

A person wearing a blue and white cycling jacket is riding a bicycle away from the camera on a dirt path. The path winds through a lush green park with large, leafy trees. The scene is bright and sunny, with dappled light on the grass.

DUBAG
GROUP

ESG 2023

Annual Report

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Environmental, social, and governance issues are not only ethical concerns but also integral components of effective strategic planning, risk management, sustainable growth, and long-term value creation.



“

We are a company that is deeply committed to sustainable and responsible investment practices.

Dr. Michael Schumann, CEO

Message from our CEO

Dear Stakeholders,

I am delighted to present our 2023 ESG report, showcasing the remarkable progress and positive outcomes achieved by DUBAG.

As CEO, I take immense pride in leading a company deeply committed to sustainable and responsible investment practices, which not only generate strong financial returns but also create a meaningful impact on our world.

Throughout the past year, we have continued to make significant strides in our journey towards sustainability, emphasizing positive environmental stewardship, social responsibility, and robust governance across our portfolio. Our accomplishments underscore the compatibility of profitability and positive impact, demonstrating that they can indeed go hand in hand.

About this report

Our ESG Report offers a comprehensive overview of our efforts to embed these considerations into every stage of our investment lifecycle. Within its pages, you will find an introduction to DUBAG, an overview of our investment policy, and its influence on all phases of our investment process. Additionally, you will discover insights into our LEO funds and various case studies showcasing the impact of our strategy on our portfolio companies through real-life examples.

We extend our heartfelt gratitude to all our stakeholders for their unwavering support and collaboration, which have been instrumental in our success. Together, we will persist in learning, refining, and addressing emerging challenges while seizing new opportunities.

By proactively addressing material ESG issues and opportunities, our aim is to generate superior returns while mitigating risks and driving positive change. We are thrilled to demonstrate how our “recreating value” strategy aligns seamlessly with our commitment to making a positive difference in the world.

Our Year in Numbers

Strong ESG performance across our fund and portfolio companies in 2023 highlights our commitment to environmental responsibility, social impact, and sound governance.

SPICA

Gold

EcoVadis
sustainability rating

-57%

Water consumption¹

+15%

Recycled PVC used
in production¹

Emitec

25.2%

Max utilization of in-house
produced electricity

6%

Electricity recover from
the testing brakes

95%

Total recycling rate

Epsotech

-38%

Reduction of Total Scope 2
GHG Emissions¹

-64%

Work-related injuries¹

51%

Waste water used

Emitec is a frontrunner in sustainable manufacturing practices and serves as a leading example in sustainable manufacturing practices. Its dedication to decarbonization through renewable energy sources and waste reduction initiatives paves the way for a more environmentally responsible future in the manufacturing industry.

¹) Compared to 2022

DUBAG at a glance

The DUBAG Group is a specialised Munich based investment advisory team with a proven track record.

We specialize in private equity funds that acquire and actively develop companies facing special situations. We leverage our financial resources, industry expertise, and long-term vision to empower our portfolio companies.

