

Doric Group Sustainability Report 2021



**INVESTING
RESPONSIBLY**

FOREWORD



The year 2021, along with the COVID-19 pandemic, has continued to drive the issue of sustainability. In recent years, the EU has introduced several sustainability regulations applying to specific financial instruments. In March 2021, the EU Disclosure Regulation EU 2019/2088 was adopted. This is a much more comprehensive regulation intended to increase transparency with regards to sustainability in financial markets. The EU Disclosure Regulation categorizes funds as traditional Article 6 funds, Article 8 funds with sustainability criteria, and Article 9 funds with ESG impact.

As the Doric Group has been pursuing a consistent sustainability approach in its open-ended real estate funds for many years, all funds were categorized as Article 8 funds. In addition, we are working on the launch of an Article 9 fund in the area of renewable energy and a Green Bond.

Moreover, we implement the Taxonomy Regulation, which has applied in stages since 2022. It contains specific criteria governing when an activity can be considered ecologically sustainable according to the environmental goals of climate change and climate protection, among others.

We have signed the Principles for Responsible Investment (PRI) and UN Global Compact initiatives and have also obtained an ESG rating from the Scope rating agency for Sustainable Europe, an open-ended mutual fund.

We have identified various means of reducing CO₂ for our open-ended real estate funds which will be implemented shortly.

These are just a few examples of the sustainability topics that kept us busy in 2021. A detailed report can be found on the following pages.

Our ESG managers are continuously working on optimizing the sustainability of the Doric Group and its products.

In this context, transparency for investors is imperative so that investment products are as comparable as possible.

Sustainability is and will remain the way forward for capital markets in the coming years. Sustainable investment opportunities are booming and offer huge growth potential. At the same time, it is essential to avoid greenwashing, a professed sustainable approach which is not actually implemented or lived.

Dr. Peter E. Hein

A stylized, handwritten signature in blue ink, consisting of a large, sweeping 'P' followed by a horizontal line and a small 'E'.

Managing Director and Shareholder of Doric GmbH

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OUR ASPIRATION

DEFINITION OF SUSTAINABILITY

For the Doric Group, sustainability encompasses the areas of environment, social and corporate governance. We are aware of our economic, ecological and social responsibility and are guided by the United Nations Sustainable Development Goals (SDGs) and the Principles for Responsible Investment (PRI).

ESG STRATEGY

ESG stands for Environment (E), Social (S) and Corporate Governance (G). Through stakeholder surveys in connection with the SDGs and UN PRI, we have created a strategy that includes measures in the areas of environment, social and corporate governance at both the product and company level. These measures are reviewed and expanded upon regularly, and implemented accordingly. An internal ESG team composed of six ESG managers led by Michael Denk and Tanja Kisselbach, reviews the continuous optimization of our sustainability, the evaluation of ESG-relevant data and the implementation of appropriate measures.

TARGETS

The Doric Group's sustainability goals are defined in our ESG strategy and are continuously reviewed and evaluated.



Klaus Kämpf, Managing Director of Sustainable Real Estate AG and sustainability advisor:

"It goes without saying that buildings should be as energy-efficient as possible. But sustainability is much more than energy efficiency. After all, buildings are living spaces."

HIGHLIGHTS 2021

COMPANY LEVEL

ENVIRONMENT

- Conversion to green electricity
- Checking certification of the group of companies for CO₂ neutrality
- Optimized waste separation
- Expansion of renewable energy business area
- Reduction of business trips

SOCIAL

- Donation to the Offenbach street clinic
- Introduction of special leave for charitable purposes
- Start of bicycle initiative
- Employee satisfaction survey
- Participation in Christmas parcel convoy 2021
- Donation for flood victims and assistance on location in Ahrweiler
- Participation in the MainLichtBlick e. V. cable box project
- Internal company events to optimize communication such as management briefings, Doric lunches for networking across departments
- Recruitment of new employees through Employee Recruitment Programme
- Continuation of corporate benefits programme for employees
- Redesign of employee common room

CORPORATE GOVERNANCE

- Activation of ESG managers for E, S and G as well as for real estate, renewable energy and transport including external communication
- Publication of an ESG policy
- Publication of ESG information for job applicants
- Creation of an inhouse ESG library for key sustainability documents
- Creation of a social media policy
- Publication of regular inhouse ESG updates
- Continuation of the working-from-home programme
- Regular employee appraisals
- Full BVI membership with active membership of committees by Doric employees
- Annual compliance training

