

# ADLER Group SA

Real Estate Management Luxembourg ETR:ADJ

## ESG Risk Rating

# 10.7

Updated Aug 13, 2021

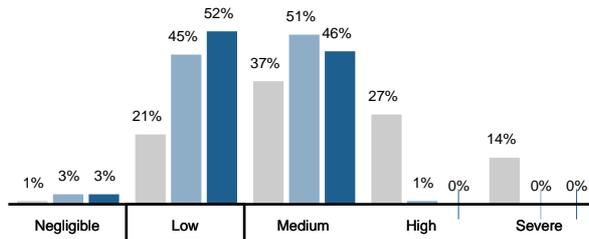
Not available

Momentum

## Low Risk



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 <sup>st</sup> = lowest risk)	(1 <sup>st</sup> = lowest risk)
Global Universe	193/13587	2nd
Real Estate INDUSTRY	46/1001	5th
Real Estate Management SUBINDUSTRY	7/145	5th

## Peers Table

Peers (Market cap \$2.8 - \$2.9bn)

Peers (Market cap \$2.8 - \$2.9bn)	Exposure	Management	ESG Risk Rating
1. ADLER Group SA	27.4 Low	61.9 Strong	10.7 Low
2. Kungsleden AB	27.0 Low	53.2 Strong	12.8 Low
3. Grainger PLC	28.7 Low	54.7 Strong	13.2 Low
4. Kennedy-Wilson Holdings, Inc.	30.4 Low	29.3 Average	21.6 Medium
5. Big Shopping Centers Ltd	28.0 Low	13.4 Weak	24.3 Medium

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## ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

### ESG Risk Exposure

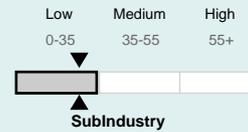
**27.4**

Not available

**Low**

Momentum

Beta = 0.98



ADLER's residential tenants are located in Germany, where a strong preference for highly energy efficient buildings is present. Failure to meet this demand could result in lost growth opportunities, tenant loss and poor portfolio performance for ADLER. Furthermore, ADLER needsemployees that canskillfullypick properties, manage building-related risks and provideexcellent tenant servicing. Uncompetitive compensation packages or workplace discrimination could result in skill deficit and additional recruitment and training costs. Moreover, safety features represent a key considerationfor existing andprospective tenants, and is of paramount importance for ADLER, which derived around 51% of its FY2020 revenue from rental services.Incidents could lead to liability claims and tenant loss, damaging ADLER's reputation, which could prevent the companyfrom attracting new occupants.

The company's overall exposure is low and is similar to subindustry average. Product Governance, ESG Integration -Financials and Human Capital are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

### ESG Risk Management

**61.9**

Not available

**Strong**

Momentum



ADLER's overall ESG-related disclosure is not in accordance with GRI reporting standards, lagging behind best practice. The company's ESG-related issues are overseen by the Sustainability Board, suggesting that these are integrated in core business strategy.

The company's overall management of material ESG issues is strong.

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## Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

Issue Name	ESG Risk Exposure Score   Category	ESG Risk Management Score   Category	ESG Risk Rating Score   Category	Contribution to ESG Risk Rating
Corporate Governance	9.0 High	58.5 Strong	3.7 Low	34.8%
Human Capital	5.0 Medium	48.3 Average	2.7 Low	25.3%
Product Governance	4.0 Medium	51.3 Strong	1.9 Negligible	18.2%
Business Ethics	4.0 Medium	71.9 Strong	1.3 Negligible	11.8%
ESG Integration -Financials	5.4 Medium	80.3 Strong	1.1 Negligible	9.9%
<b>Overall</b>	<b>27.4 Low</b>	<b>61.9 Strong</b>	<b>10.7 Low</b>	<b>100.0%</b>

## Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

### Category (Events)

**5 Severe (0)**

**4 High (0)**

**3 Significant (0)**

**2 Moderate (0)**

**1 Low (0)**

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## Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

## Category (Events)

**None (13)**

Accounting and Taxation

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Carbon Impact of Products

Environmental Impact of Products

Labour Relations

Lobbying and Public Policy

Marketing Practices

Quality and Safety

Sanctions

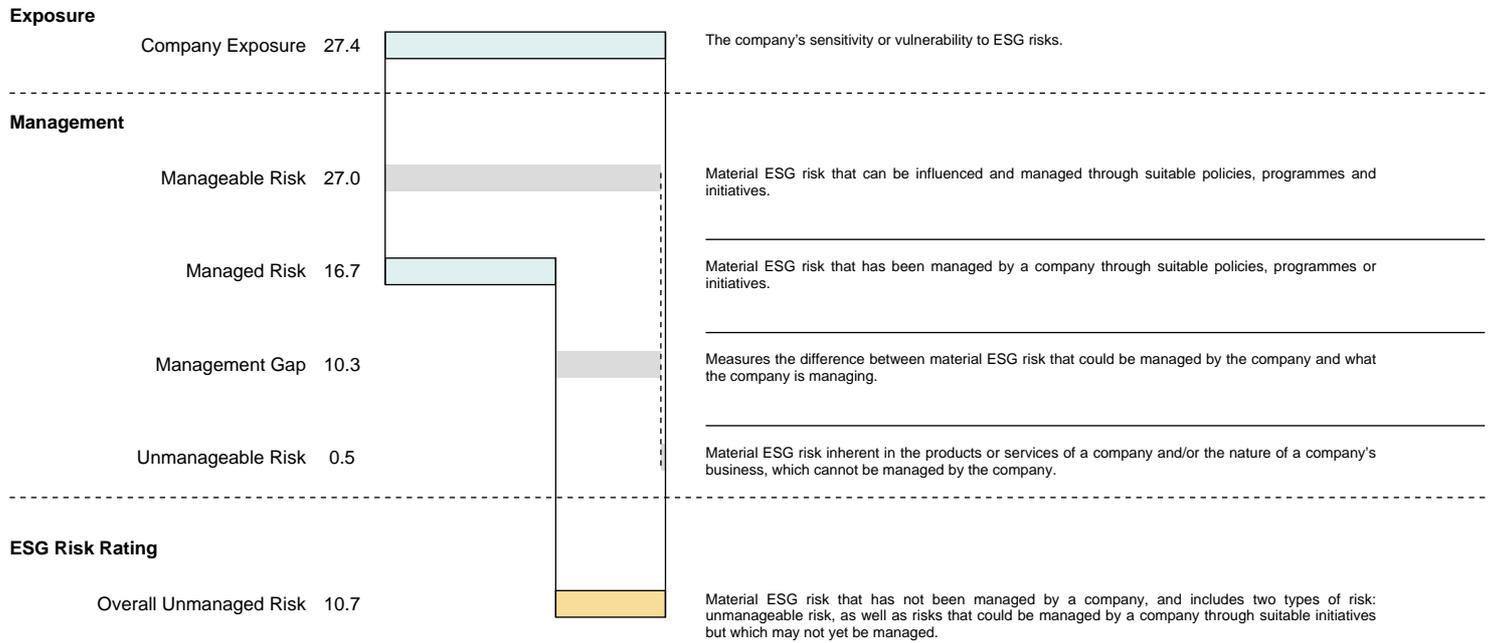
Social Impact of Products

Society - Human Rights

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## Risk Decomposition



## Momentum Details

Not available due to a lack of comparable historical information.

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## GLOSSARY OF TERMS

### Beta (Beta, $\beta$ )

A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

### Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

### ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

### ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

### Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

### Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

### Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

### Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

### Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

### Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

### Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

### Management

A company's handling of ESG risks.

### Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

### Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

### Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

### Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

### Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

### Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

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