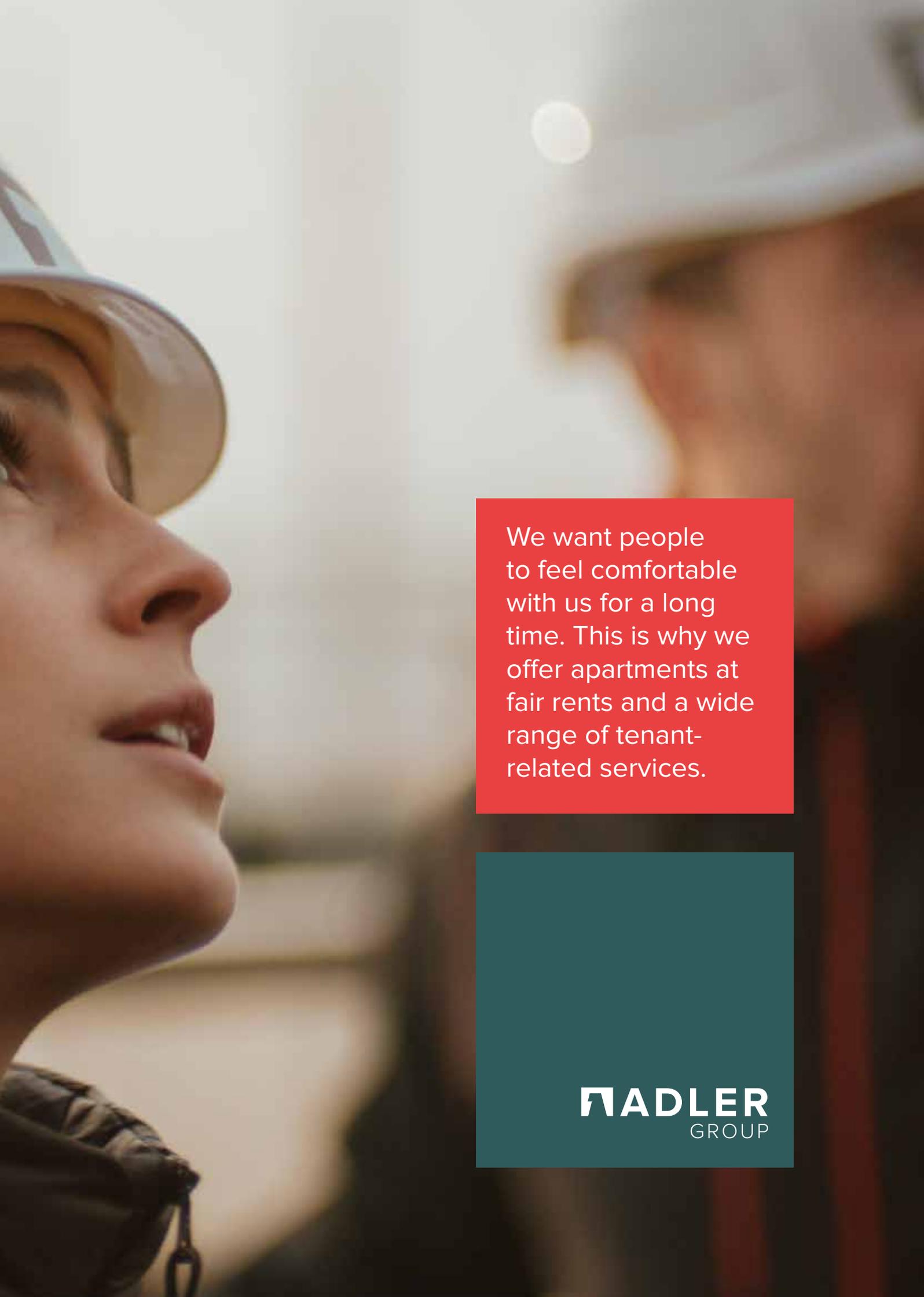


# Sustainability Report **2021**





**More future  
per m<sup>2</sup>**



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.

**ADLER**  
GROUP

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# Senior Management



## Maximilian Rienecker

Co-CEO

Maximilian Rienecker has worked in finance in many places around the globe, including for ING Investment Management in Hong Kong and various parts of Europe. He participated in the merger of ADO and ADLER Real Estate as the co-CEO of ADLER Real Estate.

## Thierry Beaudemoulin

Co-CEO

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



# Sven-Christian Frank

CLO

Sven-Christian Frank has more than 25 years of experience in property and asset management – working in leading roles at various companies like Deutsche Real Estate AG. Mr Frank had already been a member of ADLER Real Estate's Management Board for five years at the time of the merger of ADO and ADLER Real Estate.



# Dr Bernd Schade

CDO

Dr Bernd Schade has decades of experience in the development and management of real estate projects, most recently on the Management Board of Bauwert AG. Prior to that, he held a top position at Union Investment and was a member of management for the Real Estate division at Breuninger.



# Preface

**We have developed a carbon roadmap to halve the portfolio's greenhouse gas emissions by 2030 compared to 2020.**

**SVEN-CHRISTIAN FRANK**  
CLO



# Dear Readers,

2021 was an eventful year for the Adler Group. The first half of the year was dominated by the integration of the three companies that were independent until 2020 – ADLER Real Estate, ADO Properties and Consus Real Estate. They have been merged under the banner of Adler Group. As the year went on, work focused on reducing the existing, broadly diversified real estate portfolio and on concentrating the similarly wide range of development projects on seven of Germany's top cities. This approach not only satisfies capital market requirements for a strong balance sheet, but also creates a good starting position for achieving the increasing demands of sustainability and turning the Group into an even more ecological and climate-friendly company.

In 2021, the Adler Group devised an ambitious sustainability programme that was adopted in February 2022: The carbon roadmap that aims to reduce the greenhouse gas emissions emanating from the portfolio by half by 2030. In order to achieve this ambitious goal, we shall enhance the portfolio that remains after last year's transactions and extensively increase our efforts to improve energy efficiency through energetic refurbishment and converting the heating and energy technology to environmentally friendly solutions. These measures will, at the same time, improve living quality for our tenants and reduce the operating costs they will have to bear. The climate-driven carbon roadmap will therefore also future-proof the residential portfolio and strengthen our competitive position in the rental market.

Furthermore, last year we redesigned our internal operations and likewise placed a greater focus on sustainability. We set up a diversity working group to draft a diversity programme, we widened our activities in further education and published policies which – like the Human Rights Policy – set out pre-existing convictions in written and thus demonstrable form. An employee survey was carried out for the first time to sound out opinions, preferences and wishes. And we ensured that nobody lost their job as a result of the portfolio disposals. As an employer, we firmly believe that this has raised our profile significantly.

Naturally, satisfying our tenants was the primary objective of our business activities in the past year as well. Here, too, we are looking for new approaches and, for instance, we have initiated a tenant survey for the first time. Despite the restrictions that we all faced because of the COVID-19 pandemic, we have found many opportunities to get in touch with our tenants and to address their concerns which often go well beyond the purely commercial relationship.

Best regards,  
Sven-Christian Frank

COMPANY PROFILE

# Business Model

**The Adler Group builds, holds and manages properties and, at the same time, is a reliable partner for communities, investors and tenants – from development to letting and the long-term management of properties. The company provides a place to live that people can afford. And making them feel comfortable in their apartments and stay as long as possible is in the best interest of the Adler Group.**

True to its motto of “more future per square metre”, the Adler Group therefore invested around 120 million euros in the maintenance and modernisation of its property portfolio in 2021 (2020: 149 million euros), thereby helping tenants to benefit from good, affordable homes and high-quality services.

In conjunction with the accelerated debt reduction and increased focus on major conurbations in Germany, the Adler Group sold two major rental portfolios in 2021. The approximately 30,000 residential units that were sold as a result of this decision were predominantly located in small and mid-sized towns in the north and east of Germany. The associated transactions were initiated in 2021 but not closed until 2022. They therefore do not yet affect the scope of this report. These disposals comprising a real estate value of more than two billion euros were achieved with a premium on the book values which attests to the quality of the portfolio and its valuation alike.

After this streamlining effort, the Adler Group has completed the sale of major groups of assets and will rather concentrate on selective sales of individual non-strategic development projects moving ahead. As for the remaining portfolio, it will be made more attractive and sustainable through innovative solutions, attuned to the needs of the respective neighbourhoods and tenants.

Current assets\*:  
**27,469 units**

Under development:  
**approx. 6,000 new units**

Portfolio:  
**Mainly residential properties, small number of commercial units such as shops and offices**

Current target group:  
**Tenants with average or lower income**

Cultivation of additional new markets:  
**Upscale residential market**

Additional services:  
**Property, facility and energy management**

Base of operations:  
**Berlin**

Main office locations:  
**Berlin, Duesseldorf, Hamburg, Oberhausen, Leipzig**

*\*Number of units after closing of transactions*

# Corporate Strategy

**Sustainability is one of the Adler Group's five central values. Excellence in sustainability is firmly embedded in the Group's corporate strategy and permeates all business activities as one of its key strategic paths.**

In the course of 2021, the Adler Group revised the focus of its corporate strategy. It decided to sell parts of the existing portfolio and to continue only those development projects that allow an emphasis on Germany's seven leading cities. These decisions were not originally driven by sustainability considerations but nevertheless will promote an energy-efficient and green housing portfolio.

As a consequence of these decisions, energy-inefficient apartments will account for a smaller share of the total portfolio, while the share of new and climate-neutral buildings will

continue to rise appreciably in the coming years. At the same time, the portfolio's profile will be honed with a geographical focus on prosperous major German cities and conurbations, which will benefit the competitive position in the rental market and thus the intrinsic value of the property portfolio.



## SUSTAINABILITY

# The Regulatory Environment

**The EU Taxonomy and the German Climate Change Act brought significant change to the regulatory environment in 2021, especially with regard to greenhouse gas emissions. The EU Taxonomy marks an attempt to classify economic activities in terms of their ecological quality. In the Climate Change Act, Germany's government has established legally binding targets for various industries, including the real estate sector.**

### THE GERMAN CLIMATE CHANGE ACT

The German Parliament resolved a new Federal Climate Change Act on 24 June 2021. The new law raises Germany's greenhouse gas reduction target for 2030 to minus 65 percent compared to 1990. The previous target was 55 percent. By 2040, greenhouse gases have to be reduced by 88 percent and greenhouse gas neutrality must be achieved by 2045. According to the Climate Change Act, the real estate industry has to reduce its greenhouse gas emissions by 42 percent to 70 million tonnes of CO<sub>2</sub> equivalent between 2020 and 2030.

**The Adler Group not only intends to contribute but to actually exceed this target by reducing, until 2030, greenhouse gas emissions emanating from the property portfolio by 50 percent compared to the level of 2020.**

### THE EU TAXONOMY

The EU taxonomy (Regulation EU 2020/852) is the set of rules of the European Union (EU), which classifies which business operations are considered environmentally sustainable. It is an essential component of the action plan 'Financing Sustainable Growth' of the European Commission to redirect capital flows towards sustainable investment.

An economic activity is environmentally sustainable if it

- | makes a significant contribution to at least one of the six environmental objectives listed below,
- | does not result in a significant negative impact on one or more of the other environmental objectives, and
- | complies with minimum health and safety standards and human rights.

The EU has defined its environmental objectives as follows:

1. Climate mitigation,
2. Climate change adaptation,
3. Sustainable use and protection of water and marine resources,
4. Transition to a circular economy,
5. Pollution prevention and control, and
6. Protection and restoration of biodiversity and ecosystems.

The EU taxonomy entered into force in July 2020 and in June 2021, the first delegated act was adopted to define the Technical Screening Criteria for Economic Activities which will make a significant contribution to the first two environmental objectives - climate mitigation and climate change adaptation. From the 2022 reporting year, the other four EU environmental goals will also be included in the reporting requirements. The Adler Group has also adopted these targets; in particular climate and circular economy issues enjoy the highest priority in this context.

### REPORTING OBLIGATION FOR COMPANIES

According to Article 8 (1) of the Taxonomy Regulation, companies that are required to submit a non-financial reporting pursuant to Section 289b (3) and Section 315b (3) of the German Commercial Code (HGB) shall publish information on the nature and scope of their sustainable economic activities. Article 8 (2) specifies the key performance indicators (KPIs) to be published in relation to turnover, capital expenditures (Capital Expenditures or 'CapEx') and operating expenditures (Operational Expenditures or 'OpEx').

The Adler Group is making use of the simplification provisions of the Delegated Regulation on Article 8 of the EU Taxonomy Regulation for fiscal year 2021 which initially allows only the taxonomy-eligible economic activities related to the first two environmental objectives to be reported.

## **ELIGIBLE ECONOMIC ACTIVITIES WITHIN THE FRAMEWORK OF THE EU TAXONOMY**

In the fiscal year 2021, the Adler Group identified the following economic activities as taxonomy-eligible within the meaning of the Taxonomy Regulation with the first two environmental objectives of climate mitigation (Annex I) and climate change adaptation (Annex II):

- I 7.1 'Construction of new buildings',
- I 7.2 'Renovation of existing buildings',
- I 7.3 'Installation, maintenance and repair of energy efficiency equipment' and
- I 7.7 'Acquisition and ownership of buildings' (Rental of own buildings and apartments).

The economic activities of the EU taxonomy summarized under 4. 'Energy', 7.4 'Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)', 7.5 'Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings' and 7.6 'Installation, maintenance and repair of renewable energy technologies' will also play a role for the Adler Group in the future (see climate target p. 34).

## **BASIS FOR THE DETERMINATION OF THE TAXONOMY KEY PERFORMANCE INDICATORS**

The determination of the KPIs and the reporting of the taxonomy-eligible economic activities of the Adler Group is carried out in accordance with Article 10 (3) and Article 11 (3) of EU Regulation 2020/852. The KPIs to be determined are the shares of taxonomy-eligible turnover, capital expenditures as well as operating expenditures. The taxonomy-eligible shares are reported under the environmental objective climate mitigation (Annex I), which excludes double counting of turnover, capital expenditures and operating expenditures when determining the KPIs.

The key figures reported in accordance with the requirements of the EU Taxonomy Regulation for turnover, CapEx and OpEx are based on the figures in the consolidated financial statements. The Adler Group reports in accordance with the principles of the International Financial Reporting Standards (IFRS).

## **TURNOVER**

The share of turnover referred to in Article 8 (2) (a) of the Regulation is the share of net sales of goods or services (including intangible assets) related to taxonomy-eligible economic activities (numerator) in total net sales (denominator). Total net sales can be found in the consolidated income statement from the Adler Group's Annual Report 2021.

## **'CAPEX' AND 'OPEX'**

Capital expenditures as defined by the EU taxonomy comprise additions to property, plant and equipment and intangible assets during the fiscal year under review before depreciation, amortization and revaluations. Also included are those resulting from revaluations and impairments for the fiscal year under review and without changes in fair value. This also includes additions to property, plant and equipment and intangible assets resulting from business combinations. The total capital expenditure used for the EU taxonomy is reported in the Adler Group's 2021 consolidated financial statements.

Operating expenses as defined by the EU taxonomy comprise direct, non-capitalized costs relating to research and development, building renovation measures, short-term leasing, maintenance and repair, and all other direct expenses. They are necessary to ensure functionality and are related to the day-to-day maintenance of property, plant and equipment assets.

Taxonomy-eligible capital and operating expenditures may relate to assets or processes associ-

# ADLER GROUP

## Sustainability Report 2021

2 Sustainability | The Regulatory Environment

ated with taxonomy-eligible economic activities. They may also be part of a plan to expand taxonomy-aligned economic activities or be used to convert taxonomy-aligned economic activities into taxonomy-aligned economic activities. In addition, they may relate to the purchase of products from taxonomy-aligned economic activities and individual measures that make the actual business activities

low-carbon or reduce greenhouse gas emissions, as well as individual building retrofits.

Based on the descriptions of the economic activities under the environmental objectives of climate mitigation (Annex I) and climate change adaptation (Annex II), a large part of the Adler Group's business model falls within the scope of the EU taxonomy.

### KPIs ACCORDING TO THE EU TAXONOMY - ELIGIBILITY OF THE ACTIVITIES OF THE ADLER GROUP

	% eligible activities	% non-eligible activities
Turnover	98	2
CapEx	98	2
OpEx	100	0

*1) Receipts from property sales are considered in taxonomy-eligible turnover*

For the year 2021, the Adler Group can thus report 98 percent of turnover, 98 percent of capital expenditures and 100 percent of operating expenses as taxonomy-eligible.

Activity 7.7 Acquisition and ownership of buildings represents the largest share of taxonomy-eligible turnover. 7.1 New construction is also a significant part of taxonomy-eligible turnover.

CapEx is largely composed of additions from asset acquisitions, modernisation investments, and investments in developments under construction (acquisition and construction costs). These are related to 7.7 Acquisition and ownership of buildings and 7.2 Renovation of existing buildings.

The taxonomy-eligible economic activities included in OpEx are also related to the economic activity described in 7.7, but also to 'Transportation by motorcycles, passenger cars, and light trucks' listed in 6.5, which can be identified as a cross-cutting theme.

### OUTLOOK FOR THE REPORTING YEAR 2022

In 2022, in line with regulatory requirements, Adler Group will expand its taxonomy reporting and add details on compliance and breakdown of KPIs that were made optional by the facilitation rules in 2021. The economic activities of the EU taxonomy summarized under 4. and 7.4 - 7.6 might also play a role for the Adler Group.





### THE UN SUSTAINABLE DEVELOPMENT GOALS

In 2016, the United Nations (UN) adopted its Agenda 2030 for Sustainable Development. This Agenda comprises 17 Sustainable Development Goals that are intended to ensure global sustainable development at economic, social and ecological level. Of these 17 goals, the Adler Group has identified eight to which it can make a meaningful contribution.

UN GOAL 3



#### GOOD HEALTH AND WELL-BEING

When developing and building properties, the Adler Group is keenly aware that people will spend many years living in them. Neighbourhoods that can sustainably handle urbanisation, climate change and social transformation offer a healthier and better environment.