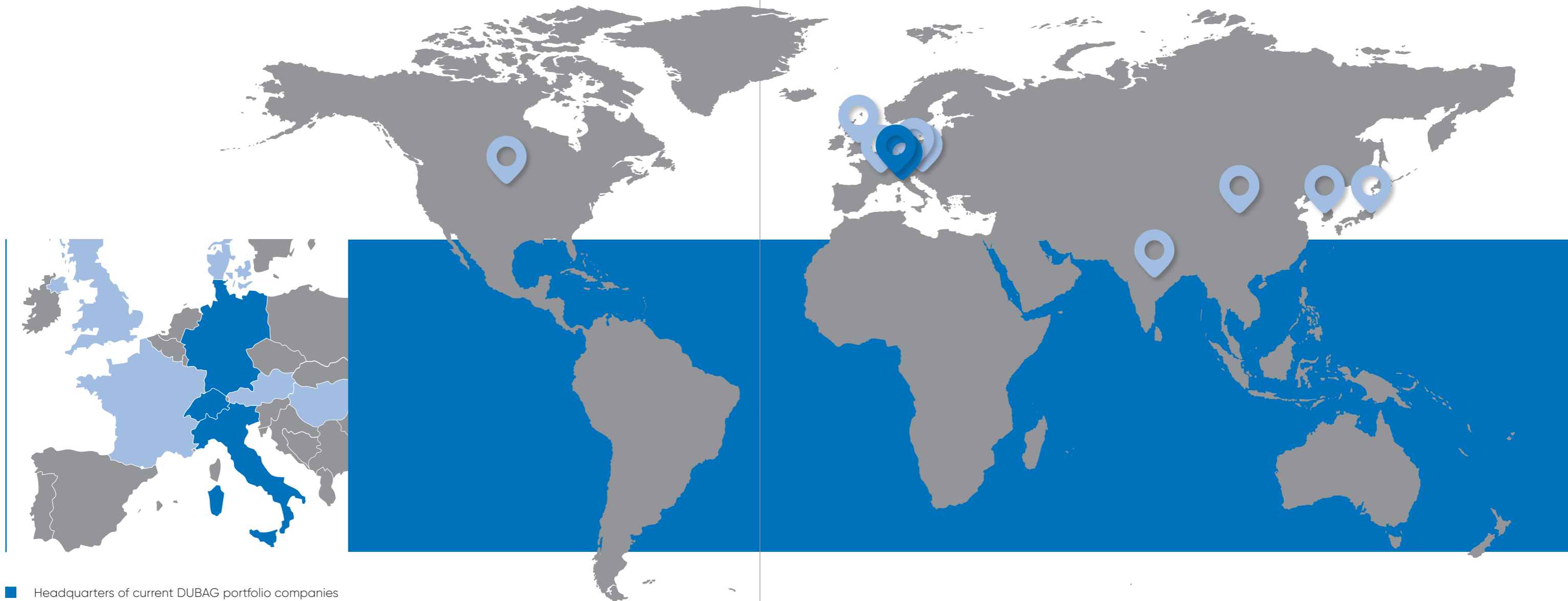
We focus on the DACH region and Italy, one of the most developed areas in the world with strong commitments to sustainability and innovation. We invest in scalable

businesses from 20m€ to 400m€ in revenues operating in innovative sectors as well as mature businesses which propose for value-creation possibilities. Our expertise is concentrated on carve-outs of non-core activities from groups, tail ends of financial investors, succession issues in the SME sector and companies in financial distress / turnarounds.

Currently, DUBAG manages a diverse portfolio of seven companies across ten countries, generating a combined turnover exceeding EUR 670 million. We work closely with our portfolio companies, providing strategic guidance and operational support to drive continuous improvement and achieve sustainable growth.

DUBAG's global portfolio presence spans headquarters in three European countries and strategically located

subsidiaries in eleven countries, granting us a deep understanding of the nuances of international markets. This, combined with our profound knowledge of global opportunities and challenges, empowers us to efficiently manage and develop businesses in any region. We prioritize the stability and return on investment for our fund and portfolio teams, ensuring sustainable success for all stakeholders.



