: 100% of branches Adler Group tenants: 18% of the portfolio					
Fuels-Abs		kWh	Total fuel consumption for heating, tenants <i>of which natural gas</i> <i>of which heating oil</i>	1,890,419 36,696 1,853,723	[4]	23,692,801 19,355,121 [5] 4,337,680 [6]
Fuels-Abs		kWh	Total fuel consumption for heating, landlords <i>of which natural gas</i> <i>of which heating oil</i>	1,121,376 1,102,383 18,993	[1]	[1]
Fuels-Abs		kWh	Total fuel consumption for cars/machinery, landlords	2,633,684	2,027,947	[7]
Fuels-Abs	302-1	annual kWh	Total fuel consumption	5,645,479		
Coverage	ADLER Real Estate tenants: 100% of the portfolio ADLER Real Estate landlords: 100% of branches Adler Group tenants: 97% of the portfolio					
Fuels-LfL		kWh	Like-for-like total fuel consumption, tenants	[8]	[9]	[2]
Fuels-LfL		kWh	Like-for-like total fuel consumption, landlords	3,755,060	[1]	[1]
Fuels-LfL	302-1	kWh	Like-for-like total fuel consumption	3,755,060		
Coverage	ADLER Real Estate landlords: 100% of branches					

EPRA Code	GRI Standard and CRES D Indicator Code	Unit(s) of measure	Feature	2019 ADLER Real Estate	2020 ADLER Real Estate*	2020 Adler Group
Energy-Int	CRE1	kWh/m ²	Building energy intensity	119.75	129.38	126.64
Elec		kWh/m ²		1.83	2.2	1.47
DH&C		kWh/m ²		117.37	134.40	128.09
Fuels		kWh/m ²		144.92	128.63	103.33
GHG-Dir-Abs	305-1	tonnes of CO ₂	Total direct greenhouse gas (THG) emissions (Scope 1)	1,577		7,039
		tonnes of CO ₂	<i>of which natural gas</i> <i>Tenants</i> <i>Landlords</i>	284.8 9.2 275.6	[4] [1]	5,114.4 4,838.8
		tonnes of CO ₂	<i>of which heating oil</i> <i>Tenants</i> <i>Landlords</i>	597.4 591.3 6.1	[1][4] [4] [1]	1,389.8 1,383.7 [9]
		tonnes of CO ₂	<i>of which cars and machinery (landlords)</i>	694.5	534.8	
GHG-Indir-Abs	305-2	tonnes of CO ₂	Total indirect greenhouse gas (THG) emissions (Scope 2)	22,473	24,024	64,032
Elec		tonnes of CO ₂		1,116	914	2,445
DH&C		tonnes of CO ₂		21,357	23,110	61,587
Fuels		tonnes of CO ₂				
GHG-Int	CRE3	tonnes of CO ₂ /WE	Greenhouse gas (GHG) intensity from building energy consumption	1.79	1.84	2.15
		tonnes of CO ₂ /m ²		0.0342	0.0388	0.0357

ADLER GROUP
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EPRA Code	GRI Standard and CRESO Indicator Code	Unit(s) of measure	Feature	2019 ADLER Real Estate	2020 ADLER Real Estate*	2020 Adler Group
Water-Abs	303-1	m ³ /year	Total water consumption, tenants (withdrawal from the-water mains)			2,507,653
Coverage	ADLER Group tenants: 35%					
Water-LfL		m ³ /year	Like-for-like total water consumption			
Water-Int	CRE2	m ³ /m ²	Building water intensity (tenants)			1.77
Waste-Abs	306-2	Total volume of waste and proportion by disposal route	Total volume of waste, tenants (recycled materials and harmless residual waste for incineration)			441,514
Coverage	Adler Group tenants: 58% of the portfolio					
			Recyclable material			52,935
			Glass			5,773
			Paper			101,207
			Organic waste			18,358
			Recycling rate			40.4%
			Residual waste			263,241
Waste-LfL	306-2	Total volume of waste and proportion by disposal route	Like-for-like volume of waste			[2]
Cert-Tot		Type and number of sustainably certified assets	Buildings with sustainability certificates			

* Due to recalculations and corrections of incorrect data for 2019, some values have changed slightly compared with the Sustainability Report 2019. In other places, values have been added that were not yet available at that time.

[1] Consumption values of the Adler Group company itself are not yet available for 2020. In the vast majority of office properties, Adler Group is a tenant and has not yet received corresponding consumption statements from the landlord as of March 2021.

[2] Due to the lack of prior-year figures, a like-for-like comparison is not possible.

[3] Due to the coronavirus measures imposed by the government since March 2020, there has been a significant increase in working from home. This has led to a significant increase in heating demand, which is reflected in the corresponding figure for kilowatt-hours purchased by tenants.