UN GOAL 8



#### DECENT WORK AND ECONOMIC GROWTH

The Adler Group contributes to economic growth by offering all its employees decent work, by successfully developing its property business and by creating a pleasant work environment with attractive pay and benefits.

UN GOAL 7



#### AFFORDABLE AND CLEAN ENERGY

The Adler Group ensures that its tenants have access to affordable, reliable and sustainable energy while continuously expanding its range of services. Neighbourhoods offer the supply of sustainable and cost-effective energy.

UN GOAL 9



#### INDUSTRY, INNOVATION AND INFRASTRUCTURE

The Adler Group develops and builds resilient and sustainable buildings. Looking at the property lifecycle as a whole promotes innovation. New concepts, technologies and materials result in the ever more sustainable use of energy and other resources.

Since 2021, the Adler Group has been committed to the UN Global Compact for corporate responsibility and its principles in the areas of human rights, labour, the environment, and fighting corruption.

UN GOAL 11



### SUSTAINABLE CITIES AND COMMUNITIES

By sustainably developing new buildings, the Adler Group is making entire neighbourhoods environmentally friendly, forward-looking, safe, and worth living in. Innovative concepts improve the sustainability of property services.

UN GOAL 13



### CLIMATE ACTION

The Adler Group is taking action to combat climate change and its impacts. The design of properties in this respect is constantly being optimised to minimise the carbon emissions created by construction work. Greenhouse gas emissions that arise in spite of this are compensated to achieve climate-neutrality.

UN GOAL 12



### RESPONSIBLE CONSUMPTION AND PRODUCTION

The Adler Group practices sustainable patterns of consumption and production when developing and building properties. Established construction standards and sustainable materials reduce energy requirements and greenhouse gas emissions.

UN GOAL 15



### LIFE ON LAND

The Adler Group protects and promotes the sustainable use of terrestrial ecosystems, respects the local water balance and minimises its land use. The Adler Group always takes environmental aspects, including the impact on the biosphere, into account with new buildings.



# Membership and Participation

While networking and dialogue may promote sustainable action, they certainly create a sense of participation in joint efforts to do something about climate change or pursuing non-financial goals. The Adler Group therefore finds it worthwhile to be a member of organisations dedicated to a wide range of sustainability aspects.

## WE SUPPORT THE GLOBAL COMPACT



As a consequence of its commitment to sustainable development and the UN's Sustainable Development Goals, the Adler Group supports the United Nations Global Compact since June 2021. The network is a global pact between the United Nations and companies worldwide to adopt sustain-

able and socially responsible policies. The main subjects of the Global Compact are human rights, labour laws, environmental awareness and the fight against corruption. By considering these issues, companies are simultaneously contributing to the Sustainable Development Goals.

## THE GERMAN SUSTAINABLE BUILDING COUNCIL (DGNB)



The Adler Group is a member of the German Sustainable Building Council (DGNB), which unites all operators in the construction industry. With more than approximately 1,300 members, it is Europe's largest network for sustainable construction. Since it was founded in 2007, the German Sustainable Building Council has campaigned for the certification of quality buildings and neighbourhoods worth living in. Its goal is to raise awareness throughout the construction and property market for an appropriate understanding of quality to promote responsible, sustainable construction. All new buildings of the Adler Group will be subjected to such a certification process and are expected to satisfy the high DGNB gold standard for sustainability or similar.

## FURTHER SELECTED MEMBERSHIPS OF COMPANIES OF THE ADLER GROUP

German Property Federation (ZIA)

Monthly discussion of ideas and interests in connection with all issues concerning the real estate sector, the energy transition and mobility

The Federal Ministry of Economics and Climate Protection (BMWK) energy efficiency network for housing association energy management companies

Quarterly discussions of current legislation, studies and pilot projects, informal discussion of current industry developments, formation of purchasing associations

Institute for Corporate Governance in the German Real Estate Industry (ICG)

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

German Institute for Compliance (DICO)

Publications, events, working materials

buildingSMART Germany Association

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

German Lean Construction Institute (GLCI)

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

# Sustainability Strategy and Targets

**The sustainability strategy of the Adler Group was presented for the first time in 2021 with the publication of the 2020 sustainability report, which also outlined the Group-wide sustainability targets. Several of these goals have been further detailed while the general orientation has been retained. This operationalisation has helped to establish sustainability as a fixed component in the company's DNA. The key action areas are:**

| The optimisation of the property portfolio to achieve climate neutrality with a focus on energetic refurbishment and renovation, plus the replacement of heating systems

The Adler Group has turned this general aspiration into the specific goal to halve the carbon emissions emanating from the property portfolio by 2030 (compared to 2020), and to carry out energetic refurbishment on around 2.2 percent of the portfolio per year. The portfolio optimisation of the previous year was the first step to achieve this target, the second is the roadmap developed in 2021 and adopted in 2022 to invest around 275 million euros in total. The Adler Group thus endeavours to achieve the goals of the Paris Agreement and the standards of the German Climate Change Act.

| The development of new buildings as climate-neutral neighbourhoods for multiple generations, partly by providing an ecological energy supply and using sustainable materials

The Adler Group's goal is to have all new buildings certified to recognised standards such as DGNB/LEED®/BREEAM, and to achieve gold/"very good" ratings. Buildings which undergo energetic refurbishments will likewise be certified. The intention is to plan and build new climate-neutral buildings.

| To enhance employee satisfaction by establishing a value-based corporate culture, by designing an attractive and modern work environment, by offering extensive further education opportunities and by safeguarding interesting and future-proof jobs

In line with these intentions, the Adler Group launched various initiatives in 2021, including setting up a diversity programme, defining employee benefits, establishing further education courses and, for the first time, asking employees in a survey about their satisfaction, motivation and what kind of improvement they would like to see in their work environment. This survey will be repeated annually. The intention is to achieve top employer status.

| To enhance tenant satisfaction and to ensure the well-being of customers

The Adler Group has defined the specific goal of carrying out a tenant survey regularly to ask about their satisfaction and suggestions for improvements to services and the living environment. This began in 2021. The results were analysed in the first quarter of 2022 to determine corresponding improvements. The intention is to gradually reduce tenant turnover.

| Top standards in corporate governance and business ethics

The Adler Group commits to high standards of corporate governance and has therefore based its efforts to achieve these on the German Corporate Governance Codex. In 2021, it formulated and adopted various policies including corresponding training of employees and modified workflows to comply with the principles of good corporate governance.

| Community involvement

The Adler Group has set itself the goal of actively participating in associations, fostering the dialogue with institutions and cities and getting involved in social projects around its neighbourhoods and properties.

General responsibility for sustainability lies with the Board of Directors. Responsibility for sustainable action has been assigned to the Chief Legal Officer, Sven-Christian Frank. He is the Chairman of the Sustainability Board, the members of which are executives from all functions of the company whose work is affected by sustainability aspects. At monthly meetings, the Sustainability Board provides guidance for selecting and developing sustainability initiatives and for defining indicators. It also ensures Group-wide harmonisation of sustainability concepts and activities in order to live up to the strategic corporate claim of "Excellence in Sustainability". For the first time in 2021, a Staff Unit Sustainability was created to support and coordinate these activities and to bundle the reporting.

**SUSTAINABILITY – FIRM PART IN THE ORGANISATIONAL STRUCTURE OF THE ADLER GROUP**

**STRATEGY**

*Strategic framework*

Sustainability is one of five corporate values intended to define corporate culture. Also, “Excellence in Sustainability” is one of the Adler Group’s strategic paths. An ESG roadmap fills this strategic goal with real initiatives.

**LEADERSHIP**

*Support and sponsorship by the Senior Management*

Senior Management is committed to achieving the sustainability goals. Responsibility for sustainability lies with the CLO.



**GOVERNANCE**

*Sustainability Board*

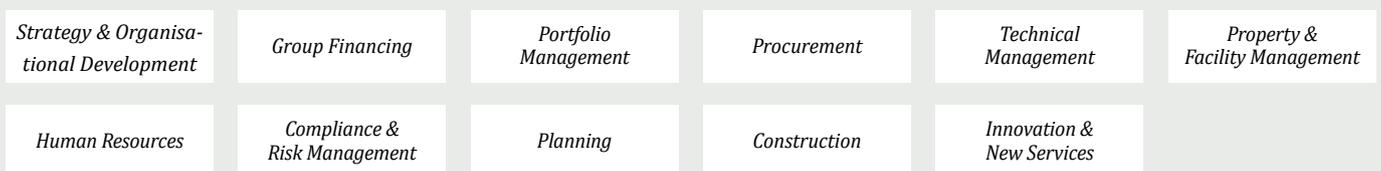
The Sustainability Board is a regular executive committee to enable the organisation to manage and operate the business in an environmentally and socially responsible manner. (“Excellence in Sustainability”)

- / Guidance: Identification and management of initiatives*
- / Definition and management of ESG KPIs*
- / Cross-functional coordination*
- Sponsor: CLO/CCO*
- Participants: All implementing functions*
- Frequency: Monthly*

**RESPONSIBILITY FOR IMPLEMENTATION**

*Coordination by the Staff Unit Sustainability*

Sustainability affects all corporate functions and is coordinated by the Staff Unit Sustainability.



# Materiality

**The sustainability reports of the Adler Group convey insights into the Group’s business model, its attitude towards key environmental issues and the way in which it rises to its social responsibility towards its tenants and employees.**

One of the companies now integrated into the Adler Group, ADLER Real Estate, had performed a materiality analysis for the first time in 2018, which was regularly and carefully reviewed in the following years. It should be noted in particular that a “Build to Hold” business area was created in addition to the “Manage & Service” business area within the newly formed Adler Group.

The materiality analysis was reviewed by all of the Group’s executives involved in the issues covered by this report, most of whom also belong to the Sustainability Board.

The materiality matrix below shows all the sustainability aspects which the Adler Group considered material as well as their relevance to the company’s stakeholders and its business.

## THE SIGNIFICANCE OF SUSTAINABILITY FOR THE ADLER GROUP

Relevance for Stakeholders





ENVIRONMENT

# Environmental Protection

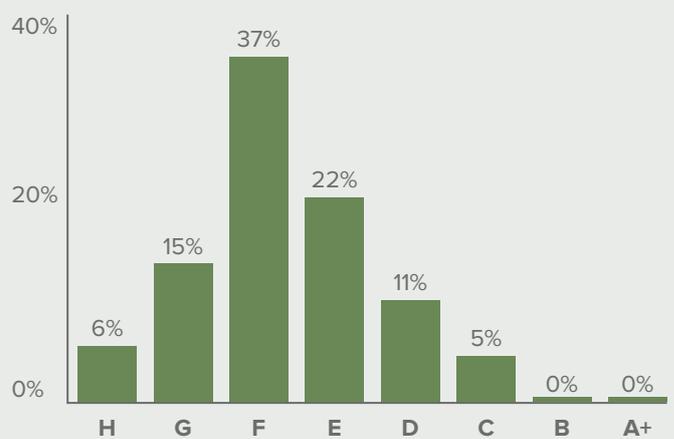
The Adler Group has made a commitment to Excellence in Sustainability. For a real estate company, this primarily means taking steps to reduce the energy and heat consumption and the associated greenhouse gas emissions in its rental portfolio. In line with the regulatory standards, the Adler Group's target is therefore to halve carbon emissions emanating from the portfolio by 2030 compared to 2020. At the same time, it is also aiming to reduce water consumption and waste volumes. In order to achieve the challenging carbon target, a combination of different measures and initiatives is planned for the existing portfolio ("Manage & Service") and the development of new properties ("Build to Hold").

# Rental Portfolio (Manage & Service)

Large parts of the rental portfolio consist of buildings that were constructed in times when sustainability aspects did not play a major role in construction. Therefore, structural, energy-efficiency measures, or a combination of the two, will be needed to reduce specific energy consumption. Structural measures essentially comprise energetic refurbishment such as insulating cellars, roofs and facades or replacing doors and windows while measures to enhance energy-efficiency aim to install new, more efficient heating systems or to replace fossil energy sources with renewable ones. These are grouped into a 'Renewable Energy Programme' as a result of which 33 heating systems were replaced in 2021. Moreover, the entire electricity supply was switched to green electricity. This applies both to electricity in the communal areas of the rental portfolio buildings and to electricity that the Adler Group uses for its own business activities.

## ENERGY EFFICIENCY OF THE EXISTING PROPERTIES

Properties



Energy efficiency classes. 4% of the buildings not included.

The modernisation of entire neighbourhoods always comes in form of major projects that are heavily guided by sustainability considerations. In some cases, full energetic refurbishment also includes increasing the amount of residential space by adding floors on top of buildings. The Adler Group typically prefers to use timber construction for such projects as timber as a construction material is far more environmentally friendly than steel and concrete. In 2021, such activities were mainly carried out in the Adler Group's residential complexes in Goettingen and Wolfsburg.

The Adler Group regularly renovates individual apartments in its property portfolio when tenants move out. Depending on the apartment's condition, this may include not only upgrading electrical installations, remodelling bathrooms and replacing backsplashes, but also exchanging doors and windows.

Improvements and extensions to existing properties therefore have key sustainable effects and also lead to an appreciable enhancement of the (residential) quality of apartments. This is because properly insulated apartments stay cool in summer and warm in winter, while new doors and windows prevent drafts and have a noise-reducing effect. New forced ventilation systems ensure the constant circulation of air and thus reduce the risk of mould.

The Adler Group intends to further step up the energetic refurbishment of its existing properties in the coming years (see "The Plan to Halve Carbon Emissions").

However, despite all the energy-efficiency improvement activities, the fact remains that key environmental indicators such as energy consumption, water use or waste volumes are largely determined by tenants' habits or preferences. As an owner, the Adler Group can only set the stage for a more careful use of energy as well as raise awareness of the issues at hand.

#### DEVELOPMENT OF RELEVANT ENVIRONMENTAL INDICATORS WITH REGARD TO THE PROPERTIES

	2020	2021
<i>Consumption of heating energy in kWh/m<sup>2</sup></i>	146.82	140.87
<i>Electricity consumption in kWh/m<sup>2</sup></i>	3.23	3.19
<i>Water consumption in m<sup>3</sup>/m<sup>2</sup></i>	1.77	2.44
<i>Waste disposal in m<sup>3</sup>/y</i>	363,954	365,759

During energetic refurbishments, balconies are frequently converted into sunrooms, lifts are installed and at least some apartments can be made barrier-free. Most of the time, the green and play areas are restored too so that the people living in the area benefit from the upgrades.

# Development Projects (Build to Hold)

**Project development is a key part of the Adler Group's business model which is predominantly carried out by the Group company Consus Real Estate. In project development, the Adler Group takes a comprehensive approach to the sustainable development and the maintenance of properties over their entire lifecycle.**

The Adler Group is planning projects with several thousand residential units that will be built over the next six to ten years. As most of these projects are still in an early stage of planning, they do not yet have any effect on key consumption indicators relevant to environmental reporting.

In the planning process, however, sustainability requirements play a major part. When designing new buildings for its own portfolio, the Adler Group maintains a strict focus on sustainable criteria for both the construction phase and the building's subsequent operation. Efforts are clearly directed to maximum energy-efficiency and the lowest possible carbon emissions, but sustainability in property development and maintenance also takes into account aspects of social interaction and mobility, such as proximity to public facilities or public transport and maintaining a cooperative relationship with tenants, municipal authorities, planners, investors and other stakeholder groups. In development projects, the Adler Group is well positioned in terms of sustainability as it can build on decades of experience in project development and the expertise that has been gathered in applying environmentally friendly construction methods and materials as well as in using regenerative energies.

The Adler Group strives to reach high levels of sustainability in its development projects. And it intends to document the achievement too. It has therefore decided to have new buildings and energetic refurbishments certified according to nationally and internationally recognised certification stan-

dards such as DGNB/LEED®/BREEAM. Certifications shall reach the 'gold' or 'very good' levels.

Building certification is an important tool for implementing sustainable strategies in the real estate sector and is evidence of high-quality buildings.

**To document sustainability, all development projects will be certified according to internationally recognised standards.**



*Sustainability in development projects means energy efficiency and social interaction.*

# Examples on Sustainability: VAI Campus and Holsten Area

**In 2021, the Adler Group continued its digital transformation in all areas of activity. Wherever it was possible to improve efficiency and effectiveness, data documentation and analysis as well as management of processes and measures were optimised using electronic systems.**

An outstanding example for this kind of transformation is the building information modelling (“BIM”). The Adler Group uses this digital method to promote alignment of the planning, construction and management phases of development projects. This saves resources and leads to superior properties in terms of economy, ecology and durability. In short, they become more sustainable.

BIM is a tool to collect and process all the information and data created throughout a property’s lifecycle central-

ly. These provide indications as to how particular changes in the planning of properties improve their overall sustainability performance. For new developments and refurbishments of existing buildings alike, cost planning becomes more reliable and extends from project development to planning and from execution to portfolio management. This greatly improves the opportunities for cost-benefit optimisation.



To underline the importance of this approach, the Adler Group has given it a particular name: NXBIM (‘New Experience BIM’). It stands for our firm belief that there is no way around BIM already today.

## **MORE FUTURE PER SQUARE METRE: VAI CAMPUS**

The Adler Group is developing the VAI Campus in the Stuttgart district of Vaihingen, a future-oriented urban quarter. Some of the buildings on the area of IBM’s former headquarters in Germany measuring approximately 200,000 m<sup>2</sup> have protected status. They were designed in the late 1960s by the top architect of the day, Egon Eiermann. Roughly 5,000 people will be living and working here in a special atmosphere by the end of this decade.

Construction of the first stage is due to be completed in 2027. In this neighbourhood, the boundaries between home, living and working will become even more flexible and practically dissolve.

## **NEW WORK: THE NEIGHBOURHOOD AS AN OFFICE**

The work campus will offer not only private offices or co-working spaces, but also other attractive places – for work, social engagement and care as well as for relaxation through urban gardening or resting in calm places. Public spaces like the “town hall” will be home to food outlets where the neighbour-



hood's residents, guests from outside and local workers can meet and talk.

yond a conventional office and actively invite people to work or spend time on the campus. The residential neighbourhood



### NEW MOBILITY: GUIDED BY THE 15-MINUTES CITY

Based on the idea of the 15-minutes city, the mobility concept provides short distances between work, leisure, shopping and home – private cars will not be needed. Instead, in the “New Mobility Hub”, a central location in the largely car-free precinct, people can find just the right solution for their individual mobility needs – everything from a cargo bike to an electric van.