PRODUCT LEVEL

ENVIRONMENT

- Launch of a new open-ended special fund for social infrastructure (Quadoro Social Infrastructure - QSI)
- Conversion of open-ended real estate funds to sustainable funds in accordance with Article 8 of the Disclosure Regulations
- Construction of beehives and insect hotels on fund properties
- Preparation of Article 9 funds in the field of renewable energy
- Identification of ways to reduce CO₂ for open-ended real estate funds
- Testing of a programme to compare consumption in properties
- Greater consideration of and budgeting for sustainability measures when purchasing properties
- Digital evaluation of CO₂ emissions for all sustainable fund properties
- Preparation of a catalogue of measures to optimise fund sustainability together with an external sustainability consultant
- Monitoring of CO₂ consumption and optimisation of cooling, heating and ventilation in fund properties
- Acquisition of sustainable properties in Denmark, Finland, Germany, Ireland, and the Netherlands
- Initiation of new cooperations and development of business models for the launch of further products in the field of renewable energy

SOCIAL

- Established practices for interaction with investors
- Acquisition of first property for social infrastructure fund

CORPORATE GOVERNANCE

- Scope ESG rating of the open-ended mutual fund Sustainable Europe
- Nomination for Scope "Top Asset Manager" award in the category Sustainability
- Close cooperation with an external sustainability advisor
- Regular sustainability analyses of the open-ended funds
- Exclusion of tenants from certain sectors to avoid reputational risks

CORPORATE GOVERNANCE

DORIC GROUP

A specialist in real estate, renewable energy and transport, the Doric Group offers a broad spectrum of services. These range from portfolio management and property management to tailored investments and fund solutions. Our active asset management allows for the constant optimisation of investments thus contributing to their success. We also advise operators, investors and lenders.

The Doric Group has offices in Asia, Europe and North America. Our staff includes engineers, technicians, financing specialists as well as legal and tax experts. Our teams have extensive experience and expertise in cross-border transactions.



THE DORIC GROUP CORPORATE PHILOSOPHY

Our objective is to provide investment opportunities for our clients. Being abreast of the market and market positioning are key factors in achieving these goals.

We manage the entire lifecycle of an investment, from the initial investment decision and its implementation to its ongoing management and sale.

Sustainable investments form the focal point of our business.

We ensure the success of our clients' investments – and therefore our own success – by closely collaborating within our company and with third parties.

OUR APPROACH

- We get right down to business
- We concentrate on our strengths
- We contribute to our partners' success
- We innovate solutions
- We take responsibility
- We create transparent procedures
- We take client concerns seriously

OUR VALUES

The Doric Group acts strictly in accordance with the guidelines of the investment fund industry.

Furthermore, we consider the following values to be of paramount importance:

- Honesty
- Competence
- Compassion
- Sustainability
- Prudence
- Independence
- Responsibility
- Trust

THE DORIC GROUP INVESTMENT PHILOSOPHY

The Doric Group's strategy for success is to provide sustainable investments which offer investors predictable cash flows and capital protection. We offer a comprehensive range of investment structures with our focus being on open and closed-ended alternative investment funds which invest in real assets from the real estate, renewable energy and transport sectors. We also develop individual, customised investment solutions for our clients as needed.

Our investment philosophy focuses on active asset and portfolio management with complete transparency. Our engineers and technicians work hand-in-hand with business economists and financial mathematicians.

CORPORATE GOVERNANCE

STRATEGIC AND ORGANISATIONAL INTEGRATION OF SUSTAINABILITY

The Doric Group's sustainability strategy is firmly anchored in its business strategy.

In organisational terms, the Doric Group has a team of six ESG managers covering the areas of environment, social affairs, corporate governance, real estate, renewable energy and transport. These managers successively examine, develop and promote sustainability within the Doric Group.

STAKEHOLDER DIALOGUE AND MATERIALITY ANALYSIS

Doric Group's key stakeholders include investors, business partners and employees. Through regular dialogue via various channels, Doric Group analyses the impact of its business and the issues and concerns of its various stakeholders. Active participation in conferences, involvement in initiatives and associations, personal dialogue, and our regular employee surveys all contribute to the Group's overall strategy.

COMMUNICATION

We regularly publish articles on the topic of sustainability and routinely train all company employees on new developments in this area. Furthermore, we are a member of the Professional Association for Sustainable Investments. Part of our sustainability communication involves actively contributing to sustainability conferences.

RULES AND STANDARDS

We are aware of our economic, ecological and social responsibility and are guided by the United Nations Sustainable Development Goals (SDGs) and the Principles for Responsible Investment (PRI). In the case of our open-ended real estate funds we also apply our own sustainability analysis in cooperation with the Swiss firm Sustainable Real Estate AG.

