



# Sustainability at DBAG

For us, sustainability means achieving a long-term increase in DBAG's value, taking ecological, social and governance criteria into account. We remain committed to improving sustainability at DBAG, and in the year under review enhanced our target system with regard to ESG criteria. These new criteria will be used to support DBAG's management and incorporated into budget planning for our portfolio companies, starting with the 2022/2023 financial year.



### **Sustainability goals for DBAG and its portfolio companies**

Back in 2020/2021 we defined fields of action to improve sustainable development at DBAG and its portfolio companies. These fields of action are greenhouse gas emissions, employee satisfaction and compliance. For our portfolio companies, add occupational health and safety, gender parity as well as metrics that are specific to each company and each company's business model.

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.

We have been requesting data on these fields of action from our portfolio companies since 2020, and during the fourth quarter of 2022 we plan to integrate ESG-based key performance indicators that will cover a multi-year horizon into portfolio companies' budget plans for the 2023 financial year. We look forward to reporting on this in the Annual Report 2022/2023.

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

### **Sustainability goals for DBAG**

#### **Greenhouse gas emissions**

With climate change intensifying rapidly it is time to act and reduce carbon emissions. By consistently cutting 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 on an annual basis in line with the internationally recognised Greenhouse Gas Protocol (GHG).

When looking at scope 3, we currently take into account emissions from business travel and commuting; these are emissions we can 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.

In pursuit of our goal to reduce carbon emissions per employee, 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. There will be no new company cars added to our fleet as from the 2022/2023 financial year and lease contracts of company cars currently in use will not be renewed. Instead we will be offering our employees a transit card starting 1 January 2023, making it easier for them to increase use of public transport and reduce private car trips.

Carbon emissions per employee were 2.5 tonnes in the 2021/2022 financial year, above the 1.7 tonnes of the previous year as our employees travelled significantly more in the year under review than in 2020/2021 when the pandemic was still exerting a limiting effect. We adjusted the figure for 2020/2021 to reflect a new calculation convention that we adopted in the 2021/2022 financial year and that allows us to calculate the emissions of a given financial year faster. In other words, it allows us to report figures that were calculated closer to the reporting date.

Another decision we took during the year under review was to support a local reforestation campaign launched for the Hesse state forest. Funds will be transferred to the campaign at the beginning of the 2022/2023 financial year, enabling the reforestation of 4.5 hectares with a robust mixed forest of around 6,000 trees comprising species that will thrive even in a changing climate. Our support helps create a carbon sink that will store around 45 tonnes of carbon dioxide per year once the trees are around 30 years old.

*We support a reforestation campaign, creating a carbon sink for the future.*

### Employee satisfaction

DBAG's material business processes are almost exclusively based on our employees' skills, their expertise and dedication. With private equity being a business that requires 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, which is software developed by a company of the same name that is a spinoff from our portfolio company Cloudflight. More than 100 companies comprising several thousand employees rely on TeamEcho for employee satisfaction surveys.

In the reporting year, the arithmetic mean of all the survey values was 62 per cent, coming in below the 68 per cent of the 2020/2021 financial year. We believe the decline to be partially due to the stress and strain that people were experiencing in the aftermath of the COVID-19 pandemic, but uncertainty caused by the outbreak of war in Europe and soaring inflation undoubtedly had an impact, too. Further reasons include heavier workloads because it is generally taking longer to fill and re-fill positions due to a general shortage of staff. Last but not least DBAG's business processes are altering in the course of the generation change taking place on the Board of Management. We have received feedback on these process changes that is being taken seriously as we continue to optimise our workflow.

To further improve our corporate culture, we support Level 20, a British non-profit organisation founded in 2015 to improve gender diversity in the private equity sector. Level 20's goal is for women to hold at least 20 per cent of senior positions in private equity.

To this end, Level 20 organises numerous networking meetings and coaching sessions. The organisation now has more than 2,500 members, and more than 80 private equity companies support Level 20 as sponsors.

DBAG's investment advisory team included five women as at 30 September 2022, a share of 14 per cent. This serves to demonstrate that the efforts of the past years are starting to bear fruit. By addressing young women in particular at events in universities and other higher educational institutions, DBAG is trying to dispel prejudices against the financial services sector. Particular attention is paid to career development. Here, the objective is to retain female interns as employees – hopefully, in the years ahead, becoming Managing Directors. After all, DBAG is aiming for a higher percentage of women amongst its decision-makers.

### 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.

*Zero tolerance for any form of corruption and unethical business practices.*

### DBAG's ESG indicators

Field of action	Non-financial KPI	Definition	Financial year 2020/2021	Financial year 2021/2022	Target for financial year 2022/2023
Greenhouse gas emissions	Carbon intensity of operations	Scope 1, scope 2 and scope 3 emissions in compliance with the GHG Protocol, CO2 emissions per FTE (scope 3 currently comprises emissions)	1.7 tonnes <sup>1</sup>	2.5 tonnes	2.4 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)	68 per cent	62 per cent	63 per cent
Compliance	Fines for compliance violations	Total penalties, fines or similar expenses (in euros) as a result of compliance or transparency violations	0 euros	0 euros	0 euros

<sup>1</sup> Figure adjusted to reflect new calculation convention; the pandemic resulted in a distortion to the downside and the number is therefore unsuitable for comparison purposes.