### NEW COMMUNITY: ORGANISING THE COMMUNITY

A new, harmonic way of living together on a community campus needs people who take care of and are committed to each other and the quarter. The community campus offers outdoor areas that invite residents to linger, play and have fun.

### NEW HOUSING: UNKNOWN FLEXIBILITY

In addition to the vital residential requirement, homes are increasingly becoming one of several work locations. The residential neighbourhood therefore offers solutions that go be-

*The lake in the middle of the campus invites residents to rest and relax.*

will be a needs-based, barrier-free place worth living in – for everyone, so that it satisfies the requirements of all the people who choose to live there.



*The 'Schleifenhaus' demarcates the VAI Campus in a distinct way.*

## MORE ALTONA PER SQUARE METRE: HOLSTEN AREA

**In Hamburg Altona, the Adler Group is developing a new residential neighbourhood with around 1,600 apartments and communal facilities on the grounds of the former Holsten brewery. Here, too, a new quarter is being created that will satisfy all demands of sustainable construction and living.**

Up to 15 percent of the building corpuses will be built using environmentally friendly timber construction. The insulating materials always satisfy the high demands of sustainability. The materials used for the exterior plaster or outdoor coatings will not contain biocides, i.e. no chemicals or microorganisms to combat insects, fungus or microbes.



*The Holsten area combines spacious parks with socially acceptable living.*

This begins right at the beginning as materials from partial demolition will be recycled and reused in the construction of the new buildings and infrastructure. Once finished, the roofs of the buildings will be 20 percent fitted with photovoltaic systems, on 80 percent greenery will be planted. The facades will be planted as well, which will contribute overall to an improvement of the air quality and the microclimate, helping to insulate the interior at the same time. Rain water will be collected and used for purposes for which drinking water quality is not required.

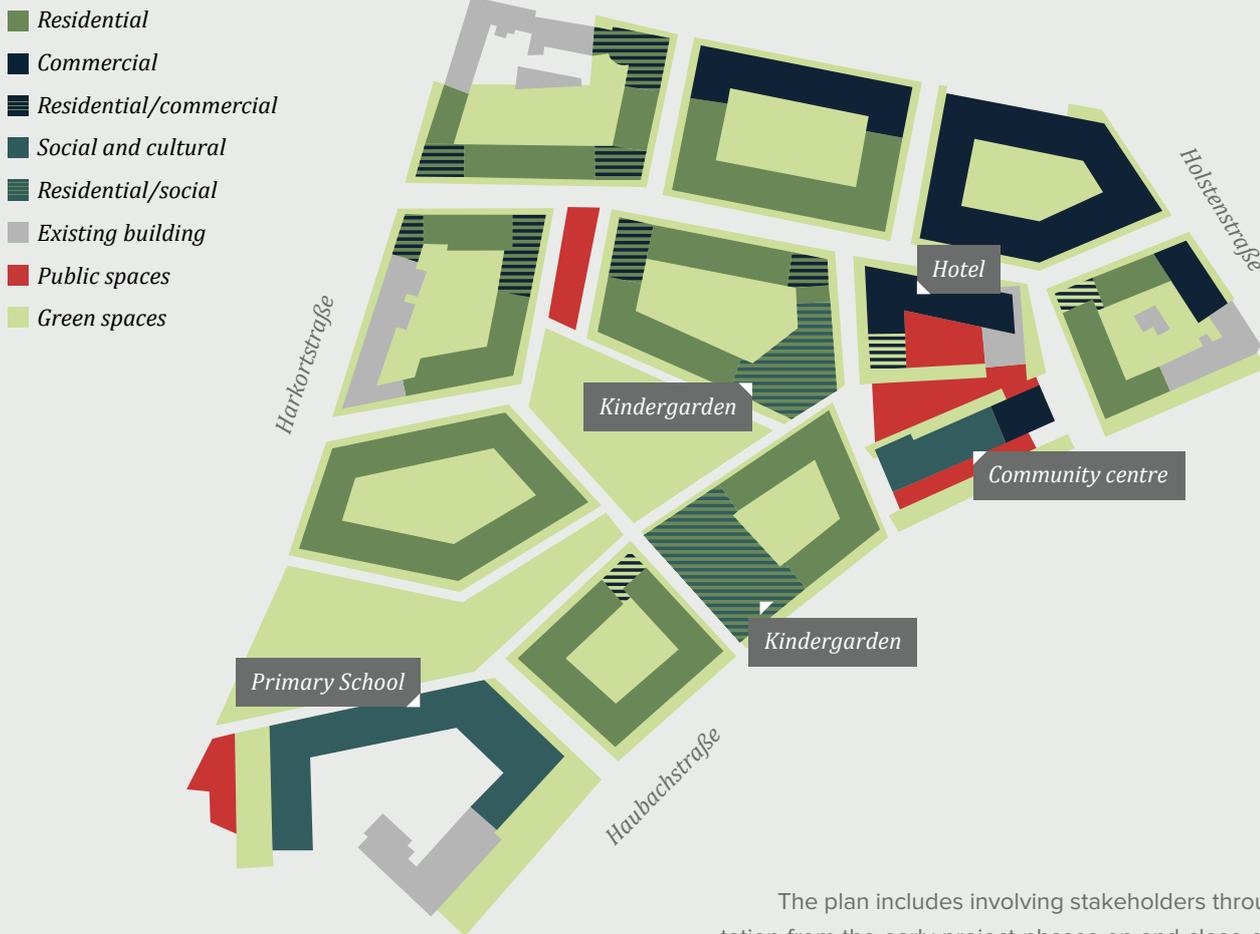
The Adler Group is designing a cost-effective and secure energy supply for the new Holsten Area – one that will especially satisfy ecological requirements. The entire area will be equipped with a single heat network that uses at least 75 percent renewable energy with geothermal energy being a possible source. Excess heat from non-residential buildings will be used to heat residential areas. Hot water will come from decentralised freshwater stations in the apartments.

The concept is also characterised by high standards of living quality and infrastructure. The area will have three day-care centres with generously proportioned play areas for 270 children. The grounds are designed as attractive parks and – invisibly for residents – will integrate large rainwater retention basins to help prevent the drainage system from being overloaded in the event of heavy rain. The Holsten Area will therefore also be equipped for the type of weather events expected more frequently as a result of climate change.

These outside areas should have as much diversity in flora and fauna as possible, hence there are plans to build a conservation house for birds in the 'New Central Altona' park. Furthermore, a large number of nesting boxes in the area will



The majority of the roofs will be planted with greenery.



provide a new home for bats, swifts, house sparrows and other cavity-breeders. In turn, wildflower and grassy meadows will create a new habitat for many insects, thereby helping to preserve natural diversity.

The plan includes involving stakeholders through consultation from the early project phases on and close cooperation with local communities at all times. Getting them involved in the development of the plan seems to be the best guarantee for making the future Holsten Area's tenants feel happy and comfortable.



# Sustainability within the Company's Organisation

**The Adler Group has set itself the target to systematically, continuously and sustainably reduce the electricity, heat and fuel consumption of its operations across all administrative offices.**

To this end, the Adler Group operates an ISO 50001-certified energy management system at all operating facilities and for the company's fleet of vehicles. It falls under the responsibility of an energy management team that also includes local energy officers at the larger operating facilities. An energy management officer has been appointed to head up the energy management team.

At the office locations, energy management essentially cares for energy-efficient office equipment and makes sure that room temperature can be and is regulated as necessary. Fleet management, which operates the Group's fleet of currently around 526 commercial, business and multi-purpose vehicles, is working to reduce the specific consumption of the vehicles. When buying new ones, priority is given to electric and hybrid vehicles.

Step by step, the company substitutes fuel-driven motorised equipment and mini cars for property and neighbourhood management by electric ones.

In 2021, the greenhouse gas emissions caused by the company's own energy consumption were reduced by approximately one percent.

## ENERGY MANAGEMENT ACTIVITIES

- | Analysis of energy requirements to identify the main sources of consumption and give them special attention in energy-efficiency activities
- | Development of KPIs for energy efficiency such as heating consumption per square metre to enable site comparisons
- | Creation of location-specific action plans with energy-efficiency activities
- | Appointment of regional energy officers for larger operating facilities who implement the energy management system in coordination with the energy management officer. They inform and train employees raising awareness and motivating them to use energy more carefully.
- | Posters at operating facilities promoting energy-consciousness in day-to-day work
- | Use of electric cargo bikes and electric vehicles

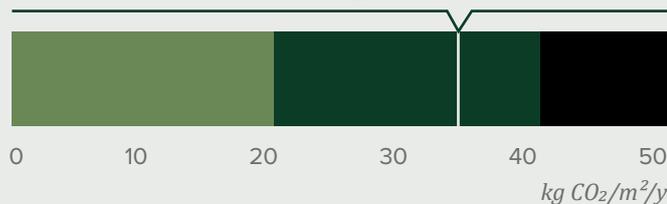
# The Plan to Halve Carbon Emissions

The Adler Group plans to halve the greenhouse gas emissions emanating from its buildings by 2030 compared to 2020. This means a reduction from around 35.1 kg of CO<sub>2</sub> per square metre of building space in 2021 to around 17.5 kg of CO<sub>2</sub> nine years later. By accepting this challenge which is in equal parts economically and socially motivated, the Adler Group will make its contribution to the Paris Agreement. At the same time, the company firmly believes that this action will improve its competitive position on the rental housing market in times of rising costs for energy and carbon emissions.

The calculations of the carbon roadmap are dynamic in terms of the assets under management and project developments. The figures for the 'existing portfolio' in the charts in this section reflect the portfolio following last year's disposal of two sub-portfolios and does not include BCP either.

## CARBON EMISSIONS OF THE EXISTING PORTFOLIO

**35.1 kg/m<sup>2</sup>/y**  
**63.9 thou t/y**



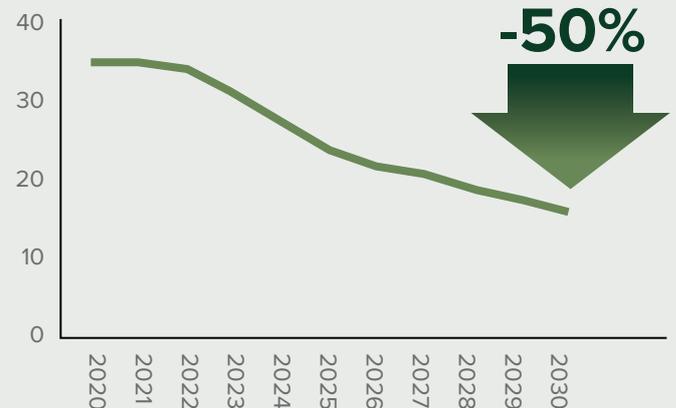
By far the largest share of the planned measures will be for energetic refurbishment of buildings, because these

are the most effective in reducing greenhouse gas emissions and therefore have the highest climate impact. Insulation of facades, roofs and basements, as well as the installation of new doors and windows will drastically reduce heating energy requirements. However, since building renovations are more planning-intensive than the other measures and require a longer time, the full impact of these renovations will not be felt until 2025.

Replacing and converting heating technology, especially in those buildings that are already relatively energy-efficient, will have a much faster effect, i.e. from as soon as 2022. This will reduce greenhouse gas emissions significantly and quickly, allowing the company to cover nearly half the distance to its reduction target in the course of 2024.

## ROADMAP FOR REDUCING CARBON EMISSIONS

Carbon footprint (kg CO<sub>2</sub>/m<sup>2</sup>/y)

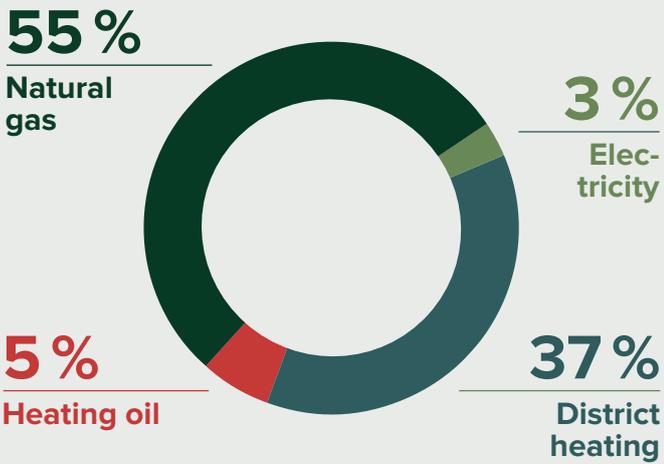


Until 2030, the Adler Group will upgrade a large part of its rental portfolio with a total area of 1.8 million m<sup>2</sup> in terms of energy consumption and greenhouse gas emissions. According to current calculations, the capital expenditure needed for the energetic refurbishment and the replacement and conversion of heating systems will amount to around 275 million euros by 2030. At approximately 80 percent, most of this amount will be for renovating and insulating buildings, roughly seven percent for the electrification of heating, i.e. to replace conventional heating with heat pumps/geothermal energy or combined heat and power units, and five percent for the switch to environmentally friendly energy such as biomass or district heating. Other activities will account for around eight percent

of the total investment. Under the activities currently planned, an average of 2.2 percent of the rental portfolio will undergo energy-efficiency modernisation or improvement each year.

The energetic refurbishment or upgrading of existing properties greatly enhances the carbon footprint of the

**MAIN ENERGY SOURCES OF EXISTING PROPERTIES**



Adler Group’s property portfolio, but is not enough by itself to achieve the goal of halving emissions. It will also take the addition of new buildings with excellent energy efficiency and emissions intensity to the portfolio. Over the coming years, the Adler Group is planning to build approximately 360,000 m<sup>2</sup> of climate-neutral living space for its own portfolio. These will be actively adapted to climate change: For example with new drainage systems, the calculation of increased wastewater quantities and the consideration of greater wind loads when planning roofs. In all new buildings, the Adler Group is committed to including energy consumption management with an internal tracking and monitoring system.

It will then be possible to achieve the targets thanks to the combination of the energy-efficiency improvement of the existing portfolio and climate-neutral new construction.

**On average, 2.2 percent of the portfolio will be modernized or renovated per year.**

**MEASURES TO REDUCE GREENHOUSE GAS EMISSIONS  
BY 2030 - THE RENEWABLE ENERGY PROGRAMME**

**1. Electrification of buildings with distributed, environmentally friendly power generation**  
Photovoltaics (PV), combined heat and power, fuel cells

**2. Electrification of heat supply**  
by using heat pumps and power-to-heat systems

**3. Environmentally friendly heating by using renewable energies**  
Biomass, green district heating

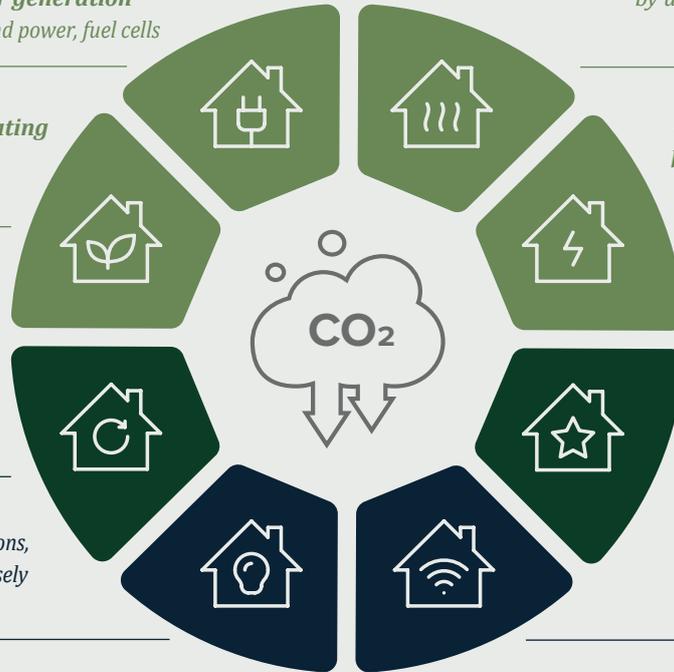
**4. Energy-efficiency improvements of buildings** Improved (heat) insulation in facades, win-dows, doors, roofs, cellars

**5. Portfolio transactions with energy-efficient/energy-inefficient buildings**  
Acquisition/disposal of properties with low/high energy requirements per square metre of building space

**6. Integration of properties with very high energy-efficiency quality**  
Addition of new buildings with the latest technical (energy requirement) standard to the portfolio

**7. Smart energy @home**  
Use of efficient smart home applications, such as (heating) management precisely by time and requirements

**8. Smart city & sector coupling**  
Mobility products for the more efficient use of (green) energy



**1. Electrification of buildings with distributed, environmentally friendly power generation**

A key component of the power production of the future is the use of small, distributed generation systems, such as solar panels or heat pumps. Distributed local generation saves on longer transportation and transmission losses.

**2. Electrification of heat supply**

“Power-to-heat” means generating heat by using electrical energy – either with heat pumps or electric boilers. “Power-to-heat” enables the use of excess power from renewable energies to generate heat, which can reduce the use of fossil fuels and greenhouse gas emissions.

**3. Environmentally friendly heating by using renewable energies**

Using renewable energies massively reduces greenhouse gas emissions.

**4. Energy-efficiency improvement of buildings**

Especially in older buildings, energy requirements are particularly high because of inadequate heat insulation. Better insulation of the exterior facade or the fitting of new windows considerably reduces the heating energy required.

**5. Portfolio transactions with energy-efficient/energy-inefficient buildings**

To improve the energy and greenhouse gas performance of a property portfolio and to achieve better

energy-efficiency footprint, buildings with high heat losses can be sold.