COMPLIANCE

Compliance plays a key role in ensuring that the Doric Group acts in accordance with applicable legal regulations. The Compliance department develops group-wide standards and guidelines and supports their implementation by providing training and advice. In addition, the Compliance department conducts annual mandatory training sessions for all employees to inform them about the latest regulations and news.

Doric is committed to acting responsibly and exceeding legal requirements. This is reflected in the Group's business activities and actions in the markets as well as in its relationships with clients, business partners and employees with their social and ethical components. Responsible corporate governance also takes ecological aspects into account in order to protect the environment.



Within the framework of responsible corporate governance or Corporate Social Responsibility (CSR), Doric has set itself the following goals, which are monitored and regularly updated:

- Compliance with high labour and environmental standards
- A working environment free from discrimination
- Fair dealings with business partners
- Highest possible client satisfaction
- Promotion of local initiatives

Sustainable development must take place in all areas – social, economic, ecological. In this context, economic success is the necessary prerequisite for being able to make an appropriate contribution to society

OUR PRODUCTS

OUR SUSTAINABLE OPEN-ENDED REAL ESTATE FUNDS

Our funds pursue a consistent sustainability strategy. Sustainability is an integral part of both the investment strategy and asset management.

For real estate investors, the fund's sustainability strategy results in long-term risk management. The macro-location analysis helps to identify locations with attractive characteristics and good future prospects. In the context of investment decisions, the micro-location and building analysis helps to identify suitable properties. Sustainability-oriented management helps ensure the quality and attractiveness of the properties in the long term and thus preserve their value.

Our open-end real estate funds feature ecological attributes as defined in Article 8 (1) of the Disclosure Regulation. The funds take into account the criteria for sustainable financial products as defined by MiFID II.

The funds' sustainability strategy comprises the following core components:

Climate protection: Continuous reduction of our portfolios' energy consumption and CO₂ output

- Improving energy efficiency
- Increasing the share of renewable energy
- Exclusion of tenant activities related to fossil fuels

Ecological sustainability

- Operational energy, grey energy
- Water

Economic sustainability

- Location quality
- Flexibility with regard to future requirements

Ethical aspects/social sustainability

- Usage quality
- Exclusion of tenants from controversial sectors

QUADORO SUSTAINABLE REAL ESTATE EUROPE PRIVATE (SUSTAINABLE EUROPE)

This open-ended mutual property fund scores high for its sustainable investment strategy. The objective is to achieve stable distributions from ongoing rental income combined with low fluctuations in value. The sustainability strategy and active asset management aim at high quality of the location and the property itself. The fund invests in promising, sustainable conurbations in the European Economic Area. In addition to the traditional investment locations, the focus is also on attractive secondary conurbations. All properties must meet strict sustainability criteria.

QUADORO SUSTAINABLE REAL ESTATE EUROPE (QSREE)

QSREE is an open-ended real estate special fund for semi-professional and professional investors. The fund invests in sustainable buildings in prosperous and promising European metropolitan regions. The focus is on office and retail properties.

QUADORO SOCIAL INFRASTRUCTURE (QSI)

This is an open-ended special real estate fund for semi-professional and professional investors. The fund invests in social infrastructure properties, primarily in Germany. The buildings are used for healthcare, social housing, government and education facilities. All properties must meet strict sustainability criteria.

OUR PRODUCTS

IMPLEMENTATION OF THE SUSTAINABILITY STRATEGY

Implementation of the sustainability strategy takes place over the entire investment cycle of the properties.

Acquisitions	New Construction Projects and Refurbishments	Asset Management
<ul style="list-style-type: none"> Macro-location rating Sustainability analysis of (micro-)location and building Definition of improvements (especially for CO₂ reduction) Exclusion criteria when selecting tenants 	<ul style="list-style-type: none"> Planning of new construction projects and refurbishments Monitoring implementation Exclusion criteria when selecting tenants 	<ul style="list-style-type: none"> Annual evaluation of the buildings Implementation of improvements (especially for CO₂ reduction) Exclusion criteria when selecting tenants
Transparency via Reporting and Websites		

The measures implemented and the key performance indicators are described in each annual report.

ANALYSIS OF LOCATION AND BUILDING

The first step of the investment process involves a macro-location rating which takes into account both country and conurbation. The aim is to select macro-locations with good prospects.