[4] Some of the buildings included here were sold in 2020; only five buildings still formed the basis for comparison at year-end 2020. This population was not sufficient for meaningful comparisons, which is why it was not mentioned.

[5] The significant increase from ADLER Real Estate to Adler Group is a consequence of the different reporting entities of the two business units. The corresponding system will only be harmonised in the course of 2021.

[6] Due to the contribution of properties by ADO Properties, numerous buildings with oil-fired heating systems have been added.

[7] Consumption figures are only available for ADLER Real Estate; not yet for Adler Group.

[8] The population of buildings available here is too small for meaningful comparisons, which is why the non-representative values have not been mentioned. In addition, the structure of the energy supply will be changed in the future.

[9] The ADO housing stock has been joined by numerous oil-fired properties.

Social Performance Measures

EPRA Code	Feature	GRI Standard and CRESB Indicator Code	Unit(s) of measure	2020			
Diversity-Emp	Employee gender diversity	405-1	Employee gender diversity	m	w	d	
				Top Management	7	1	0
				Management	55	18	0
Diversity-Pay	Employee gender diversity	405-2	Remuneration of female employees in relation to average pay of relevant group in %	Second management level	109		
				Third management level	100		
				Total	94		
Emp-Training	Employee training and development	404-1	Average hours				
Emp-Dev	Employee performance appraisals	404-3	Percentage of employees	12.4			

[1] Adler Group was created in 2020 from the combination of three companies. Therefore, it is not meaningful to report on fluctuation in the number of employees.

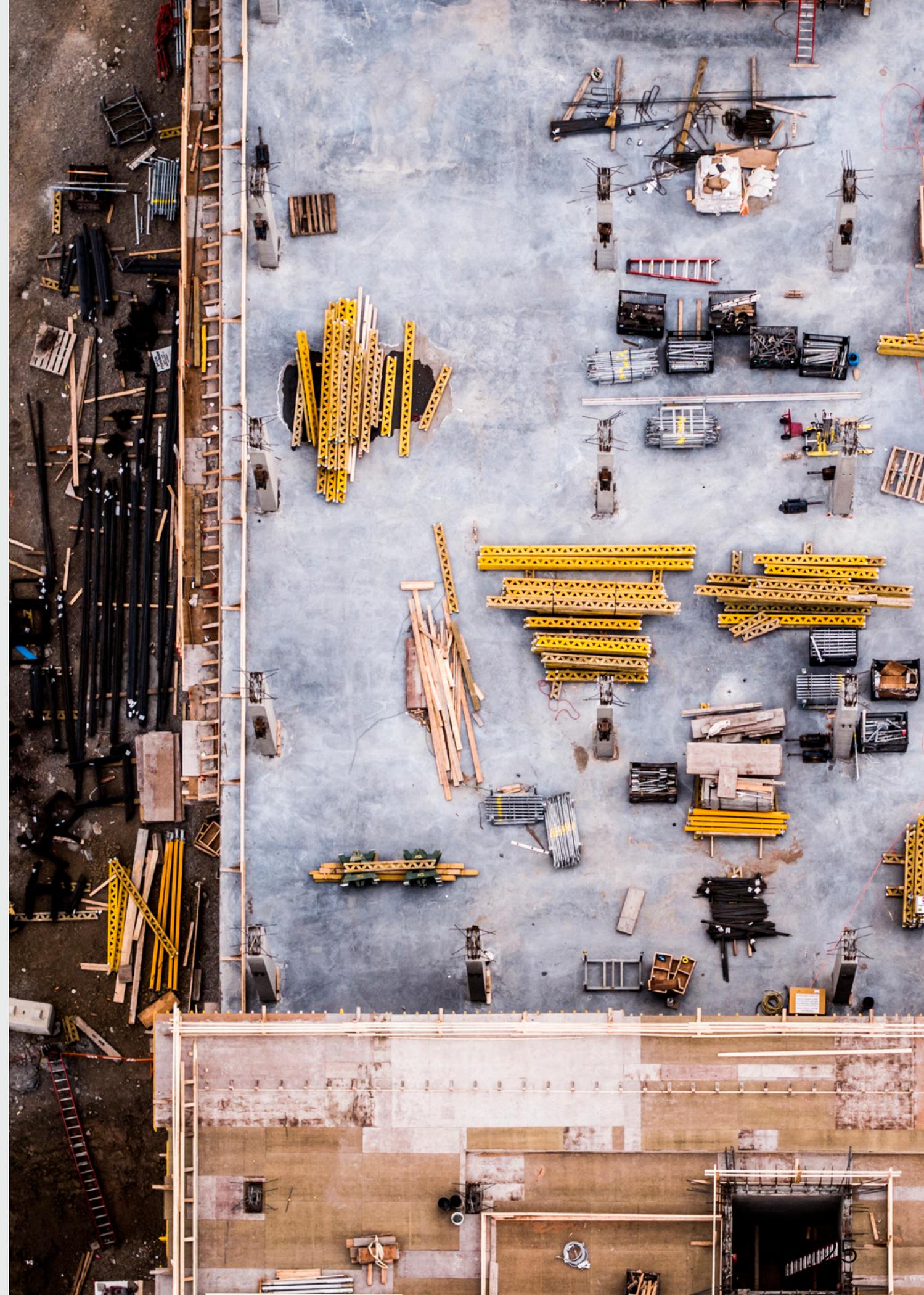
[2] New HR Tools have been introduced in 2020 to align data management groupwide. As a result, these figures were not available for 2020.