**6. Integration of properties with very high energy-efficiency quality**

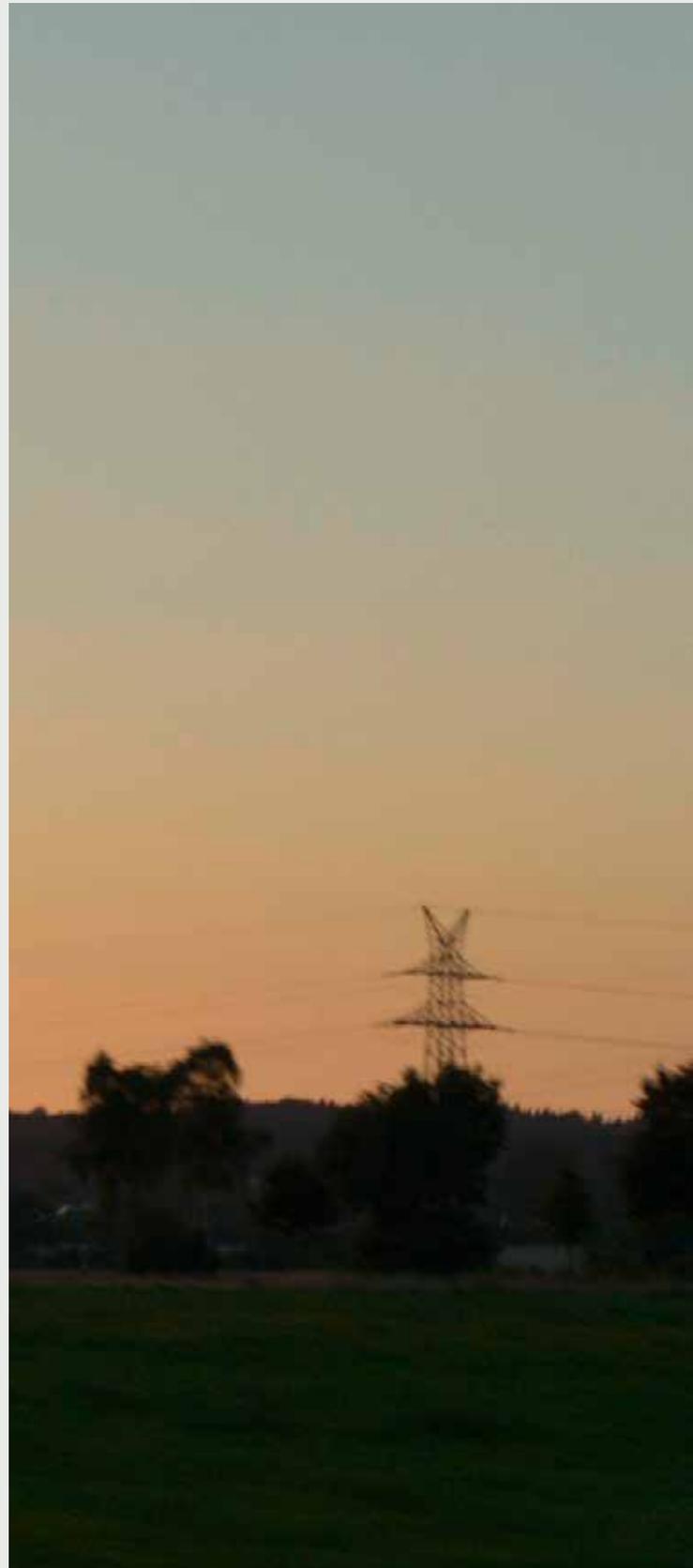
The energy and greenhouse gas performance of a property portfolio improves when new buildings are added whose building quality meets current technical standards and that have top energy efficiency values.

**7. Smart energy @home**

The use of state-of-the-art technologies allows buildings to be managed precisely in terms of time and requirements to avoid unutilised heating output. The use of green excess energy can also be improved this way.

**8. Smart city & sector coupling**

Smart grids allow electricity to be distributed better and thus with less waste, while at the same time enhancing grid stability. New storage media such as electric vehicles can be used in this context. As a result, the energy can be used more effectively. Also, it generally reduces the base load currently covered by conventional energy generation.



SOCIAL

# Tenants

**Companies bear a social responsibility for their customers beyond the commercial relationship. Organisations that treat their customers fairly ensure their social acceptance and have better prospects to last longer on the market. This is especially true for the Adler Group at locations where its portfolio of affordable housing is geared towards tenants with average or below-average incomes. But to the Adler Group, social responsibility has always meant the specific obligation to work for the well-being of its tenants – by providing a safe and healthy living environment, good service and affordable rents and by serving as a reliable partner in developing neighbourhoods.**

The Adler Group generates most of its income from rent. As tenant turnover means high costs, the Group strives for long-term tenant loyalty and to keep the turnover rate low which amounted to 8.7 percent in 2021. The Adler Group firmly believes that the best way to achieve this is with high service quality and customer focus. When it comes to the development of entire neighbourhoods, dialogue with politicians and authorities at a local level is of the utmost importance. It is the collaborative effort that can improve entire residential complexes and quarters.

Preserving the value of a property in terms of living quality for tenants and optimising it with respect to climate protection requires investment. Accordingly, the Adler Group invests a three-digit million amount of euros in the maintenance, renovation and modernisation of its residential portfolio every year with capital expenditure amounting to 120.2 million euros in 2021 (2020: 148.8 million euros). This investment mainly serves to improve the living quality of existing apartments or to create additional living space.

## PROVIDING SECURITY

In its properties, the Adler Group guarantees the conditions for a safe and healthy living environment at all times. This is thanks to an entire package of activities to ensure public safety as well as the health and safety of tenants (product and safety programme). However, the extent to which tenants benefit from this is largely dependent on



their cooperation as well. In 2021, the Adler Group therefore launched a tenant survey in which more than 1,200 people took part. Such surveys will take place regularly in future.

The responsibility for a sound living environment begins with the development and construction of properties. However, regulations, standards and classifications for the use of construction products also apply to the maintenance, renovation or refurbishment projects 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. The Adler Group's suppliers and contractors receive detailed specifications about which products they are permitted to use 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 built according to the construction plans and generally recognised codes of practice. Certification by the chimney sweep, a specialist declaration by the electrician and the plumber and a blower door certificate for the airtightness of the building(s) are required as well. When a property is handed over to the 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.

Regular maintenance, repairs and the replacement of technical systems, such as the drinking water, heating, electrical systems or lifts, fall under the remit of public safety obligations. They are therefore the 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 replacements if defects are found.

The Senior Management of the Group is directly involved in all technical decisions. There is a general consensus within the Group that all products must meet and possibly even exceed the legal requirements. In addition, the Senior Management assumes the duty of care to ensure that all technical systems are maintained, tested and – if necessary – replaced at the appropriate intervals.

The Group company ADLER Wohnen Service (AWS), which is in charge of all aspects of building services, employs a group of experts to ensure it has the specialist knowledge required to do so. These experts 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.

**In total, there were more than 38,000 inspections of the approximately 2,000 properties of the Adler Group in 2021, covering various aspects of public safety of buildings and facilities.**

#### **ENORMOUS SERVICE CHALLENGES AGAIN IN 2021 DUE TO COVID-19**

The COVID-19 pandemic again posed particular challenges to service availability in 2021. Contact restrictions meant that it was not always possible to provide tenants with the desired level of personal service. Rental offices had to close their doors to visitors and switch to telephone support. Field employees were instructed 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.

### **CREATING OPPORTUNITIES FOR CONTACT AND ENSURING REACHABILITY**

All told, the Adler Group is represented at around 100 locations with branches, rental offices or caretaker liaison offices in the residential complexes. At all these locations, direct contact between tenants and the lessor is possible, which is an important social factor, particularly for older tenants – unless contact restrictions like those during the COVID-19 pandemic prevent this.

**The usual point of contact is the central service number which tenants can use for any concerns they may have.**

### **SUPPORTING TENANTS**

The Adler Group provides assistance for its tenants in various forms. Among other things, the company takes their income situation into account when rent increases or renovation work are due.

In locations where the 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 for improvement. At some locations, the Adler Group cooperates with charitable institutions to enable older people to live in age-appropriate housing. At others, the company provides rooms which are then used for anything from neighbourhood projects to tenant support, for social services or homework assistance, as a youth centre, a neighbourhood café or as a history workshop. Summer festivals, Christmas markets and other social events likewise promote living together with respect, even though it was not generally possible to hold these events for the second year in a row in 2021 due to the COVID-19 pandemic.

The Adler Group is primarily involved in social projects that also benefit its tenants. The projects are therefore closely related to a residential complex of the existing portfolio. In particular, the Adler Group aims to support children and young people as they need encouragement and support the most.

The social projects can take different forms. For example, the Adler Group has equipped kindergartens and day-care centers with high-visibility vests at various locations so that the children can get to the facility and back home safely. Especially in the dark season, the reflective vests are a safety plus on public roads and paths.

In places where sports clubs are engaged in the integration of children and young people from the Group's residential complexes, the Adler Group provides jersey sets and thus strengthens community spirit and a sense of belonging.

Children and young people also benefited from the support of a Christmas campaign, in which the participating sponsors promised to fulfil a particular Christmas wish of children in need.

## PROMOTING NEIGHBOURHOOD DEVELOPMENT

**As a project developer and portfolio holder, the Adler Group actively participates in the development of neighbourhoods and urban renewal projects. The successful implementation of such projects demands the early involvement of all stakeholders, be they tenant initiatives, interest groups, community facilities or the authorities that make decisions on development plans. When interests are identified and balanced in advance, they can be incorporated into planning, avoiding conflict further down the line and ensuring the transparency of planning.**

While the continuous involvement of stakeholders is stipulated by regulatory provisions to a certain extent, the Adler Group seeks contact with various social groups at an early stage – for instance in conjunction with neighbourhood management (Berlin Lichtenfelde), round tables with tenant initiatives (Berlin Spandau) or to inform tenants about forthcoming activities (Wolfsburg, Goettingen) – in line with internal policies and standards (community involvement programme).

### ACTIVE NEIGHBOURHOOD MANAGEMENT IN BERLIN-LICHTENRADE



*Tenants bring their requests and ideas to neighbourhood management.*

In Lichtenrade, a district in the south of Berlin not far from the new Berlin Brandenburg Airport, the Adler Group owns around 900 residential units. Lichtenrade is considered one of the socially

vulnerable districts of Berlin, which is why the city administration established a district management there in 2021. Actors from various areas of administration, local politics, the private sector, local associations and non-organized residents work together here to strengthen the economic and social structure of the quarter and to actively encourage residents to participate in this process.



The Adler Group takes active part in the district management activities, e.g. by sounding out the current feeling and gathering opinions and requests in direct dialogue with tenants. An action plan was then implemented based on the information about day-to-day problems in the area. For instance, the frequency of cleaning services was quickly increased, six lifts were completely replaced, several roof areas were modernised, fences were put up around rubbish bins and work was initiated to update the playgrounds and sports areas in line with the needs of kids and teenagers.

As waste management was an urgent issue for tenants, the Adler Group has started working on an effective concept to better teach tenants about how to separate waste. In cooperation with district management, a flea market was organised as well so that furniture, toys or clothes could find a new owner. At the end of the day, only a few items needed to be disposed of by the city's pick-up trucks.

## TENANTS IN GOETTINGEN HELP TO DESIGN PLAY AREAS

In Goettingen's Grone-Sued district, 430 apartments are undergoing energetic refurbishment as part of a project due to last several years. Also, around 100 new apartments will be created by adding extra floors on top of existing buildings. The estate's play areas are due to be renovated or replaced in cooperation with the City of Goettingen. So as not to disappoint their young users or their parents, the Adler Group had invited all residents in the neighbourhood to take part in a walking tour and to discuss their ideas in summer. Tenants thus had a chance to influence the redesign, to contribute their ideas and to support the makeover of the green areas as it suited them best. It was a trust-building exercise overall.



*When playgrounds are to be renovated, their young users are asked to contribute their ideas.*

The encounter with citizens' participation was chaired by a planning agency that will distil the suggestions into a concrete idea for the redesign.

## BUILDING REGIONAL NETWORKS IN STUTTART VAIHINGEN



*Information and networking –  
Grassroots is the way to go.*

In Stuttgart's Vaihingen borough, the Adler Group is developing the VAI Campus, which is receiving special attention on account of its location and architectural features. As with all our development projects, we are highly motivated to familiarise the people from the surrounding area with our plans. We have selected a special way of doing this in Stuttgart Vaihingen by opening up the grounds for cultural events, thereby strengthening connections with the regional network of cultural or political institutions.

For example, our grounds served as the stage for the "Summer Campus Festival", an event created by the Club Kollektiv Stuttgart in close cooperation with Stuttgart's Economic Development Department, 'Pop-Büro' Region Stuttgart and the city's office of culture. In conjunction with this festival, the regional club scene was able to dance their socks off for seven days in September - on and underneath the parking deck on our grounds. Different DJs kept the partygoers going day after day, and naturally they had the chance to enjoy a bar and a sundeck as well as an appropriate dancefloor.

Literature lovers – at least those that love detective stories the best – were delighted to see 'Stuttgarter Kriminächte' (Stuttgart nights of detective stories) hosted at a special event. The readings, which have now been organised by the "Stuttgarter Kriminächte" society for the twelfth time, give visitors the chance to meet authors who present their books in unusual places. At our unusual place, the internationally recognised author Melanie Raabe read from her thriller "Die Wälder" ('The Woods') and, fittingly, took the audience for a – probably gruesome – walk in the woods on our grounds.

While VAI Campus was transformed into a cultural stage, elsewhere we met with a politically and business-minded audience at the 13th Property Industry Dialogue for the Stuttgart Region. The Adler Group was also represented at the discussion panel "The Greater Stuttgart Region – New Paths and Goals Together". These talks focused on how to make living and working in the region more attractive. Key social and economic issues were addressed such as the shortage of building space, climate and the environment, mobility, the expansion of carbon fibre broadband and the role of a strong community.

*The Summer Campus Festival brought the party scene to the VAI Campus.*



# Public Art

Besides sound apartments, dependable services and well-maintained outdoor facilities, a pleasant living environment also needs visual stimulus on and around properties that enhances their aesthetic quality. To improve the residential quality in its neighbourhoods, the Adler Group therefore also promotes art projects that relate directly to its properties.



*Towntwinning Berlin – Jakarta:  
Between Tribal and the Berlin Bear*



## STREET ART IN WASSERSTADT MITTE (BERLIN)



*The artists Darbotz (left) und Snyder*

Until the completion of the final section, the Adler Group's Wasserstadt Mitte property in Berlin has two fire walls that face the main road, and which are therefore highly visible. As part of a town twinning project between Jakarta and Berlin, these two walls have been covered with images that contain elements typical of both cultures by the Indonesian artist Darbotz and the Berlin street artist Snyder. The work thus promotes a cultural dialogue, creates links with the past and draws attention to a sustainable future at the same time. And it's quite the head-turner. At Wasserstadt Mitte, the Adler Group is part of the Europacity community that made the mural project a reality together with the Berlin Senate.

### **PUBLIC ART AT RESIDENZ AM ERNST-REUTER-PLATZ (BERLIN)**



*Colour spectrum and light waves playing – a tribute to the physicist Joseph von Fraunhofer*

A further example of public art at the Adler Group was created in connection with the new building project 'Residenz am Ernst-Reuter-Platz' in Berlin's Joseph-von-Fraunhofer-Strasse, which Con-sus developed for an external client. The work of art by the internationally active artist Anett Münnich, designed as a mosaic, takes up - like the entire architecture - the phenomenon of the wave-shaped light spectrum, which Fraunhofer pioneered in the early 19th century. In two staircases, it reflects the basic idea of the color spectrum, the play of light and the shape of the waves, thus conveying a feeling of space, freedom and serenity. Hopefully it will help the residents and visitors to be touched by these emotions.



### **CULTURE IN STORMARN (SCHLESWIG-HOLSTEIN)**

Another project was created on the high-rise buildings of the Adler Group in Bad Oldesloe (Schleswig-Holstein) as part of the 2021 cultural summer 'Culture in Stormarn - From A(hrensburg) to Z(arpnen)'. There, the Berlin artist Hera was provided with a 36 meter high facade, which she used to create a statement against exclusion and for an open society together with young people from the two blocks. The young people were able to develop their own motifs, realize them themselves or incorporate them into the painting Hera had implemented. The campaign ended with a neighbourhood festival and thus also helped to bring the people in the neighbourhood together.



*Kids and teenagers getting involved in the art project for an open society in Bad Oldesloe*

# Employees

The Human Resources department of the Adler Group faced two main tasks in 2021: Completing the integration of three companies, initiated the year before, with different cultures and disparate remuneration and incentive systems into the new Adler Group and turning it, internally and externally, into an attractive employer.

Looking back on 2021, both of these tasks were successfully tackled according to the results of the staff survey which was performed for the first time last year and which will be repeated every year going forward. The survey revealed that most of the workforce is highly satisfied and also highly motivated (see “Employee Survey”).

It is normal in times of structural change that more employees than usual leave the company. This was also the case with the formation of the Adler Group. In total, 237 employees preferred to seek new challenges outside the Group. This corresponds to 18.6 percent of the total headcount at the end of the reporting period. On the other hand, 212 positions were also filled again in 2021, which can be taken as a sign of the Adler Group’s strong appeal as an employer, given the fact that applicants are currently hard to find on the job market.

Towards the end of 2021, the Adler Group initiated the sale of two substantial sub-portfolios, one of which did not become effective before 2022. The Adler Group made a transfer offer to 420 employees. These were predominantly regional administrative and service staff, property and facility managers. The Adler Group saw it as part of its social responsibility to its personnel to have it stipulated in the purchase agreements that all employees affected will be taken over.

## EQUAL PAY

The Adler Group’s remuneration policy is exclusively modelled on the assessment of the tasks performed by the respective positions.

## EMPLOYEES

	<b>2021</b>
<b>Number of employees</b>	1,277
<b>Fluctuation*</b>	
Retirement	237
Employment	212
Change vs. 2020	- 25

*\*Due to the integration of the three companies to the Adler Group no fluctuation figures were shown for 2020.*

As the Adler Group arose from the integration of three different companies, the salaries of individual employees or entire departments were analysed on the basis of age or length of service in 2021. Using specific job descriptions, employees were then assigned to groups based on their qualifications and duties. The effort aimed at levelling out significant differences and establishing a level playing field in line with industry and market standards. If activities are the same they are to be remunerated the same. For new vacancies, a male candidate receives the same pay as a female candidate. The existing differences in the average pay of men and women are due to other factors, such as the longer average length of service for men or the fact that there are more men in management positions. The location also plays a role, as salaries vary considerably from region to region.

