



Sustainability at DBAG

Sustainable actions are more important than ever.

For us, that means striving for a long-term increase in DBAG's value, while taking ecological, social and corporate governance criteria into account (ESG criteria). As we remain committed to improving DBAG's sustainability performance, we started compensating all greenhouse gas emissions from DBAG's operations attributable to our registered office in Frankfurt/Main during the year under review and extended the scope of sustainability reporting to include our portfolio companies.



Sustainability at DBAG and its portfolio companies

The fields of action DBAG defined to improve its sustainability performance remained valid during the 2022/2023 financial year: greenhouse gas emissions, employee satisfaction and compliance. For our portfolio companies, add occupational health and safety as well as gender parity.

The non-financial key performance indicators defined for these fields of action at DBAG are similar to those applied to portfolio companies, but they are not the same. Instead they are defined in a way that caters to the specific characteristics of DBAG – a private equity company – and the portfolio company in question, each with their own business model. In any case, they are determined in line with generally applicable standards and commonly used definitions for sustainability reporting to the capital markets.

With ESG-based key performance indicators having been integrated into budget planning at our portfolio companies for this past business year for the first time, we are also able to report on their sustainability performance as outlined below.

To prepare for future compliance with the reporting requirements set by the EU's CSRD, DBAG has set up a comprehensive project with an external partner.

Our first report as a signatory to the UN Principles for Responsible Investment was published in September 2023. DBAG had signed the PRI as early as December 2021, but the registration process – and subsequently the first report – were delayed by the COVID-19 pandemic and other factors.

In the 2022/2023 financial year, we also continued to engage with political decision-makers as part of our sustainability approach by actively participating in working groups and joint initiatives; for example, the head of DBAG's legal department is represented on a committee of the German Private Equity and Venture Capital Association.

Sustainability goals for DBAG

In the following section we explain the progress DBAG has made in each of the fields of action and non-financial key performance indicators.

Greenhouse gas emissions

2022/2023 was another financial year that saw news of record-busting heat, periods of drought and heavy rainfall underscoring the importance of reducing greenhouse gas emissions.

By consistently cutting carbon emissions from operations per employee (FTE), we intend to do our part. We determine the scope 1, scope 2 and scope 3 emissions from DBAG's operations at its registered office in Frankfurt/Main on an annual basis and in line with the internationally recognised Greenhouse Gas Protocol (GHG).

When looking at scope 3, our key performance indicator currently takes into account emissions from our employees' business travel and commuting; these are emissions we can actually influence. Further emissions from operations are those stemming from advisory services we purchase. Most advisers however do not (yet) provide evidence of their carbon footprint, which prevents us from aligning our purchasing decisions with our ambition to reduce emissions.

It is our ambition to reduce greenhouse gas emissions in line with the Paris Agreement goals by 2030. In pursuit of this ambition, we have agreed a clearly-defined path of science-based targets, drawing on guidance by the Science Based Targets initiative (SBTi). We want to cut our greenhouse gas emissions by 2030 to a level that would be compliant with the 1.5 degrees benchmark. Consultants account for the majority of our external carbon emissions. It can be expected that more and more consultants will produce evidence of their emissions over the coming years, which would allow us to better manage the emissions associated with external consulting services by having a consultant's carbon footprint play a role in our selection process.

We take guidance from the SBTi when it comes to reducing greenhouse gas emissions



Local reforestation project
In November 2022, the DBAG team planted around 500 trees, bushes and shrubs in the Taunus region.



As the climate crisis accelerates, we want to take action even faster

As we look to reduce carbon emissions per employee, currently defined by business travel and commuting, we encourage our staff to use the train as an alternative to short-haul flights and use video conferencing wherever possible and sensible to avoid travel. What is more, we ceased to offer company cars in the 2022/2023 financial year. The current fleet will not be replaced once lease contracts expire. Instead, we have been offering employees a transit card since 1 January 2023, making it easier for them to increase use of public transport and reduce private car trips.

Carbon emissions per employee rose to 2.9 tonnes during the reporting year, mainly as a result of the increase in transaction activity warranting more business trips.

As the climate crisis accelerates, we want to do more than gradually reduce emissions from our operations and decided in the year under review to fully compensate the greenhouse gas emissions remaining in any given financial year. Emissions from the 2021/2022 financial year were compensated through a project chosen by our employees and managed by FirstClimate AG, a carbon offset provider committed to the highest quality and sustainability standards.

The Rainforest Community Project was launched to prevent forest devastation. It brings together hundreds of local families and forest owners to harvest Brazil nuts in the Peruvian Amazon rainforest using sustainable techniques. The project has been awarded gold level status by the Climate, Community & Biodiversity Alliance (CCBA) in recognition of its outstanding positive impact on both the environment and the local population.



At the beginning of the 2022/2023 financial year we supported a local reforestation campaign launched for the Hesse state forest. The funds we provided – and the commitment of our staff – enabled the reforestation of 4.5 hectares with a robust mixed forest of 6,000 trees comprising species that will thrive even in a changing climate.

We also decided to support a carbon reduction project in Italy. DBAG Italia helped fund a regenerative agroforestry project in Lombardy in 2023, which saw 200 trees of different species being planted. Once grown, these trees will store 900 kilogrammes of carbon every year. Agroforestry means deliberately cultivating woody perennials and agricultural crops on the same piece of land to create a particularly productive ecosystem. In its 2021 report, the Intergovernmental Panel on Climate Change named agroforestry one of the best ways to combat climate change in the agricultural sector. A single hectare of agroforestry can store 20 to 30 tonnes of carbon equivalents each year – ten to 20 times more than if it were cultivated with traditional or even ecological agricultural practices.