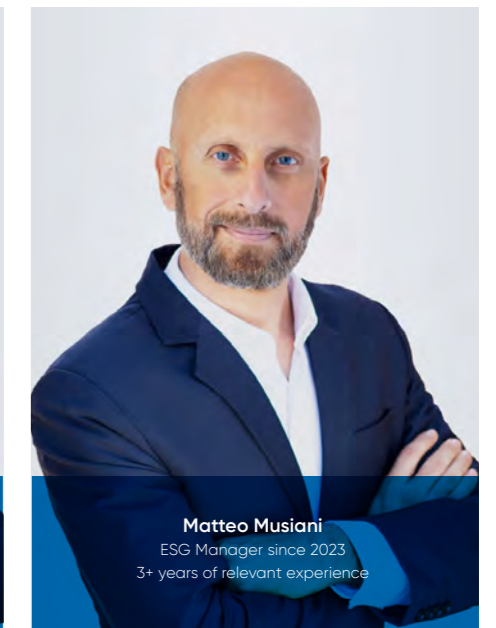
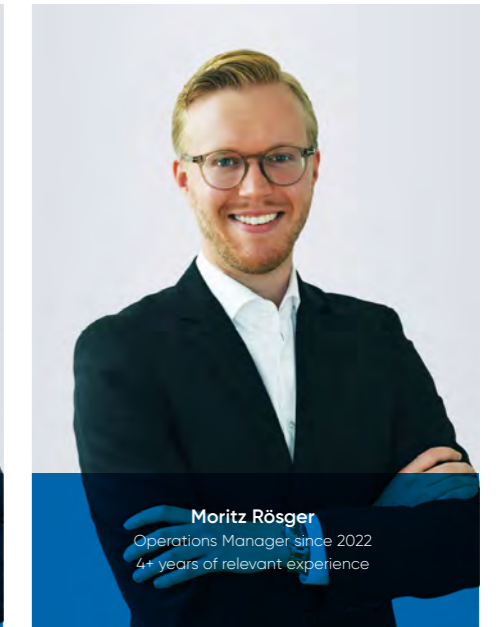
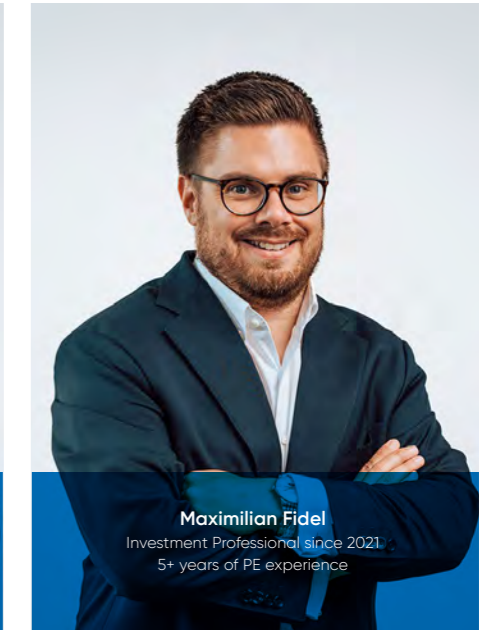
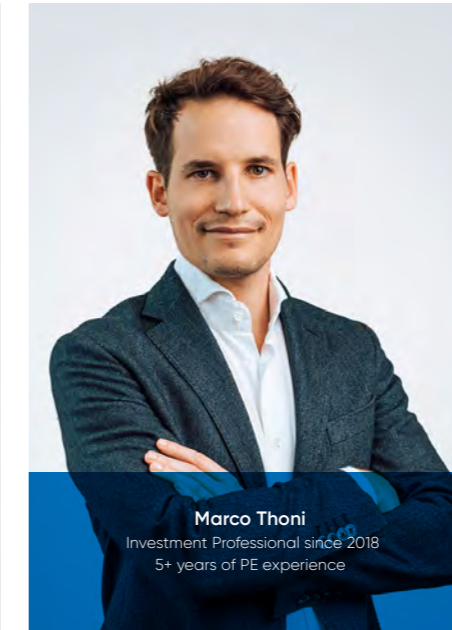
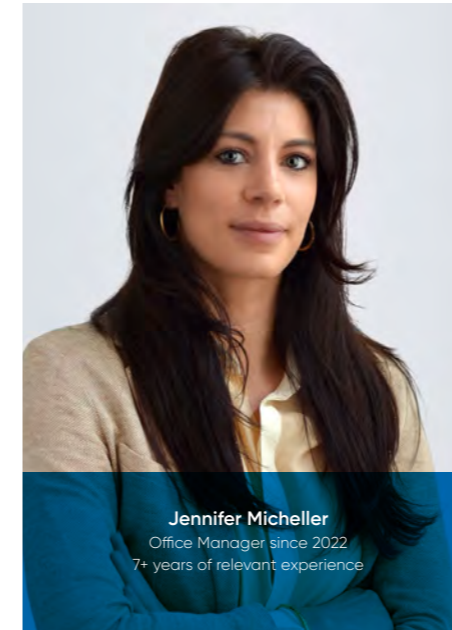
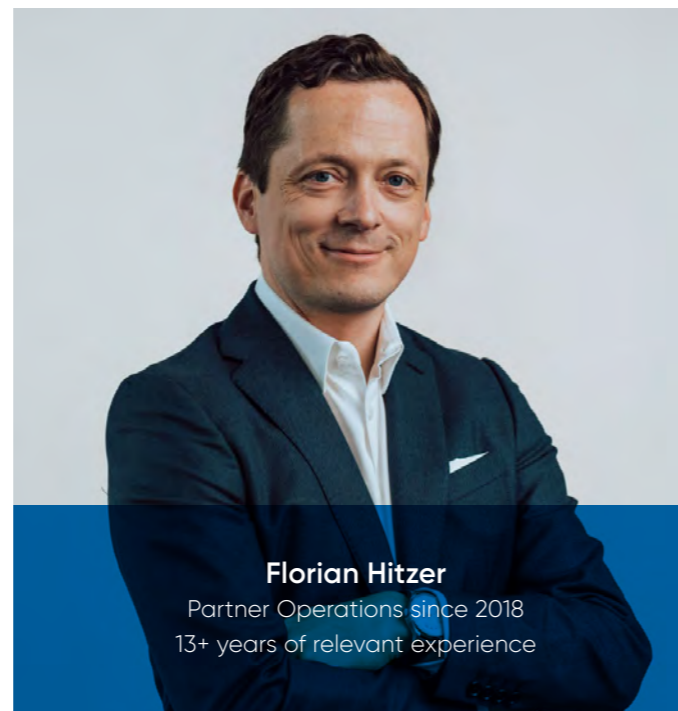
- Headquarters of current DUBAG portfolio companies
- Subsidiaries of current DUBAG portfolio companies