## AVERAGE SALARY OF FEMALE EMPLOYEES IN RELATION TO AVERAGE SALARY OF MALE EMPLOYEES

	<b>2020</b>	<b>2021</b>
Total staff	94 %	90 %
2nd management level	109 %	107 %
3rd management level.	100 %	79 %

 **charta der vielfalt**  
For diversity in the world of work



**DIVERSITY**

A key aspect of Human Resources work at the Adler Group is raising staff awareness for diversity, inclusion and equal rights – including communication, spoken language and the introduction of a “first name culture”. The Adler Group regards diversity as a boon, both in day-to-day interactions and in work performance. A staff that consists of people from different backgrounds automatically has a wide range of experience, expertise and creativity.

While the Adler Group has always felt this way about diversity, these principles were codified and set out in writing in a Human Rights Policy. It spells out the company's commitment to the United Nations' Universal Declaration of Human Rights, the core labour standards of the International Labour Organisation (ILO), to fundamental rights like the freedom of association, to diversity and against discrimination, to regular working hours and minimum wages, against child and forced labour.

To embed diversity in the company, the Adler Group set up a diversity programme in 2021, devised by the specially created Diversity and Inclusion Task Force. This panel, which is chaired by a member of the Senior Management, also includes the equal opportunity commissioner. To underline the seriousness of its commitment to diversity, the Adler Group signed the 'Charta der Vielfalt' (Diversity Charter) in conjunction with this programme. This initiative was created in 2006 to promote equal opportunities for all employees. By signing it, the Adler Group has made a firm commitment to its principles which can be documented within the company and to its outside.

In order to achieve its manifold goals, the diversity programme of the Adler Group has proposed a variety of instruments and activities that will now gradually be launched at the company. These include:

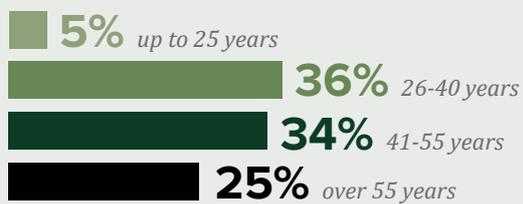
- | Mentoring programmes
- | Raising employee awareness via learning concepts
- | Employee networks, for instance parent groups
- | Job sharing
- | Job rotation throughout Germany
- | Active language lessons
- | Alumni network support

| Programmes for compatibility of work and family – a key incentive, as around 55 percent of staff were parents at the end of 2021

The stipulations of the diversity programme are also applied when recruiting new employees. Hiring decisions are subject to the utmost transparency for all stakeholders.

**OUR DIVERSITY IN THE WORKPLACE**

**AGE DISTRIBUTION**



**NATIONALITIES**



**GENDER DISTRIBUTION**



**EMPLOYEES WITH DISABILITIES**



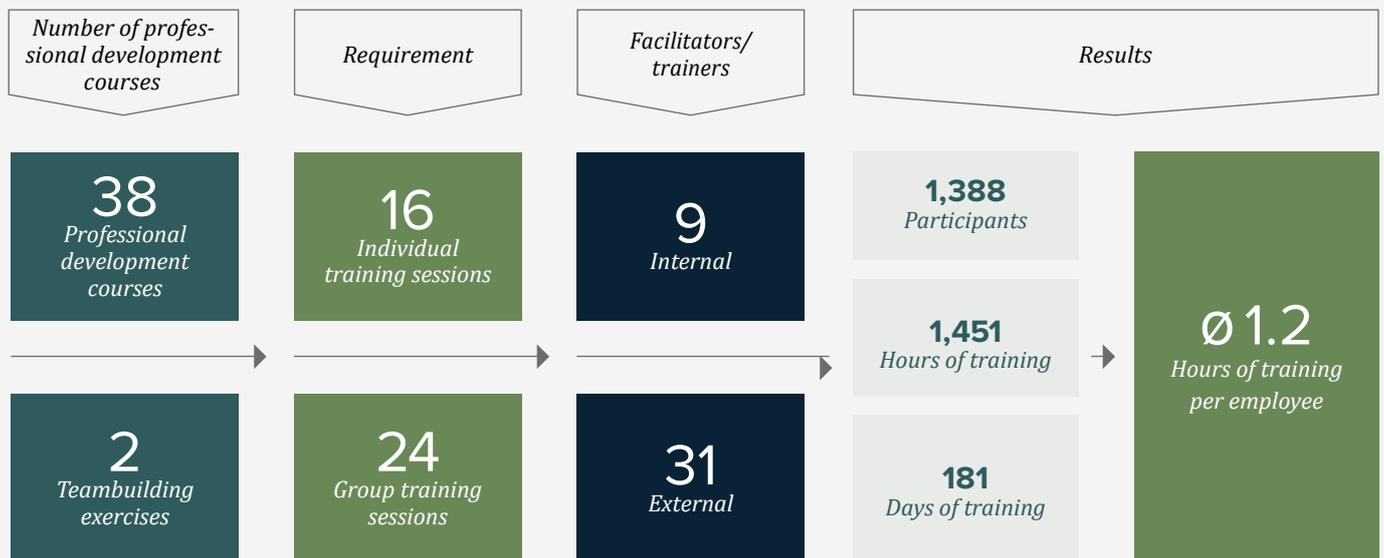
**SHARE OF EMPLOYEES WITH CHILDREN**



**TRAINING AND PROFESSIONAL DEVELOPMENT**

In 2021, the Adler Group launched a new, Group-wide uniform learning management system for compulsory instruction and further training, thereby significantly expanding the opportunities for in-company training. The type and scope of the further training offer are primarily based on the needs of the employees with regard to strengthening and expanding their professional skills or the development of further potential.

Employees of the Adler Group have been offered the chance to take part in seminars and workshops since April 2021. By the end of the year, 40 training sessions in total on a wide range of subjects – from “Fire safety” to “The German language for tradespeople”, or from “Tenancy law” to “Payroll accounting” – have been attended by 1,388 employees. The average time spent in training was 1.2 hours per full-time employee. These events were held virtually because of COVID-19. The Adler Group also supported combined work and study courses, as well as on-the-job training as a trainer, coach or property specialist and master’s courses.



**Education and training have gained significant importance in 2021**



In 2021, the Adler Group had 24 trainees employed, 21 persons in dual training, 3 persons on a combined work and study programme. The Adler Group’s training activities, which predominantly focus on careers in the real estate industry, were again positively recognised in 2021. The Chamber of Commerce and Industry of Berlin – as in previous years – at-

tested to the excellent quality of the company’s apprenticeship programme.

**MANDATORY TRAINING**

Mandatory training is held in the form of online classes and is made available to all employees of the Adler Group. The department in charge always takes the lead in recording participation, while the Adler Learning Team supports the administration as a central point of contact.

**APPRAISALS**

Like many other companies, the Adler Group sees appraisals as a key instrument in HR work. Depending on the occasion, these can be defined and designed in a variety of ways. Managers receive specific guidelines of how to conduct the meetings systematically and for the benefit of all. Occasions for appraisals:

- |   |   |
|---|---|
| <p><i>1. Occasions for strengthening loyalty and employer branding:</i></p> | <ul style="list-style-type: none"> <li><i>a. Expectations and agreements</i></li> <li><i>b. End of probationary period</i></li> <li><i>c. Feedback</i></li> <li><i>d. Annual talks with competency assessment</i></li> <li><i>e. Advancement</i></li> <li><i>f. Return from illness</i></li> <li><i>g. Separation from employees</i></li> </ul> |
| <p><i>2. Occasions with salary effects:</i></p>                             | <ul style="list-style-type: none"> <li><i>a. Target agreement and Goal Achievement Talks</i></li> <li><i>b. Salary Adjustment Talks</i></li> </ul>  |

**HEALTH AND SAFETY**

At the Adler Group, the Health & Safety department ensures that workplaces are free from any health hazards, that they enable ergonomically correct work and that all first aid facilities are functional in the event of potential injuries.

The department was also in charge of coordinating all activities in connection with the COVID-19 pandemic, such as issuing face masks to employees or advising them of the recommended conduct. Full compliance with government regulations was also ensured at all times, and relevant information was distributed among all employees. Remote work and work from home were rapidly facilitated, all employees were

equipped with portable computers and mobile telephones.

Accidents in day-to-day work were largely eliminated thanks to the extensive health and safety precautions. There were just 20 accidents either at work or on the way to/from work in 2021, resulting in a total loss of 316 working days. There were no deaths in 2021. 5.5 percent of all work days were lost to illness in total in 2022. (EPRA H&S-Emp)

**EMPLOYEE BENEFITS**

The Adler Group’s HR policy is guided by the belief that all employees, beyond their actual pay, should have access to the same kind of benefits.

**BENEFITS AT THE ADLER GROUP**

- | Fruit and drinks for all locations
- | Birthday gifts for employees
- | 30 days holiday for all full-time employees
- | Contribution to the company pension scheme
- | Corporate benefits  
(offers and company discounts for various brands)
- | Job ticket
- | Job bike

**PARENTAL LEAVE**

The Adler Group helps parents-to-be among its employees and grants them parental leave in line with the statutory regulations. 50 employees took up this offer in 2021, 36 of whom mothers-to-be and 14 fathers-to-be.

# Employee Survey 2021

In autumn 2021, after the integration was complete, the Adler Group carried out an extensive employee survey. The response rate was high as more than half of those asked completed and returned the questionnaire. The result of the survey signals strong approval for the direction of the Human Resources policy.

Two thirds of employees expressed high job satisfaction. Four fifths said that they were highly motivated about their work and a similarly high number claimed a sense of connection with the company. And two thirds of respondents said that they would wholeheartedly recommend the Adler Group as an employer.

As for ways in which HR policy could be improved, the employees surveyed mainly suggested 'change management', i.e. information on the merger of ADLER Real Estate, ADO Properties and Consus Real Estate to create the Adler Group and the subsequent portfolio streamlining. Many of the respondents also felt that there was a certain backlog in communicating corporate goals and in incorporating work-specific information flows.

In order to improve the information process, the Adler Group has appointed 50 change agents throughout the Group. These are employees who are helping to accelerate the company's change and transformation processes and to make them more efficient. Within their respective departments, they personally inform others about forthcoming changes and gauge their co-workers' responses at the same time. Change agents thus help the staff to gain a better understanding of the integration of all parts of the company into the new Adler Group. They also act as positive change multipliers, helping to make Adler Group a sustainable and competitive market participant.

**Two thirds of all employees surveyed said that they would wholeheartedly recommend the Adler Group as an employer.**



## GOVERNANCE

# Principles of Corporate Governance

The Adler Group takes special care to ensure corporate governance that is based on law and order, but also adheres to the principles of the 'reputable business man' – these guide day-to-day activity at the Adler Group. This also requires the continuous modification of business structures – organisation, reporting lines, management processes – in line with the changing size of the company in order to satisfy the requirements of good corporate governance.

The Adler Group places great emphasis on 'compliant' conduct. Long-term success should not be jeopardised by the prospect of an attractive but only short-term profit. To this end, the Adler Group's management has defined suitable principles and corresponding rules on the basis of its corporate objectives to ensure that the company's legal representatives and employees, as well as any third parties, 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 the company's individual standards – 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 conduct of the company's management in relation to compliance matters – the 'tone from the top'. Furthermore, 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. The Adler Group has successfully implemented this to date.

### **SUSTAINABILITY AT THE ADLER GROUP**

Sustainability is one of five corporate values that define the corporate culture. Furthermore, "Excellence in ESG" is one of the Adler Group's strategic paths. The specific initiatives derived from this are shown by the ESG roadmap.

### **SUPPORT FROM THE BOARD OF DIRECTORS**

Management is obliged to achieve the defined sustainability goals as a collaborative effort. Responsibility for sustainability issues lies with the CLO. The Board of Directors receives information on the relevant issues at regular intervals. In particular, Prof. Dr A. Stefan Kirsten and Thomas Zinnöcker have many years of experience with ESG issues.

### **SUSTAINABILITY BOARD**

Decisions on sustainability matters are prepared and made by the Sustainability Board. All executives whose remit includes responsibility for sustainability are represented in this committee. Monthly meetings allow them to share their opinions, adopt resolutions, respond quickly and ensure coordination across different functions.

### **COORDINATION BY THE STAFF UNIT SUSTAINABILITY**

The Staff Unit Sustainability was created in 2021 and coordinates and bundles all sustainability issues throughout the Group.

The Adler Group is a stock listed corporation registered in Luxembourg (société anonyme) and has opted for a one-tier system for its management and supervisory structure. Unlike a German stock listed corporation, which has a two-tier system consisting of a management board and a supervisory board – this one-tier system has a Board of Directors only, which consists of both management and su-

pervisory officers. The supervisory officers are part of the Board of Directors. Within the Board of Directors, a distinction is made between executive and non-executive, independent members. Only an independent member of the Board of Directors can assume the duties of the Chairman of the Board of Directors.

One advantage of a one-tier Board of Directors is that the members of the Board of Directors receive information sooner and in more detail than the members of the supervisory board in a two-tier system. Non-executive Directors have greater involvement in a one-tier Board of Directors: They are also responsible for the actions and decisions of the Executive Directors in day-to-day business. Similarly, Non-executive Directors are directly involved in the company's strategy definition and management. Moreover, this structure simplifies and accelerates the flow of information between the executive and non-executive members of the Board of Directors, hence decision-making processes often take less time.

The activities of the Board of Directors are guided by the German Corporate Governance Codex, which is complied with in key – but not all – respects (see table). The members of the Board of Directors all have the professional skills and qualifications to properly and expertly perform their respective function. With the exception of the two CEOs, all members of the Board of Directors are considered independent.

The remuneration of the members of the Board of Directors or Senior Management may incorporate bonuses based on the achievement of sustainability targets, depending on responsibilities. The remuneration report can be found in the annual report of the Adler Group, which is available on the company's website.

At the time of reporting, the Board of Directors consists of eight members and has had a new Chairman since February 2022 in Prof. Dr. A. Stefan Kirsten. Two members of the Board of Directors act as co-CEOs and form the Senior Management together with the Chief Legal Officer (CLO) and the Chief Development Officer. The members of the Board of Directors develop the company's strategic focus and ensure its implementation together. The Board of Directors has formed several committees to handle different aspects of its work in more detail.



# Members of the Board of Directors

## **PROF. DR A. STEFAN KIRSTEN**

*Chairman of the Board of Directors*

Prof. Dr A. Stefan Kirsten is a German manager who studied business in Germany and the USA. He holds a doctorate degree in economics and is teaching at various German universities. From 1986 to 2000 he held positions in auditing and at corporate level with Arthur Andersen, Rheinmetall, WMF and EMI Music. In 2000, he became the Group CFO of Metro AG, in 2002, the Group CFO at ThyssenKrupp AG. From 2007 to 2010, he was CFO and later CEO of Majid al Futtain Group in Dubai. 2011, he joined Deutsche Annington as CFO and helped to refinance the company, go public and grow into Vonovia SE. After stepping down from Vonovia in 2018, he concentrated on non-executive directorships, i.e., Jeronimo Martins SGPS SA, Footprint International Inc. or Planted AG. He is also an active investor as well as co-founder and CFO of Monarch, a start-up in security-related consulting.

## **THIERRY BEAUDEMOULIN**

Thierry Beaudemoulin graduated from the Institut d'Études Politiques de Paris, France in 1993 and obtained a master's degree in real estate and urban planning from the same institution in 1995. From 1996 to 1998, Mr Beaudemoulin was special advisor to the chief executive officer of Batigère. Between 1998 and 2000, he was head of property management at Foncia and held positions as asset manager and managing director France at ING REIM (Europe) between 2000 and 2004. From 2004 to 2006, Mr Beaudemoulin was managing director for the Paris region at Batigère. Between 2006 and October 2019 he was chief executive officer at Covivio Germany and member of the executive board at Covivio.