Country Level	Regional/Metropolitan Level
18 criteria including <ul style="list-style-type: none"> Government debt Competitiveness Legal certainty Market transparency 	52 criteria including <ul style="list-style-type: none"> Economy Infrastructure Demographics Quality of life
30% of location rating	70% of location rating

The second step is the analysis of the micro-location and the building itself. The micro-location analysis determines accessibility by environmentally friendly means of transport as well as the attractiveness of a building's surroundings. The building analysis assesses the building quality from the perspective of the environment (including energy), tenants (e.g. lighting conditions and indoor air quality), and owners (flexibility of space layout, conversion potential, etc.). The analysis also takes into account individual case-specific features such as special technical equipment requirements. Suggested improvements to the building can also be derived from the sustainability analysis.

Micro-Location	Property
8 criteria including <ul style="list-style-type: none"> Mobility Surroundings 	21 criteria including <ul style="list-style-type: none"> Energy and environment Comfort and well-being Quality for users/flexibility of use
40% of micro-location/property rating	60% of micro-location/property rating

EXCLUSION CRITERIA

Sustainable Europe excludes use of properties for the extraction, transport or processing of fossil fuels.

IMPLEMENTATION

Purchase

- No purchase if the property is used for extraction, transport or processing of fossil energy sources
- Acquisition of buildings with these uses only possible if the activities in question cease within one year

Conclusion or extension of leases

- No new leases or lease renewals with tenants using the property for fossil fuel extraction, transport or processing.
- In addition, tenants from controversial industries are excluded. This applies to the gambling, nuclear energy, pornography and armaments sectors.

Tenants are excluded if at least one of the following criteria is met:

- The tenant generates $\geq 5\%$ of its turnover from the named activities
- The tenant is on the SIPRI (Stockholm International Peace Research Institute) list of the top 100 arms companies
- The tenant is on the SVVK (Swiss Association for Responsible Investment) exclusion list as a manufacturer of controversial weapons

IMPLEMENTATION

Purchase

- No purchase if excluded tenants account for more than 10% of the building's rental income
- Acquisition of buildings with excluded tenants only possible if such tenants vacate the space within one year

Conclusion or renewal of leases

- No new leases or lease renewals with excluded tenants

OUR EMPLOYEES

The Doric Group is only as good as its staff. Our employees are characterised by competence, pragmatism and a sense of responsibility. We encourage eagerness to perform well and nurture team spirit. Doric offers attractive working conditions with entrepreneurial responsibility – from our trainees to our specialists and managers.

With our approach to corporate responsibility, we support our employees in their work-life balance, and actively involve them in the company thus helping them realise their professional and personal potential.

TRAINING AND EDUCATION

Training and education constitute part of the Doric Group's basic principles. We regularly train people as investment fund specialists in cooperation with the Chamber of Industry and Commerce. In addition, we offer work-study programmes in business administration and international management in cooperation with the Rhine-Main University of Cooperative Education. For employees of the Doric Group, there are also regular internal training opportunities as well as individualised external courses for each specialist area.

EQUALITY & DIVERSITY

Equality and diversity are a given at the Doric Group. We currently employ 100 people from 20 nations; 30% of upper and middle management positions are held by women.

OCCUPATIONAL SAFETY AND HEALTH MANAGEMENT

Regular occupational safety measures, first-aid courses and preventive healthcare measures are provided for all employees. Bottled water is available free of charge.

WORK-LIFE BALANCE

We have put in place a framework making it possible for employees to optimally combine professional advancement with the demands and needs of a private life. This applies in particular to staff members with children or relatives in need of care and includes flexible working hours and working-from-home solutions.

EXERCISE AND SPORT

To make it easier for employees to incorporate regular exercise into their daily routine, the Doric Group offers an in-house fitness classes. Through our corporate benefits programme, discounts are available at local gyms. In addition, table football tournaments are held regularly in our Offenbach offices.

REMUNERATION

Employee remuneration is based solely on role and performance and generally comprises fixed and variable components. Regular market comparisons ensure that salaries are attractive and in line with the market.

EMPLOYEE SATISFACTION

We put great stock in employee satisfaction and conduct regular employee surveys in this regard. The results of these are implemented as far as feasible.



ENVIRONMENTAL PROTECTION

As an Asset Manager the Doric Group has a relatively minor impact on biodiversity and the consumption of natural resources through its direct business activities. Nevertheless, in line with our business strategy, we endeavour to fulfil our corporate responsibility towards the environment by avoiding negative environmental impacts, acquiring resources from renewable and sustainably managed sources and using them efficiently.

CLIMATE PROTECTION

We are committed to continuously reducing energy consumption at our offices and at the assets we manage. Through regular discussions with landlords at the corporate level as well as asset management reviews at the product level, we work to identify and implement measures that reduce energy consumption.