Employee satisfaction

DBAG's material business processes are almost exclusively based on our employees' expertise, their experience and dedication. With our business requiring a high level of commitment and identification with the job, we look to continuously improve employee satisfaction. We ask our employees on various occasions during the year for up-to-date metrics and feedback on how to improve our business processes. For these surveys we use TeamEcho.

In the reporting year, the arithmetic mean of all the survey values was 65 per cent, coming in above the 62 per cent of the 2021/2022 financial year and the 63 per cent target for 2022/2023. With a steady improvement, the intra-year trajectory of the survey values is particularly pleasing. The idea of using staff feedback to develop our business processes and trigger positive change in the Board of Management in the context of the next generation taking the helm seems to have been successful. We want our staff to know that their feedback has a direct impact on their working environment.

Helping employees reconcile family and working life is an integral part of our efforts to keep employee satisfaction high. That is why we introduced paid parental leave in March 2023: we will continue to pay an employee's regular salary for up to 24 weeks in the first twelve months after their child is born or the adoption of a child of up to twelve years of age. Benefits like a transit card will not be discontinued during the leave. Paid parental leave at DBAG is available to the primary caregiver.



DBAG's ESG indicators

Field of action	Non-financial KPI	Definition	Financial year 2021/2022	Target for financial year 2022/2023	Financial year 2022/2023	Target for financial year 2023/2024
Greenhouse gas emissions	Carbon emissions from operations	Scope 1, scope 2 and scope 3 emissions in compliance with the GHG Protocol attributable to DBAG's Frankfurt/Main offices, CO ₂ emissions per FTE (scope 3 currently comprises emissions from business travel and commuting)	2.5 tonnes	2.4 tonnes	2.9 tonnes	2.8 tonnes
Employee satisfaction	Metric as per TeamEcho	Arithmetic mean, based on all TeamEcho surveys for a given financial year (value between 0 and 100 per cent)	62 per cent	63 per cent	65 per cent	66 per cent
Compliance	Penalties due to compliance violations	Total penalties, fines for violation or similar expenses (in euros) as a result of compliance or transparency violations	0 euros	0 euros	0 euros	0 euros

We continue to support Level 20, a British non-profit organisation founded in 2015 to improve gender diversity in the private equity sector whose goal is for women to hold at least 20 per cent of senior positions in private equity. Women in our workforce have experienced at first hand the benefit of the numerous working meetings and mentoring programmes organised by Level 20.

We have also been expanding our own initiatives to improve gender diversity at DBAG, with a particular focus on attracting talented women right at the start of their careers. In the past business year, we established the DBAG Women in Private Equity Campus – a platform dedicated to inspiring women to network with our women, to learn from and support each other. With this platform, we want to encourage women to build a strong community where they will empower and open doors for each other.

We have also launched a programme dedicated to supporting female staff across all career stages, to help them find their way to a senior position. To ensure fair and equal pay in the Investment Advisory Team, salary brackets have been defined for different ranks. Salaries are regularly analysed by corporate functions, with gender pay aspects included in this review.

DBAG's commitment to gender diversity also shows in our active participation in events or discussions. Complementary trainings, both for employees and senior staff, focusing on diversity and inclusion will be intensified going forward and offered on a regular basis.

Five women were on DBAG's Investment Advisory Team as at 30 September 2023. After another female colleague joined on 1 October 2023, 17 per cent of our Investment Advisory Team were women.

Compliance

With zero tolerance for any form of corruption and other unethical business practices, we have set a goal of 0 euros in fines for compliance violations in any given financial year. This goal was again met during the financial year under review.



Sustainability performance of DBAG's portfolio companies

As new investments are made, portfolio companies are sold or continue to be developed in a different constellation, DBAG's portfolio changes from year to year. And so does the comparison basis for DBAG's portfolio companies and their key performance indicators on sustainability.

Each portfolio company is in a different development and implementation phase of its sustainability strategy. A code of conduct is today seen as a cornerstone of good corporate governance, and all of our portfolio companies have established one.

However, sustainability management goes beyond creating a code of conduct, and this is where we can add value with our support – in particular in portfolio companies where DBAG, or DBAG together with its funds, holds a majority stake. 65 per cent of these companies included sustainability indicators in their management system for the 2023 financial year.

The financial years of DBAG and most of its portfolio companies do not align. The following numbers for DBAG's portfolio companies refer to the 2022 calendar year, the previous year's numbers consequently refer to 2021.

At 56 per cent, more than half of these portfolio companies use regular surveys to manage employee satisfaction. Of the highest-earning ten per cent of employees in these portfolio companies, 24 per cent are women.

A look at ecological key performance indicators also shows that awareness for sustainability is strong. 36 per cent of total energy consumption in our portfolio companies was sourced from renewables, and carbon emissions from operations were down by eleven per cent year-on-year. This rate of change refers to those among DBAG's portfolio companies that were part of DBAG's portfolio at the end of the reporting year, and had also been at the end of the previous year and that had calculated their carbon emissions at that time.

Our portfolio companies are already keenly aware about sustainability