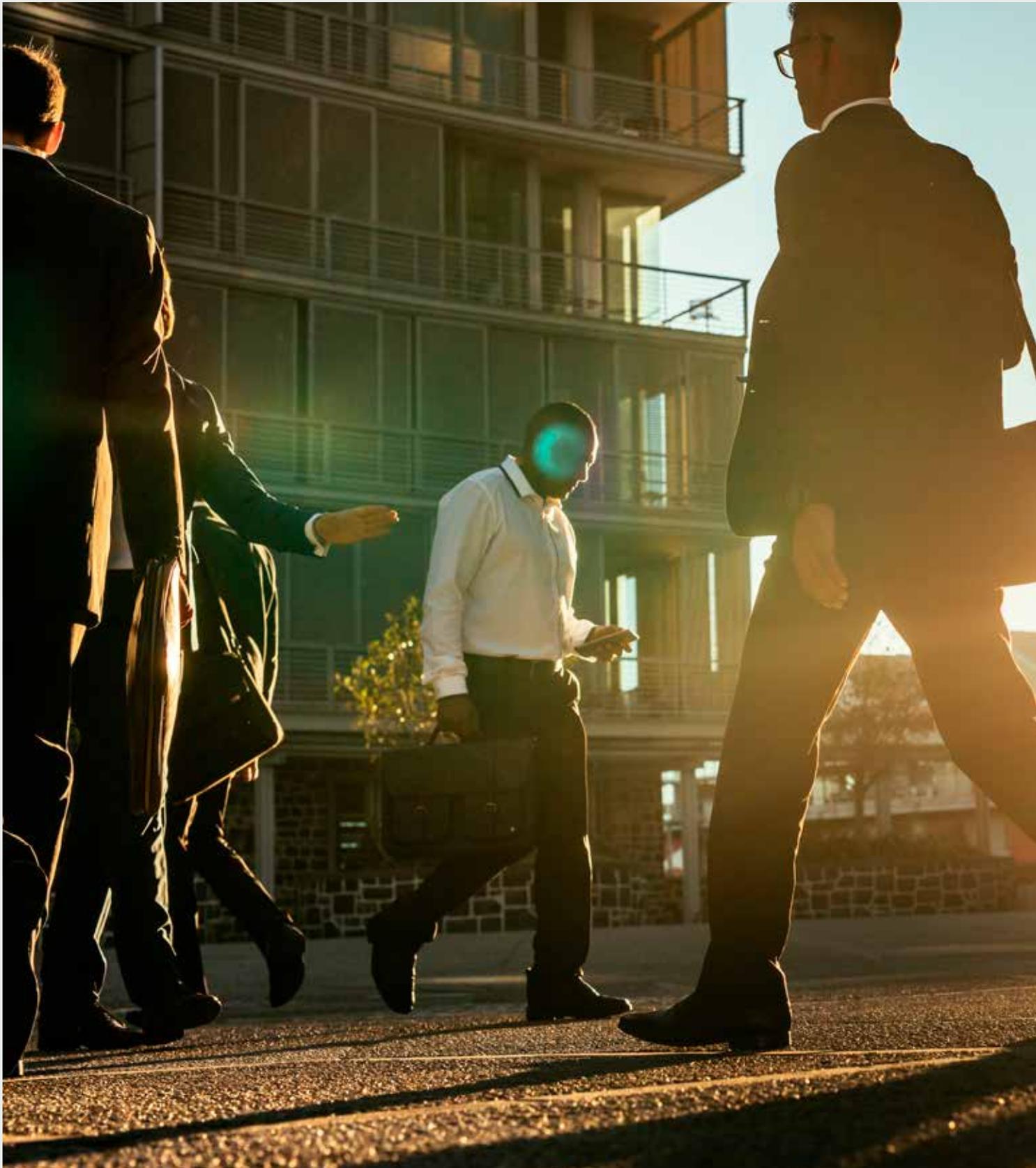
## **THILO SCHMID**

Thilo Schmid held several positions in the software industry including at KHK-Software, in Frankfurt and Basel and was CTO at Aparis Software GmbH. After working as a real estate project controller at the Tivona Group, Basel, he joined Wecken & Cie., a Swiss family office, as an investment manager in 2008, where he is responsible for venture capital and real estate investments. Mr Schmid has been a Board member of the Adler Group S.A. Board of Directors since October 2020. Other current directorships include ADLER Real Estate Aktiengesellschaft (vice chairman of the supervisory board), DTH SÁrl (member of the board of directors), Cynora GmbH (member of the advisory board) and Yeditepe Marina Yatirim Turizm Insaat A.S. (member of the board of directors).

## **THOMAS ZINNÖCKER**

Thomas Zinnöcker studied business administration and earned the degree of a Diplom-Kaufmann at the University of Cologne in 1985. He held various managing positions at Krantz TKT GmbH, Deutsche Telekom Immobilien und Service GmbH, GSW Immobilien AG, Gagfah S.A., Vonovia SE and ista International GmbH. From 2014 to 2020, he was chairman of the board of the Institute for Corporate Governance in the German Real Estate Industry. Since 2006, Mr Zinnöcker is a member of the board of the ZIA German Property Federation (Immobilienverband ZIA) and since 2013, Mr Zinnöcker has been a member of the board of trustees of Familienstiftung Becker & Kries and chairman of the board as of 2019. Mr Zinnöcker has been a Board member of the Adler Group S.A. Board of Directors since October 2020.

*As of May 1, 2022*



# The Performance of the Board of Directors

**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., should be understood as a reference to the Board of Directors of Adler Group S.A.**

Similarly, Adler Group S.A. does not have a management board but a Senior Management, consisting of the two co-Chief Executive Officers (who have been appointed as managing directors (délégués à la gestion journalière) under Luxembourg law), the Chief Legal Officer and the Chief Development Officer. Accordingly, any reference to a management board, insofar as it relates to Adler Group S.A., should be understood as a reference to the Senior Management of Adler Group S.A.

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

○ Criterion fulfilled

● Criterion not fulfilled

Assessment Criteria	In Accordance with the German Corporate Governance Code
<b>Independence</b>	
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 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 10,000 euros 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.	●
<b>Conflicts of interest</b>	
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.	●
<b>Committees</b>	
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.	●
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.	●
The Chair of the Supervisory Board and the Chair of the Audit Committee shall be independent from the company.	●
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.	●

# The Independence of the Board of Directors in 2021

Member	According to German Corporate Governance Code Criteria
<b>Maximilian Rienecker</b> , <i>Senior Management</i>	<input type="radio"/>
<b>Thierry Beaudemoulin</b> , <i>Senior Management</i>	<input type="radio"/>
<b>Dr Peter Maser</b> , <i>Chairman</i>	<input checked="" type="radio"/>
<b>Arzu Akkemik</b>	<input checked="" type="radio"/>
<b>Dr Michael Bütter</b>	<input checked="" type="radio"/>
<b>Thomas Zinnöcker</b>	<input checked="" type="radio"/>
<b>Claus Jørgensen</b>	<input checked="" type="radio"/>
<b>Thilo Schmid</b>	<input checked="" type="radio"/>

*Independent*

*Not independent*



# Procurement

The Adler Group is currently working on a “sustainability catalogue” for all procurement operations. This will define requirements that must be observed when making decisions concerning, for example, construction materials, office supplies, vehicles and equipment, or services. Procurement works closely with the other departments in order to satisfy the various requirements in the company and to cover the entire range of suitable products and services.

The aim of Procurement at the Adler Group is the active development of an overall strategy for sustainable sourcing. Procurement not only wishes to respond to the Group’s requirements, but also to make its own proposals for sustainable products and technology. This will be supplemented by a new Code of Conduct for business partners, which is planned for 2022 and will set out the standards for business partners and the sustainability of the purchased services. This approach makes the Procurement department one of the Group’s innovation drivers.

## **HOLISTIC MOBILITY CONCEPT**

The Adler Group will make its vehicle fleet more sustainable and likewise work on better mobility options for housekeepers in the housing complexes. One possibility is the supplementary procurement of regeneratively powered vehicles. However, company vehicles are not selected in isolation, but in consideration of other essential components. This includes determining the driving habits of the respective users and the charging options for the vehicles. In two pilot districts, the purchasing department of the Adler Group plans to procure installations in cooperation with Adler Energy Services (AES), the energy supply subsidiary of the Adler Group. This is the only way that all components of the concepts can be optimally coordinated in advance and efficiency losses can be avoided.



# Compliance

**The Adler Group places great emphasis on a dynamic compliance culture and firmly believes that a corporate policy which is systematically guided by law and reasonable regulations serves the long-term interests of the company best. The aim is therefore to ensure compliance with these regulations, to act as a reliable partner for third parties and to create a working environment characterised by integrity, respect and fairness. The Adler Group achieves this with the help of a compliance management system.**

Key compliance issues in the Group include anti-corruption measures, supplier management and data protection, which are the foundation for good corporate governance. The compliance management system (CMS) of the Adler Group is aligned to best practise and constantly evolving. The Group is aiming for certification in line with a recognised standard established in the real estate industry.

In order to prevent bribery and corruption, the Senior Management and the 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 belief 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.

The Adler Group's mission gives rise to specific corporate objectives, which in turn influence the Group's compliance objectives. These are derived not just from general legal requirements or the company's statutes, but also directly from the desire to work with motivated and dedicated employees to create a good environment for tenants, acting at all times with integrity and in line with values.

## COMPLIANCE ORGANISATION

One of the central pillars of the compliance management system is the compliance organisation, which helps to ensure that the Adler Group is compliant at all times, both in its capacity as a listed stock corporation and in its operations, project development and portfolio management. The compliance or-

ganisation consists of the Chief Compliance Officer (a position held by the Chief Legal Officer of the Adler Group), the Head of Compliance & Risk Management, a Senior Compliance Manager and various compliance, risk and data protection managers.

The compliance organisation is a central function, embedded in the Group-wide Compliance & Risk Management. 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. They constitute the 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 one.

Collaboration with other departments - for example Legal - is close when required. Furthermore, the Adler Group is advised by external service providers on specific compliance issues. They provide assistance with the creation of documents and guidelines and serve as a sparring partner in discussions of relevant compliance matters. Ad hoc and routine audits are performed by an external service provider as necessary. The reporting and escalation channel for compliance issues leads firstly to the Chief Compliance Officer and, depending on the issue, to Senior Management and/or the Board of Directors.

## WHISTLEBLOWER SYSTEM

The whistleblower system of the Adler Group has various communication channels: Employees can contact the Compliance department using a dedicated postal box. A form is available for contact by post. The electronic whistleblower system and the external ombudsman of the Adler Group provide further channels for reporting and guarantee anonymity at any time.

## COMPLIANCE RISKS

A functioning compliance management system is inconceivable without a thorough and regular analysis of compliance risks. In the course of the integration of the Adler Group, a comprehensive risk assessment was carried out already in the previous year to identify the compliance risks in the extremely different fields of activity of the Adler Group and to evaluate them 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. Information is

# ADLER GROUP

## Sustainability Report 2021\_\_

5 Governance | Compliance

passed on to the Adler Group's management in the form of the regular risk reports or, if necessary, ad-hoc reports. These reports are first supplied to the Senior Management and then passed on to the Board of Directors.

### COMPLIANCE SYSTEM IN PRACTICE

New employees are informed about the Code of Conduct of the Adler Group and the pertinent guidelines on relevant issues during onboarding. All information is available on the intranet as well and employees are educated via interactive online learning and classroom trainings. The Compliance department also has a dedicated postal box for any compliance issues. Being reachable and accessible is always a top priority for the Compliance department.

During 2021, the technical caretaker unit was made aware of situations that suggested the possibility of corruption and fraud due to fake invoices and the billing and approval of payment for services rendered without consideration. External consultants were brought in for the internal investigations and investigation authorities have also been contacted owing to the criminal nature of the activities. The location in question no longer belongs to the Adler Group's portfolio.

In 2021, an employee was unacceptably insulted by a colleague regarding physical characteristics. Following a detailed examination of the case, the Adler Group dismissed the insulting employee.

In October 2021, the company Viceroy Research publicly made massive allegations against the Adler Group. Among other things, it was alleged that the Group had disregarded compliance principles in some transactions and concluded transactions with related persons or companies at the expense of third parties. The Adler Group firmly denied these allegations and commissioned KPMG to carry out a forensic investigation of the transactions in question. The outcome of the investigation can be found in the investor relations section on the company's website.

<https://ir.adler-group.com/websites/adler-group/English/2000/publications.html#audit>

# Risk Management and Sustainability Risks

## STRUCTURE OF THE ADLER GROUP'S RISK MANAGEMENT

- | Risk strategy: definition of a uniform risk policy, risk preparedness, risk bearing capacity 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 case thresholds are exceeded in the early warning system

In the larger framework of the Adler Group's risk management system, sustainability risks constitute one out of seven risk categories in total since the third quarter of 2021:

- | General economic and industry conditions
- | Strategic risks
- | Fiscal and financing risks
- | Portfolio management risks
- | Project development risks
- | Risks specific to the company
- | Sustainability risks

The material risks, sources of risk, causes of damage and potential for disruption related to sustainability are recorded as completely and continuously as possible. They are then transferred to an "ESG risk map" comprising four categories of risk: strategic and organisational risks, environmental risks, governance risks, and social and human rights risks. Every quarter, the identified risks are arranged, assessed and verified by category, unit and responsibility, and complemented if necessary. They are also reviewed and updated once per year as part of the Group-wide inventory. The Management Board is responsible for assessing sustainability and climate risks.

Also, an early warning system was set up within the risk management system to detect even weak signals as soon as possible. Responsibility for the respective risk lies with the risk owner according to the risk organisation.

The sustainability risks are assessed within the framework of the scheme that applies for all risk assessments. Using a scoring model, different risk classes are assigned to each risk based on probability of occurrence and amount of potential loss. This allows to operationalize, analyse and weight all individual risks in the Adler Group and its sub-groups.

The analysis of sustainability risks takes into account the six environmental objectives defined in the EU Taxonomy, the first two of which are the most significant for the Adler Group:

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition to a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

### **MANUALS, CODES, POLICIES AND SUSTAINABILITY-RELATED REPORTS OF THE ADLER GROUP**

The Adler Group places great value on providing its employees with all internal policies and instructions in written form, as far as possible. This not only creates clarity about the company's outlook, but also a common basis for conduct towards each other or with third parties. These documents are regularly reviewed to ensure that they are up to date. Most of them are also published on the Adler Group's website. Key documents are:

- | The Company's Vision, Mission and Values
- | The Company's Articles of Association
- | The Remuneration Report of the Board of Directors and Senior Management
  
- | Policies on
  - Anti-Discrimination
  - Anti-Corruption
  - Cyber Security
  - Money Laundering Protection
  - Human Rights
  - The Code of Conduct
  - Political and Social Involvement
  - The Environment
  
- | Reports on
  - Whistleblowers
  - The ESG Risk Assessment
  
- | The Diversity Programme
- | The Risk Management Handbook
- | General Terms and Conditions
- | General Terms and Conditions of Construction
- | General Terms and Conditions for Contracts for Architectural and Engineering Services

The full report on risks and opportunities can be found in the annual report of the Adler Group, which is available on the company's website at [ir.adler-group.com](http://ir.adler-group.com). Specifically, the following climate risks are presented in the sustainability section of the risk catalogue:

### **CLIMATE PROTECTION RISKS**

The risks of climate protection concern risks in connection with the general climate protection targets (containing climate mitigation and the reduction of carbon emissions). The current energy consumption of the existing rental portfolio (energy efficiency) and the future energy consumption of build to hold development projects are highly significant in this context. The sources of primary and secondary energy generation play an important role as well (share of renewable energies, proprietary generation of energy and more).

### **CLIMATE CHANGE RISKS**

The risks of climate change are physical risks, i.e. the risk of damage due to the effects of climate change that have already occurred/been observed or that are predicted. Besides extreme weather conditions (storms, hurricanes, flooding), this also includes local temperature increases as a consequence of global warming and the resulting requirements placed on, for example, the thermal regulation and ventilation of buildings. The risk assessment is dependent on the design and the structure of existing buildings or the projects yet to be developed, in particular on the type of roof and its properties, the infrastructure of buildings, the type of garages and many other factors.

### **TRANSPORT INFRASTRUCTURE RISKS**

Transport infrastructure risks include connections to local public transport to reduce individual transportation and thus carbon emissions on the one hand and, on the other, facilities to charge/fuel vehicles with alternative drive systems. This includes the provision of charging stations for electric vehicles in (future) properties of the Adler Group or in their direct vicinity. The risk is that development projects and properties do not have an appropriate connection to local public transport and this either cannot be achieved or is unlikely to be achieved.

## **RISKS FROM NEW OR EVOLVING REGULATIONS (TRANSITION RISKS)**

Besides regulatory changes relevant to the climate, this risk also includes various aspects of environmental protection (water resources, circular economy, pollution, biodiversity). Water resources can be protected, if low water consumption is made a topic in the planning, construction and (future) operation of properties. While the Adler Group can only have a limited influence on water utilisation by its tenants, it can directly influence water consumption in the construction phase of a development project and in the operation of common areas or the maintenance of outdoor facilities at existing properties. When maintaining buildings or modernising them, demands of a circular economy can be taken into account. This is even more true in the development of new buildings. The preservation and development of biodiversity must be taken into account in both the construction phase and throughout a property's operation.

The risk is that the standards, which are constantly being re-regulated in the political process, cannot be complied with at all or on time.

## **RISKS RELATING TO THE PROFITABILITY OF SUSTAINABILITY ACTIVITIES**

While the environmental protection activities make a positive contribution towards the Adler Group's ESG targets, they may negatively influence the overall profitability of individual activities and thus of the Adler Group as a whole. This also applies to the relatively restrictive provisions of tenancy law, which grant owners only limited options to reallocate expenses to their tenants, such as those incurred by activities to improve energy efficiency.

The risk is that such activities do not generate any income as they cannot be either directly or indirectly refinanced. Indirect refinancing can be achieved, for example, by reducing vacancy rates or lower interest.

The Adler Group firmly believes that key aspects of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) that are intended to assist in the better understanding, identification and assessment of climate risks are thus taken into account.

## **SUSTAINABILITY OPPORTUNITIES**

The steady rise in interest on the part of investors, business partners, tenants and employees in sustainable business practices is creating considerable opportunities for a company which acts accordingly. Sustainability, combined with a good ESG rating, opens up wider financing opportunities and makes the company more attractive as a lessor and as an employer. Furthermore, investors are increasingly also looking for sustainable, environmentally acceptable and socially responsible investments. For the construction industry, this trend means greater demand for energy-efficient, cost-saving building solutions. Political intervention in the form of legal initiatives and subsidies add to this pressure. The Adler Group can benefit from this trend with innovative concepts in the development of living quarters, which are mainly being implemented by the Group company Consus Real Estate.

Opportunities arise as well in the existing rental portfolio. The ambitious roadmap to halve greenhouse gas emissions emanating from the portfolio by 2030 is a response to the changing regulatory conditions. But these activities will also improve the competitive position of the portfolio on the rental markets as apartments that have undergone energy-efficiency improvement combine lower costs for heating and energy with significantly greater quality and comfort. The opportunities resulting from energetic refurbishment appear particularly significant for those companies who are able to lead the market in this process.

# Data Protection

**Data protection and data security are key components of the compliance culture of the Adler Group. In an increasingly digitalised environment, extensive and precise rules provide a framework for safe working in terms of data protection. As a real estate company, the Adler Group mainly collects and stores data on prospective and existing tenants for which it uses a special software. The Adler Group also stores data on job applicants and employees in conjunction with the initiation and completion of the hiring process. In addition, it stores personal data on capital market participants who wish to be informed by the Adler Group about major business events.**

The compliance culture of the Adler Group guarantees data protection and data security. All statutory requirements and the provisions of the General Data Protection Regulation (GDPR) are fully implemented throughout the Group. The data protection organisation essentially consists of external data protection officers and internal employees, who chiefly focus on data protection and data security. Current data protection issues are discussed and dealt with at regular meetings. Information on these issues is also shared with the relevant departments where appropriate. The Management Board is regularly consulted on data protection matters, for instance before publishing key policies and instructions. The data protection officer is responsible for evaluating the data protection measures that have been introduced at the Adler Group and for suggesting any potential changes.