Next to energy consumption business travel represents the most significant direct environmental impact of non-manufacturing companies. The Doric Group therefore uses public transport for most business trips. Should using public transport not be feasible, staff car pool. Air travel is only undertaken where absolutely necessary. Due to the COVID-19 pandemic, there was considerably less business travel in 2021 than in the years prior to 2020.

We are gradually swapping over our company cars to electric or hybrid vehicles. We have already taken advantage of subsidies from the Federal Ministry for Economic Affairs and Energy in this regard.

At the product level, we are driving forward our sustainable asset management and have begun digitising our portfolio so we can more accurately quantify our ecological footprint.

RESOURCE CONSUMPTION AND WASTE

Doric Group employees are encouraged to consume as little resources as possible and dispose of waste in designated separation systems. Disposing of waste in an environmentally friendly manner is key. This stance is also communicated to external service providers.

We endeavour to keep paper consumption to a minimum by filing documents electronically wherever possible.

Information on the Doric Group is also provided electronically.

PROCUREMENT

Wherever possible, the Doric Group orders from external service providers which deliver CO₂-neutral products.



SOCIAL RESPONSIBILITY

SOCIAL ENGAGEMENT

The Doric Group's business activities contribute directly to the community. From financing real estate and renewable energy plants to aircraft: all investments are directly linked to people's need for employment, housing and sustainable energy production.

In cooperation with local organisations, we organise volunteer activities such as watering the city park during dry periods or supporting the Christmas parcel convoy for needy children in Eastern Europe. In addition, projects to plant nearby forests were planned, but unfortunately had to be cancelled due to current regulations.

The ESG team also allocates donations to charitable causes every year.

EDUCATION AND SCIENCE

The Doric Group regularly offers internships for pupils and students. In cooperation with the Offenbach Chamber of Industry and Commerce, we offer investment fund vocational training. Since 2020 we have offered a work-study programme in business administration and international management. We thus promote the training of young people through a structured training concept. In addition, we support our trainees as ambassadors who present training opportunities at Doric directly in local schools. This programme is run in cooperation with the Chamber of Industry and Commerce.

SPORT AND NUTRITION

The Doric Group cooperates with the Offenbach Association for Backcare and Health & Fitness (VRG GmbH) to make it easier for employees to incorporate regular exercise into their daily routine. We offer an exercise programme which takes place on our premises or outdoors in Offenbach. We provide the necessary equipment for all participants in these classes. In addition, we offer our staff lectures on health and nutrition. The topic of the most recent lecture in the series was stress management.

We involve our trainees in the health aspects of working at the Doric Group by having them organise a healthy breakfast for staff to enjoy during interdepartmental networking meetings.

The corporate benefits programme provides membership discounts at local gyms rounding out our health and fitness offering for employees.

The Doric Group also sponsors staff participation in other sporting events to promote corporate identity.



OUR GOALS

One of the Doric Group's major goals is to optimise sustainability across the board. For the year 2022, our ESG Committee has developed a catalogue of measures to proceed with at the company and product level.

GOALS AT THE CORPORATE LEVEL

ENVIRONMENT

- Examination of the introduction of an environmental management system
- Implementation of measures to reduce our CO₂ footprint, e.g. installation of wallboxes for electric and hybrid vehicles, bicycle initiative, etc.
- Tracking our consumption of energy, waste, water and paper in coordination with the landlord
- Participation in local environmental campaigns such as tree planting
- Long-term reduction of business trips
- Further conversion to green electricity

SOCIAL

- Employee survey to identify possible optimization at the company level
- Implementation of feasible measures from this survey
- Expansion of further education programme
- In-house sports activities following relaxation of COVID-19 restrictions
- Team-building measures following relaxation of COVID-19 restrictions
- Support of local social projects
- Exclusion of business partners associated with child or forced labour

CORPORATE GOVERNANCE

- Revision of the Doric Group ESG policy
- Signing of PRI for sustainability certification

GOALS AT THE PRODUCT LEVEL

ENVIRONMENT

- Launch of Green Bond
- Implementation of CO₂ reductions for open-ended real estate funds
- Launch of a sustainable fund in the field of renewable energy
- Implementation of requirements under EU disclosure and taxonomy regulations
- Digital evaluation of consumption at all open-ended fund buildings to calculate CO₂ emissions and identify energy saving potential
- Continued acquisition of sustainable properties
- Increased business activities in the field of renewable energy

SOCIAL

- Active asset management with direct tenant contact to optimise sustainability

CORPORATE GOVERNANCE

- Continued cooperation with the external sustainability consultant Sustainable Real Estate AG
- Optimization of real assets under management in the transportation sector with regard to sustainability
- Adaption of asset management agreements and investment policy for aircraft/airlines with ESG elements



Success through Experience

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