EPRA Code	Feature	GRI Standard and CRESB Indicator Code	Unit(s) of measure	2020	
Emp-Turnover	Average hours	401-1	Average hours	New hires [1]	
				Absolute	Ratio (%)
				Retirements [1]	
H&S-Emp	Employee health and safety	403-2	Injury rate, absentee rate and number of work related fatalities	Injury rate [2]	
				Lost working days	5.3%
				Absentee ratio [2]	
H&S-Asset	Asset health and safety assessments	416-1	Percentage of assets	Fatalities	none
				All technical facilities are inspected and evaluated at regular intervals (100%). An emergency number is available to tenants in the event of faults that pose an immediate danger (loss of heating, burst water pipes, power failure, etc.). This number can be used to contact locally active service providers who are contractually obliged to deal with the faults immediately and avert damage from the tenants.	
				In 2020, there were no faults caused by breaches of supervisory or public safety obligations that would have led to a permanent threat to the health of the tenants.	
H&S-Comp	Asset health and safety compliance	416-2	Number of incidents	In 2020, there were no faults caused by breaches of supervisory or public safety obligations that would have led to a permanent threat to the health of the tenants.	
Comty-Eng	Community engagement, impact assessment and development programs	413-1	Percentage of assets	Adler Group is in constant dialogue with communities, investors and representatives of different interest groups in all development or modernisation projects. For all projects, environmental performance evaluations are conducted which always include social aspects as well.	

This is relevant for 15% of the residential units.

Governance Performance Measures

EPRA Code	Feature	GRI Standard and CRESB Indicator Code	Unit(s) of measure	2020
Gov-Board	Composition of the highest governance body	102-22	Number	Members of management board 8 Average duty time in years 1.0
Gov-Selec	Process for nomination and selecting the highest governance body	102-24		Selection into Adler Group's Board of Directors is made exclusively on the basis of performance and qualifications, i.e. competence and market knowledge. In addition, all members of the Board of Directors should meet the requirements and recommendations of the relevant Luxembourg legislation and of the German Corporate Governance Code
Gov-Col	Process for managing conflicts of interest	102-25		The members of the highest governance body are also subject to the company's compliance requirements. In addition, the governance bodies are regularly questioned in the course of the audits of the annual financial statements in accordance with recognised auditing standards.



About this report

With the present Sustainability Report, Adler Group S.A. fulfils the obligation to disclose non-financial information for the 2020 financial year as stipulated in Section 315b (1) and (3) of the German Commercial Code. The nonfinancial report gives stakeholders and the public insights into the Group's business model, its orientation and approach it takes to the aspects of employees, society, environment, human rights and anti-corruption mentioned in the law.

The reporting period is the calendar year 2020. Unless otherwise specified, the information relates either to the entire year or to the reference date December 31, 2020. The report is published annually. It applies to the entire Adler Group and therefore generally includes all sub-companies that are also consolidated in the financial statements.

The Board of Directors examined the content of the report. For this purpose, the Board commissioned KPMG Luxembourg Société Cooperative,

among others, to conduct a limited assurance review in line with the international standards on assurance engagements (ISAE 3000). The basis for this is regarding the principles of proper auditing or review of reports in the area of sustainability in line with EU/2014/95 EU Directive on Non-Financial Reporting. The main financial and non-financial information that serve the internal management and further development of the company are described in the annual report.

When creating the report, Adler Group based itself on the reporting criteria for sustainability reports of the European Public Real Estate Association (EPRA), which in turn refers to the GRI reporting standards.

For reasons of better legibility alone, the simultaneous use of female and male language forms is dispensed with in the following and the generic masculine is used. All personal names apply equally to all genders.

Imprint

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Disclaimer

This sustainability report contains forward-looking statements with associated risks and uncertainties. The actual business development and results of Adler Group S.A. may in future deviate significantly from the assumptions on which this sustainability report is based.

This report does not constitute an offer to sell or a solicitation of an offer to buy securities of Adler Group S.A. Adler Group is not obliged to update the statements contained in this report.