Safeguarding data protection is the foundation for trust-based relationships with employees and business partners. To ensure this, the Adler Group has issued a Data Protection Policy for the Group as a whole and all its locations. The policy transparently summarises the relevant goals and principles as well as the organisation and the different levels of responsibility for data protection in the company. In addition to the policy, the Adler Group provides guidelines on matters such as the rights of aggrieved parties, the private use of hardware and software and the handling of data and IT systems.

The Adler Group also provides its employees with a data protection card. This card contains everything they need to

know about data protection in condensed form. In addition to practical definitions for data protection and personal data, it also lists basic rules and employees' key duties in conjunction with data protection. Finally, the information also includes points of contact for employees' questions and channels for anonymous whistleblowing. When employment contracts are signed, employees must agree to comply with the provisions of the GDPR.

## DATA PROTECTION GUIDELINE

The Adler Group processes a large amount of personal data in order to fulfill the tasks and obligations towards tenants, customers, employees, shareholders, business partners as well as service providers, public authorities and other third parties. Personal data is any information relating to an identified or identifiable natural person. Data of different categories and with different protection requirements are processed.

Data with a high protection requirement include, for example, health data, data on the ethnic origin of a natural person, trade union membership, and political opinions. The Adler Group does not process tenant data with a high protection requirement. However, for labor law reasons, some of these must be recorded for employees. Consequently, the protection of personal data plays an important role in the company. The data protection guideline presents the goals and principles, the organisation and the levels of responsibility for data protection in the company in a clear form. External companies have been appointed as data protection officers.

# Cyber Security

**The IT department of the Adler Group faced a major challenge when the three companies ADLER Real Estate, ADO Properties and Consus Real Estate, together with their subsidiaries, were integrated to form the Adler Group in 2020: A large number of different systems had to be consolidated and updated. The corresponding management and supervisory bodies of IT security, such as the IT department, Compliance, Data Protection or external audits first had to be brought together on one level.**

In 2021, in its standardised Group-wide IT organisation, the Adler Group created the foundation for state-of-the-art, secure and high-performance IT, offering additional information tracking and data analysis functions beyond the classic remit of IT and cyber security. This is to a large part the result of the digitalisation of a large number of work processes, which was initiated in 2020 and continued intensively in 2021.

In the 2021 reporting year, the IT management and supervisory bodies were transformed from one to multiple levels, which above all also benefited cyber security, i.e. the protection of networks and computer systems. A cyber security programme was initiated: Responsibility for IT protection was initially embedded at Management Board level (the Board of Directors), and the Cyber Security Officer (CSO) was appointed as a central coordinator at the level below the Management Board. Under the CSO, two teams with specialised duties have been implemented: the focused monitoring of IT security and the ongoing refinement of IT security. As before, operational systems are subjected to external penetration tests and audits. Moreover, external reviews of refinements in terms of their security characteristics are conducted. The Board of Directors of the Adler Group receives information on cyber security issues at regular intervals.

In 2021, unknown third parties at a location of the Adler Group attempted to penetrate the company's local computer network, but did not cause any damage.

**Data protection and cyber security are embedded in organisational structures: By the Data Protection Officer and the Cyber Security Officer.**

## KEY FIGURES

# EPRA Overarching Recommendations

**The 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" of September 2017. All these criteria correspond to the Global Reporting Standards (GRI).**

### OPERATIONAL BOUNDARIES

The information on energy consumption and greenhouse gas emissions for 2021 relates to the portfolio as a whole. If the coverage for an energy source is not 100%, this fact is noted.

### COVERAGE

Information on personnel-related parameters and corporate governance disclosure relates to the Adler Group with 590 Group companies. Information on portfolio sizes always relates to 31 December; information on electricity quantities is always for the year as a whole. Information on electricity quantities also includes data for properties that were sold or acquired during a period, i.e. that were not owned by the Group for the entire period.

There are no data on the number of buildings with sustainability certificates. In future, the Adler Group intends to have all new buildings and buildings that undergo energy efficiency improvement certified. This process was initiated on becoming a member of the German Sustainable Building Council (DGNB), but did not yet lead to any certification in 2021. The Adler Group has effectively zero influence on water consumption, waste volumes incurred or the nature of their disposal. This is because the water supply and waste disposal are services typically provided by municipal companies or on the basis of local monopolies.

### ESTIMATION OF LANDLORD-OBTAINED

### CONSUMPTION

Disclosures on the individual parameters do not include any estimates. In all cases, the figures have been actually measured, counted or derived from energy certificates.

### THIRD PARTY ASSURANCE

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 are 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 serves the internal management and further development of the company is described in the annual report.

### BOUNDARIES – REPORTING ON LANDLORD AND TENANT CONSUMPTION

The Adler Group has only limited influence on the total amount of energy used by tenants for various purposes. Where properties are heated by district heating or by contracting networks, the Adler Group has no direct influence over the efficiency of this supply. Influence over heating consumption is thus limited to properties where the heating systems belong to the Adler Group.

This also applies to electricity consumption. The 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. While the Adler Group can influence consumption here, it has only limited influence on the buildings' technical facilities.

### **SEGMENTAL ANALYSIS (BY PROPERTY TYPE, GEOGRAPHY)**

The Adler Group's portfolio almost exclusively comprises rental units in the category of affordable housing in terms of facilities and quality. They are exclusively located in Germany and thus in a region that is highly homogeneous in terms of climate, infrastructure and the need for safeguards against certain weather events. The properties were therefore not assigned to different segments. The non-financial reporting procedure is thus the same as for financial reporting.

### **DISCLOSURE ON OWN OFFICES**

The Adler Group reports on energy consumption at its own locations, which are mostly rented, in this report.

### **NARRATIVE ON PERFORMANCE**

The Adler Group has decided to focus its non-financial reporting on the topics derived from the materiality analysis. In the company's opinion, these are the most significant ESG issues. The key events and developments in these areas in 2021 are described in this report.

### **LOCATION OF EPRA SUSTAINABILITY PERFORMANCE MEASURES IN COMPANIES' REPORTS**

The EPRA key performance indicators for the year 2021 were exclusively published in the sustainability report. The Adler Group opted 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. For the same reason, the Adler Group has also created a separate, prominent sustainability section on its website.

### **REPORTING PERIOD**

The reporting period is the 2021 calendar year. Prior-year comparisons relate to the 2020 calendar year. The reporting period is the same as in financial reporting.

### **MATERIALITY**

ADLER Real Estate had first performed a materiality analysis, with the assistance of an audit company, in 2018. This analysis was subjected to careful review for the 2021 reporting year and is presented in this report.

# EPRA Performance Measures

**In 2021, as the following table shows, the Adler Group made significant progress in the extent and accuracy of its recording of consumption data.**

The predecessor companies of the Adler Group each practised individual sustainability management with their own recording and analysis methods, which were not merged and harmonised throughout the Group until 2021. Accordingly, there were considerable gaps in the figures shown in the 2020 Sustainability Report. They also frequently reflected low coverage as they were calculated on the basis of actual consumption data.

The data for 2020 have been recalculated following the harmonisation of the recording and analysis methods. Also, energy certificates were used where the actual consumption data were not available. Thus, the calculation of consumption data has been revised in line with standard industry procedures. This also allows a reliable comparison between the reporting year and the previous year, as well as with other companies in the real estate sector.

# Environmental Performance Measures

EPRA-Code	GRI-Standard and CRESID-Indicator-Code	Unit(s) of measure	Feature	Coverage in 2020 [%]	2020 Adler Group	Coverage in 2021 [%]	2021 Adler Group	Change in [%]
<b>Elec-tenant</b>								
Elec-Abs	302-1	kWh	Total electricity consumption, tenants	100%	11,886,916	100%	11,765,227	-1.0
<b>Elec-landlord [1]</b>								
Elec-Abs	302-1	kWh	Total electricity consumption, landlord	100%	790,520	100%	774,709	-2.0
<b>Elec</b>								
Elec-Abs	302-1	kWh	Total electricity consumption	100%	12,677,436	100%	12,539,936	-1.1
<b>Elec-tenant</b>								
Elec-Lfl	302-1	kWh	Like-for-like total electricity consumption, tenants	100%	11,886,916	100%	11,765,227	-1.0
<b>Elec-landlord [1]</b>								
Elec-Lfl	302-1	kWh	Like-for-like total electricity consumption, landlord	100%	790,520	100%	774,709	-2.0
<b>Elec [2]</b>								
Elec-Lfl	302-1	kWh	Like-for-like total electricity consumption	100%	12,677,436	100%	12,539,936	-1.1
<b>DH&amp;C</b>								
<b>DH&amp;C tenant [3]</b>								
DH&C-Abs	302-1	kWh	Total district heating and cooling consumption, tenants	71%	255,590,998	85%	294,596,414	15.3
<b>DH&amp;C landlord [1]</b>								
DH&C-Abs	302-1	kWh	Total district heating and cooling consumption, landlord	100%	2,869,845	100%	2,812,449	-2.0
<b>DH&amp;C</b>								
DH&C-Abs	302-1	kWh	Total district heating and cooling consumption	71%	258,460,843	85%	297,408,862	15.1

# ADLER GROUP

## Sustainability Report 2021

### 6 Key Figures | Environmental Performance Measures

EPRA Code	GRI Standard and CRES D Indicator Code	Unit(s) of Measure	Feature	Coverage in 2020 [%]	2020 Adler Group	Coverage in 2021 [%]	2021 Adler Group	Change [%]
<b>DH&amp;C tenant</b>								
DH&C-LfL	302-1	kWh	Like-for-like total district heating and cooling consumption, tenants	71%	255,590,998	71%	242,966,342	-4.9
<b>DH&amp;C landlord [1]</b>								
DH&C-LfL	302-1	kWh	Like-for-like total district heating and cooling consumption, landlord	100%	2,869,845	100%	2,812,449	-2.0
<b>DH&amp;C</b>								
DH&C-LfL	302-1	kWh	Like-for-like total district heating and cooling consumption	71%	258,460,843	71%	245,778,791	-4.9
<b>Fuels-Abs</b>								
<b>Fuels tenants</b>			Total fuel consumption for heating, tenants					
Fuels-Abs	302-1	kWh		80%	32,385,605	80%	32,392,094	0.0
of which natural gas [4]	302-1	kWh		82%	26,730,096	82%	26,736,585	0.0
of which heating oil	302-1	kWh		73%	5,655,509	73%	5,655,509	0.0
<b>Fuels Landlord</b>			Total fuel consumption for heating, landlord					
Fuels-Abs [1]	302-1	kWh		100%	7,457,483	100%	7,137,639	-4.3
of which natural gas [1]	302-1	kWh		100%	1,256,279	100%	1,231,154	-2.0
of which heating oil [1]	302-1	kWh		100%	20,908	100%	20,490	-2.0
of which cars, machinery [1]	302-1	kWh	Total fuel for cars, machinery, landlord	100%	6,180,296	100%	5,885,996	-4.8
Total fuel consumption	302-1	Annual kWh	Total	100%	39,843,088	100%	39,529,733	-0.8
<b>Fuels-Lfl</b>								
<b>Fuels tenants</b>								
Fuels-Lfl	302-1	kWh	Like-for-like total fuel consumption, tenants	80%	32,385,605	80%	32,392,094	0.0
of which natural gas	302-1			82%	26,730,096	82%	26,736,585	0.0
of which heating oil	302-1			73%	5,655,509	73%	5,655,509	0.0

6 Key Figures | Environmental Performance Measures

EPRA Code	GRI Standard and CRES D Indicator Code	Unit(s) of Measure	Feature	Coverage in 2020 [%]	2020 Adler Group	Coverage in 2021 [%]	2021 Adler Group	Change in [%]
<b>Fuels landlords</b>								
Fuels-Lfl [1]	302-1	kWh	Like-for-like total fuel consumption, landlord	100%	7,457,483	100%	7,137,639	-4.3
of which natural gas [1]	302-1			100%	1,256,279	100%	1,231,154	-2.0
of which heating oil [1]	302-1			100%	20,908	100%	20,490	-2.0
of which cars, machinery [5]	302-1			100%	6,180,296	100%	5,885,996	-4.8
Fuels-Lfl	302-1	kWh	Like-for-like total fuel consumption	100%	39,843,088	100%	39,529,733	-0.8
<b>Elec</b>	302-1	kWh/m <sup>2</sup>		100%	3.23	100%	3.19	-1.0
<b>DH&amp;C</b>	302-1	kWh/m <sup>2</sup>		71%	146.82	85%	140.87	-4.0
<b>Fuels</b>	302-1	kWh/m <sup>2</sup>		80%	172.34	80%	172.37	0.0
<b>Energy-Int</b>	CRE1	kWh/m <sup>2</sup>	Building energy intensity	88%	155.47	94%	148.63	-4.4
<b>GHG-Dir-Abs (Scope 1)</b>								
			Total direct greenhouse gas (GHG) emissions (Scope 1)					
Natural gas	305-1	Tonnes of CO <sub>2</sub>		82%	5,625	82%	5,622	-0.1
thereof tenants	305-1	Tonnes of CO <sub>2</sub>		82%	5,373	82%	5,374	0.0
thereof landlord	305-1	Tonnes of CO <sub>2</sub>		100%	253	100%	247	-2.0
Heating oil	305-1	Tonnes of CO <sub>2</sub>		73%	1,584	73%	1,584	0.0
thereof tenants	305-1	Tonnes of CO <sub>2</sub>		73%	1,578	73%	1,578	0.0
thereof landlord	305-1	Tonnes of CO <sub>2</sub>		100%	6	100%	6	0.0
Cars/machinery, landlord	305-1	Tonnes of CO <sub>2</sub>		100%	1,650	100%	1,572	-4.8
GHG-Dir-Abs	305-1	Tonnes of CO <sub>2</sub>		80%	8,859	80%	8,777	-0.9
<b>GHG-Indir-Abs (Scope 2)</b>								
			Total indirect greenhouse gas (GHG) emissions, (Scope 2)					
Elec	305-2	Tonnes of CO <sub>2</sub>		100%	7,472	100%	7,391	-1.1
DH&C	305-2	Tonnes of CO <sub>2</sub>		71%	54,757	85%	63,301	15.6
Fuels [6]	305-2	Tonnes of CO <sub>2</sub>						
GHG-Indirect-Abs	305-2	Tonnes of CO <sub>2</sub>		74%	62,229	87%	70,692	13.6

# ADLER GROUP

## Sustainability Report 2021

### 6 Key Figures | Environmental Performance Measures

EPRA Code	GRI Standard and CRES D Indicator Code	Unit(s) of Measure	Feature	Coverage 2020 in [%]	2020 Adler Group	Coverage 2021 in [%]	2021 Adler Group	Change in [%]
<b>GHG-Int</b>								
Tonnes of CO <sub>2</sub> / residential unit [7]	CRE3	Tonnes of CO <sub>2</sub> / residential unit	Greenhouse gas (GHG) intensity from building energy consumption	88%	2.28	94%	2.15	-5.5
Tonnes of CO <sub>2</sub> / m <sup>2</sup>	CRE3	Tonnes of CO <sub>2</sub> /m <sup>2</sup>		88%	0.035	94%	0.034	-2.9
<b>Water-Abs</b>								
Water Abs	303-1	m <sup>3</sup> /year	Total water consumption, tenants (withdrawal from the water mains)	38%	2,507,653	23%	2,026,954	-19.2
Water LfL [8]	303-1	m <sup>3</sup> /year	Like-for-like total water consumption		-	16%	1,601,614	-
Water Int	CRE2	m <sup>3</sup> /m <sup>2</sup>	Water intensity of buildings (tenants)	38%	1.77	23%	2.44	38.1
<b>Waste</b>								
EPRA Code	GRI Standard and CRES D Indicator Code	Unit(s) of Measure	Feature	Coverage 2020 in [%]	2020 Adler Group	Coverage 2021 in [%]	2021 Adler Group	Change in [%]
Waste-Abs	306-2	Total volume waste and propotion by disposal route (annual m <sup>3</sup> )	Total volume of waste per tenant	100%	363,954	100%	365,759	0.5
			Recyclable material	100%	44,286	100%	44,502	0.5
			Glass	100%	4,829	100%	4,829	0.0
			Paper	100%	84,671	100%	85,085	0.5
			Organic waste	100%	15,303	100%	15,378	0.5
			Recycling rate	100%	36.76	100%	36.75	0.0
			Residual waste	100%	214,863	100%	215,939	0.5
Waste-LfL [8]	306-2	Total volume waste and propotion by disposal route (annual m <sup>3</sup> )					365,759	
Cert-Tot [9]	CRE8	Certified buildings			0		0	

[1] All tenant-based data in the table are taken from the 2020 figures and assume a reduction of 2 percent in line with the energy management system.

[2] This does not include the Scope 3 electricity consumption of the storage heaters of 12.963.836 kWh.

[3] Energy certificates were used for the first time. This was also done retroactively for 2020. Consumption data were used where available. Energy certificates were used where consumption data were not available.

[4] This does not include the Scope 3 gas consumption of the gas heating of 58.783.998 kWh.

[5] The Adler Group can no longer derive figures for 2020 as a result of the streamlining of the fleet. It is assumed that the change in the fleet resulted in a reduction of approximately 5 percent.

[6] Fuels are missing because we only serve Scope 1, not Scope 2 - fuels in the company.

[7] The difference between this and the carbon reduction roadmap is due to the fact that district heating factors were used in the Sustainability Report, which are significantly worse than the real figures.

[8] The value was not yet recorded in 2019. Like-for-like values for 2020 are therefore not available.

[9] Certification is planned for all development projects and modernisation activities. Such projects were not completed in 2021.

# Social Performance Measures

EPRA Code	Feature	GRI Standard and CRESB Indicator Code	Unit(s) of Measure	2020 [1]			2021				
				m	f	d	m	f	d		
Diversity-Emp	Employee gender diversity	405-1	Percentage of employees								
				Management	7	1	0	Management	7	1	0
				Executives	55	18	0	Executives	50	10	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		Second management level	107			
				Third management level	100		Third management level	79			
				Total	94		Total	90			
Emp-Training [2]	Employee training and development	404-1	Average hours				1.2				
Emp-Dev	Employee performance appraisals	404-3	Percentage of employees	12.4			12.0				
Emp-Turnover [2]	New hires and turnover rate	401-1	Total and rate	New hires			New hires				
				Absolute	Rate (%)		Absolute	Rate (%)			
							212	16.7			
				Departures			Departures				
Absolute	Rate (%)		Absolute	Rate (%)							
			237	18.6							
H&S-Emp [2]	Employee health and safety	403-2	Injury rate, absentee rate and number of work related fatalities	Injury rate			Accidents per 100,000. working hours				
				0.8							
				Lost working days			Lost working days per 100,000 working hours				
				13.2							
Absentee rate			Absentee rate			5.5%					
0											
Fatalities			Fatalities			0					

# ADLER GROUP

## Sustainability Report 2021

### 6 Key Figures | Social Performance Measures

EPRA Code	Feature	GRI Standard and CRESB Indicator Code	Unit(s) of Measure	2020 [1]	2021
H&S-Asset	Asset health and safety assessments	416-1	Percentage of assets	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 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.	100%
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.	0
Comty-Eng	Community engagement, impact assessment and development programs	413-1	Percentage of assets	The 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.	100% Tenants can reach the Adler Group personally through the service hotline, caretakers or the more than 100 contact/tenant offices available. Tenants are systematically involved in the process and consulted in advance in conjunction with all modernisation work. In its development projects the Adler Group maintains a constant dialogue with communities, investors and representatives of different interest groups.

[1] The Adler Group was created in 2020 by the integration of ADO Properties, Adler Real Estate and Consus Real Estate. Some data are therefore not available for this year.

[2] The Adler Group was created in 2020 by the integration of ADO Properties, ADLER Real Estate and Consus Real Estate. Corresponding data were unavailable or of no informative value.

# Governance Performance Measures

EPRA Code	Feature	GRI Standard and CRESB Indicator Code	Unit(s) of Measure	2020	2021
Gov-Board	Composition of the highest governance body	102-22	Number	<p>Number of members of the Board of Directors 8</p> <p>Average term of office 1</p>	<p>Number of members of the Board of Directors 8</p> <p>Average term of office 1</p>
Gov-Selec	Process of nomination and selecting the highest governance body	102-24		Criteria are applied in the selection process that are derived from both Luxembourg law and the German Corporate Governance Code, to which the Adler Group is committed.	Criteria are applied in the selection process that are derived from both Luxembourg law and the German Corporate Governance Code, to which Adler Group is committed. (see 2021 Annual Report, Governance)
Gov-Col	Process of 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.	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. (see 2021 Annual Report, Governance)

# GRI Content Index

GRI Standard	Name of the Indicator	Page in the Report	Notes and References
<b>GRI 101: Principles of Reporting</b>			
<b>GRI 102: General Disclosures</b>			
<b>Organisational profile</b>			
102-1	Name of the Organisation	87	
102-2	Activities, brands, products, and services	10	
102-3	Location of headquarters	10, 87	
102-4	Location of operations	10	
102-5	Ownership and legal form	10, 53	Annual Report (AR) 34
102-6	Markets served	10	
102-7	Scale of the organisation	10	
102-8	Information on employees and other workers	46	
102-9	Supply chain	39, 60, 61	
102-10	Significant changes to the organisation and its supply chain	10	
102-11	Precautionary principle or approach	20, 24-26, 28-31, 33-37	
102-12	External initiatives	16, 17, 47	
102-13	Membership of associations	19	
<b>Strategy</b>			
102-14	Statement from senior decision-maker	9	
102-15	Key impacts, risks, and opportunities	63-65	AR 56-85
<b>Ethics and integrity</b>			
102-16	Values, principles, standards, and norms of behaviour	20, 22, 64	<a href="https://ir.adler-group.com/websites/adler-group/English/1010/corporate-governance.html">https://ir.adler-group.com/websites/adler-group/English/1010/corporate-governance.html</a>
102-17	Mechanisms for advice and concerns about ethics	61	<a href="https://ir.adler-group.com/websites/adler-group/English/1010/corporate-governance.html">https://ir.adler-group.com/websites/adler-group/English/1010/corporate-governance.html</a>
<b>Governance</b>			
102-18	Governance structure	20, 21, 56-58	
102-19	Delegating authority	21	
102-20	Executive-level responsibility for economic, environmental, and social topics	21	
102-21	Consulting stakeholders on economic, environmental, and social topics	19, 20, 31, 47	
102-22	Composition of the highest governance body and its committees	54, 71-76	AR 37

GRI Standard	Name of the Indicator	Page in the Report	Notes and References
<b>Unternehmensführung</b>			
102-23	Chair of the highest governance body	53, 54, 58	AR 12-13
102-24	Nominating and selecting the highest governance body	77	AR 39
102-25	Conflicts of interest	57, 77	
102-26	Role of highest governance body in setting purpose, values and strategy	20, 21	
102-30	Effectiveness of risk management processes	21, 63-65	AR 56-85
102-31	Review of economic, environmental and social topics	21	AR 56-85
102-32	Highest governance body's role in sustainability reporting	67	
102-35	Remuneration policies		AR 47-52
102-36	Process for determining remuneration		AR 47-52
102-37	Stakeholders' involvement in remuneration		AR 47-52
102-38	Annual total compensation ratio		AR 47-52
102-39	Percentage increase in annual total compensation ratio		AR 47-52
<b>Stakeholder engagement</b>			
102-42	Identifying and selecting stakeholders	22	The Adler Group maintains a regular and comprehensive exchange with important stakeholders, including tenants, employees, financial and real estate investors, suppliers and local authorities.
102-43	Approach to stakeholder engagement	22	The Adler Group exchanges information with numerous representatives of these stakeholders several times a year as part of its ongoing business relationships.
102-44	Key topics and concerns raised	22	
<b>Reporting practise</b>			
102-45	Entities included in the consolidated financial statements		AR 234-251
102-46	Defining report content and topic boundaries	22	
102-47	List of material topics	22	
102-48	Restatements of information	22	
102-49	Changes in reporting	22	
102-50	Reporting period	86	
102-51	Date of most recent report	86	
102-52	Reporting cycle	86	
102-53	Contact point for questions regarding the report	87	
102-54	Claims of reporting in accordance with the GRI-Standards	86	
102-55	GRI content index	78-82	

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6 Key Figures | GRI Content Index

GRI Standard	Name of the Indicator	Page in the Report	Notes and References
<b>GRI 103: Management Approach</b>			
103-1	Explanation of the material topic and its boundary	22, 52, 53	
103-2	The management approach and its components	24-26, 28-31, 33-37, 52, 53	
103-3	Appraisal of the management approach	52, 53	The management approach to the main topic can be found in the relevant chapters of this report.
<b>GRI 201: Economic Performance</b>			
201-1	Direct economic value generated and distributed		AR 184
201-2	Financial implications and other risks and opportunities due to climate change		AR 53-54
<b>GRI 205: Anti-corruption</b>			
205-2	Communication and training about anti-corruption policies and procedures	62	
205-3	Confirmed incidents of corruption and actions taken	62	<a href="https://ir.adler-group.com/download/companies/adoproperties/Policies/Ani-corruption_Guideline.pdf">https://ir.adler-group.com/download/companies/adoproperties/Policies/Ani-corruption_Guideline.pdf</a>
<b>GRI 207: Tax</b>			
207-1	Approach to tax		AR 194-196
207-2	Tax Governance, control and risk management		AR 43-44
207-3	Stakeholder engagement and management of concerns related to tax		AR 43-44
207-4	Country-by-country reporting		AR 194-196
<b>GRI 302: Energy</b>			
302-1	Energy consumption within the organisation	33, 71-73	
302-2	Energy consumption outside of the organisation	74	
302-3	Energy intensity	71-73	
302-4	Reduction of energy consumption	24, 25, 71-73	
302-5	Reductions in energy requirements of products and services	24, 25, 71-73	
<b>GRI 303: Water and Effluents</b>			
303-3	Water withdrawal		The Adler Group only obtains water from the public water supply system and the same applies to the tenants of the Adler Group.
303-4	Water discharge		The Adler Group only discharges used water into the public sewerage system, the same applies to the tenants of the Adler Group.
303-5	Water consumption	25, 74	
<b>GRI 304: Biodiversity</b>			
304-2	Significant impacts of activities, products, and services on biodiversity	64, 65	
304-3	Habitats protected or restored	31, 65	

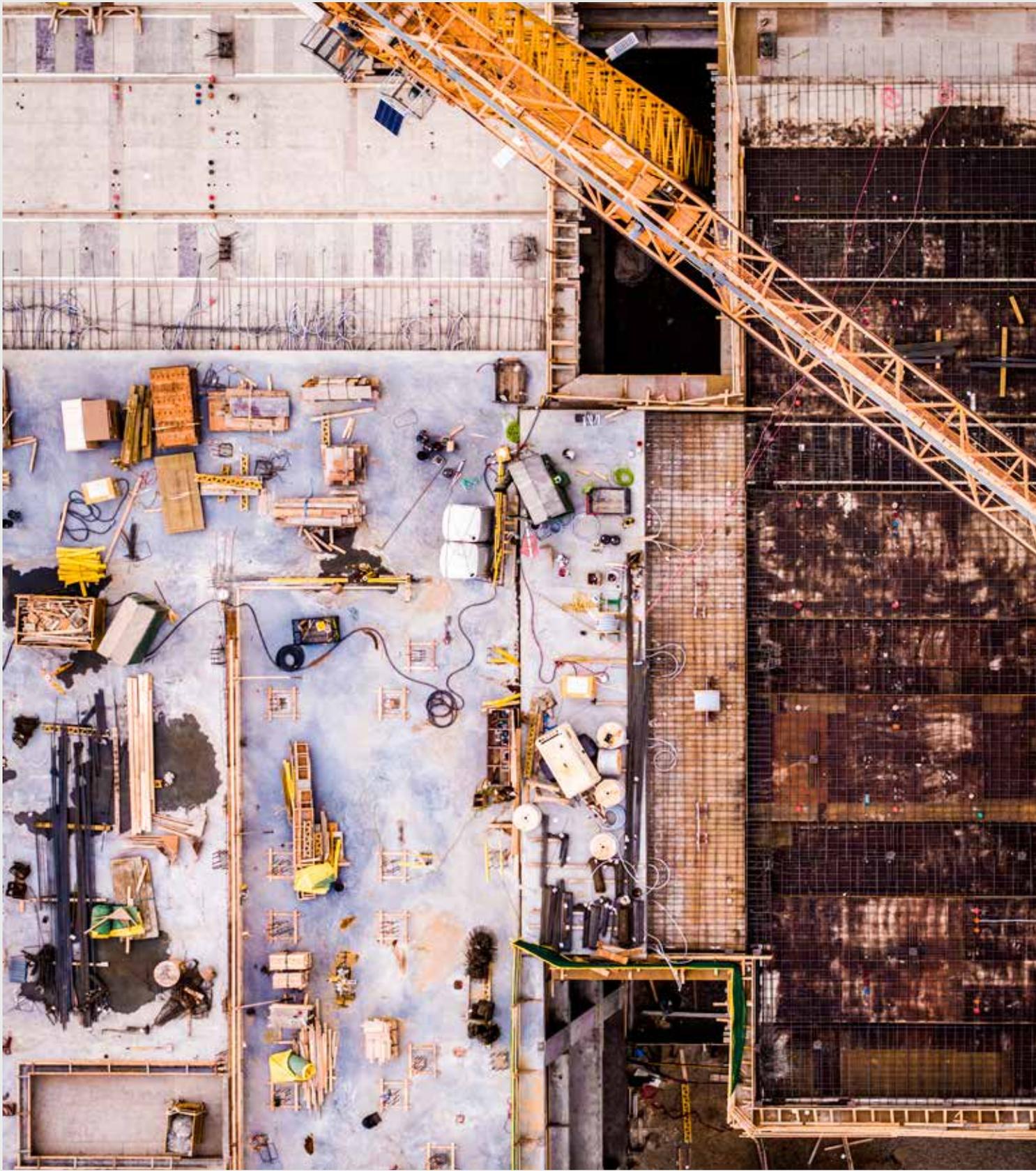
GRI Standard	Name of the Indicator	Page in the Report	Notes and References
<b>GRI 305: Emissions</b>			
305-1	Direct (Scope 1) GHG emissions	73	
305-2	Energy indirect (Scope 2) GHG emissions	73	
305-4	GHG emissions intensity	73	
305-5	Reduction of GHG emissions	34-37, 73	
<b>GRI 306: Waste</b>			
306-1	Waste generation and significant waste-related impacts	65, 74	
306-3	Waste generated	31, 74	
306-4	Waste diverted from disposal	74	
306-5	Waste directed to disposal	74	
<b>GRI 307: Environmental Compliance</b>			
307-1	Non-compliance with environmental laws and regulations		The Adler Group is not aware of any incidents in which environmental protection laws or regulations have been violated.
<b>GRI 401: Employment</b>			
401-1	New employee hires and employee turnover	46	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	49	
401-3	Parental leave	49	
<b>GRI 403: Occupational Health and Safety</b>			
403-1	Occupational health and safety management system	49	
403-2	Hazard identification, risk assessment, and incident investigation	49	
403-4	Worker participation, consultation, and communication on health and safety	49	
403-5	Worker training on occupational health and safety	48, 49	
403-6	Promotion of worker health	49	
403-8	Workers covered by an occupational health and safety management system	49	
403-9	Work-related injuries	49, 75	
403-10	Work-related ill health	49, 75	
<b>GRI 404: Training and Education</b>			
404-1	Average hours of training per year per employee	48	
404-2	Programmes for upgrading employee skills and transition assistance programmes	48	
404-3	Percentage of employees receiving regular performance and career development reviews	75	
<b>GRI 405: Diversity and Equal Opportunity</b>			
405-1	Diversity of governance bodies and employees	20, 47, 54, 56, 75	
405-2	Ratio of basic salary and total remuneration of women to men	46, 75	
<b>GRI 406: Non-discrimination</b>			
406-1	Incidents of discrimination and corrective actions taken	62	

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6 Key Figures | GRI Content Index

GRI Standard	Name of the Indicator	Page in the Report	Notes and References
<b>411: Rights of Indigenous Peoples</b>			
411-1	Incidents of violations involving rights of indigenous peoples		The Adler Group operates exclusively in Germany and procures goods and services predominantly from within Germany or from other European countries. The Adler Group is not aware of any incidents in which the rights of indigenous peoples have been violated.
<b>GRI 413: Local Communities</b>			
413-1	Operations with the local community engagement, impact assessments, and development programmes	20, 31, 40-43	
<b>GRI 415: Public Policy</b>			
415-1	Political contributions		<a href="https://ir.adler-group.com/download/companies/adoproperties/Policies/political_involvement_policy.pdf">https://ir.adler-group.com/download/companies/adoproperties/Policies/political_involvement_policy.pdf</a>
<b>GRI 416: Customer Health and Safety</b>			
416-1	Assessment of the health and safety impacts of product and service categories	38-39, 76	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	76	



# TCFD Content Table

## IMPLEMENTATION OF THE TCFD RECOMMENDATIONS

	<b>Governance</b>	<b>Strategy</b>	<b>Risk Management</b>	<b>Metrics and Targets</b>
<b>TCFD Recommendations</b>	Organisational structure of the company regarding climate-related risks and opportunities	Actual and potential impacts of climate-related risks and opportunities on the organisation's business, strategy, and financial planning	How the organisation identifies, assesses, and manages climate-related risks	Metrics and targets used to assess and manage relevant climate-related risks and opportunities
<b>Chapter in the Sustainability Report 2021</b>	Intro   Preface pg. 8, 1 Company Profile   Corporate Strategy p. 11, 2 Sustainability   The Regulatory Landscape p. 12-14, 17, 2 Sustainability   Sustainability Strategy and Targets p. 20-21.	2 Sustainability   Sustainability Strategy and Targets p. 20, 2 Sustainability   Materiality p. 22, 5 Governance   Risk Management and Sustainability Risks p. 63-65.	4 Social   Employees p. 46, 5 Governance   Risk Management and Sustainability Risks p. 64.	3 The Environment   The Plan to Halve Carbon Emissions p. 34 - 37, 5 Governance   Principles of Corporate Governance p. 52, 5 Governance   Risk Management and Sustainability Risks p. 64, 6 Key Figures   EPRA Performance p. 73.
<b>Chapter in the Annual Report 2021</b>	Corporate Governance Report p. 36-46 Sustainability at Adler Group p. 53-54	Opportunities and Risk Report   Environmental risks p. 78	Opportunities and Risk Report   Risk management system p. 56-59	

# ESG Ratings

We participate in various sustainability ratings  
(Cut-off date 31 December 2021)



# About this report

With the present Sustainability Report, Adler Group S.A. fulfils the obligation to disclose non-financial information for the 2021 financial year as stipulated in Section 315b (1) of the German Commercial Code. The non-financial 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.

This is the second Sustainability Report for the Adler Group. The reporting period is the calendar year 2021 (1 January 2021 until 31 December 2021). The report thus follows on seamlessly from the Sustainability Report 2020, which was published in April 2021. Unless otherwise defined, the data refer either to the full year or to the reporting date of 31 December. The report is published annually. It applies to the entire Adler Group, includes - with the exception of Brack Capital Properties (BCP) - all subcompanies that are also consolidated in the economic financial statements.

When creating the report, Adler Group based itself on the reporting criteria for sustainability reports of the European Public Real Estate Association (EPRA). In addition, this report takes into account the standards of the Global Reporting Initiative (GRI) in accordance with the Core option. We have informed the GRI about the application of the GRI standards and the publication of this report.

# Imprint

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This sustainability report contains forward-looking statements with associated risks and uncertainties. The actual business development and results of the 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.