Our Team

of professionals who recognise opportunities and realise potential responsibly

Our team consists of a diverse group of seasoned professionals with extensive experience in the private equity sector. Each team member brings a unique set of skills, expertise, and industry knowledge to the table,

allowing us to approach investments from multiple perspectives and to ensure delivering value and driving sustainable growth.



Our Track Record

Our team's experience is demonstrated by a proven track record of successful investments, value creation, and profitable exits.

Over the years, we have generated substantial returns for our investors through a disciplined and sharp investment approach combined with proactive portfolio management.

Our ability to adapt to market conditions, identify emerging trends, and leverage our collective expertise has consistently delivered strong results.

Our funds are called "Lenbach Equity Opportunities" or shortened to "LEO".

They have been closed in 2017 and 2019 and are exclusively managed by the DUBAG Group.

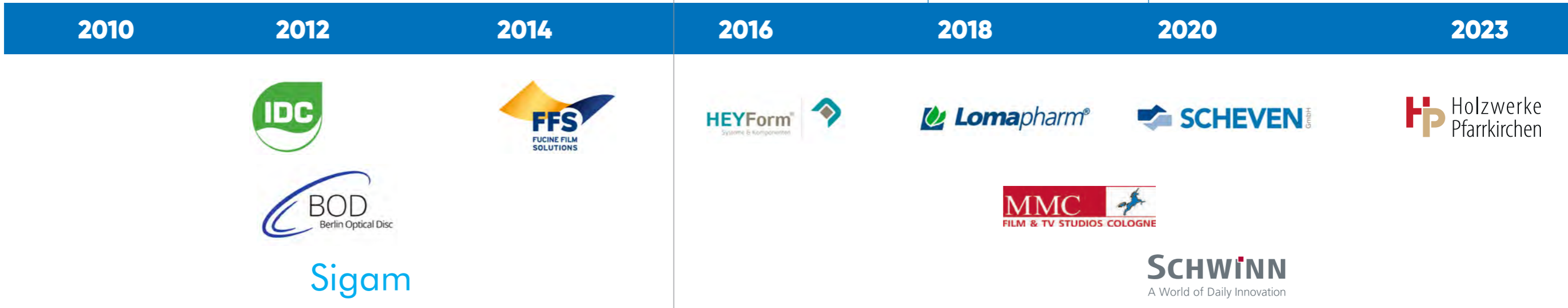
Start of our first fund generation "LEO I"

Start of our second fund generation "LEO II"

Acquisitions



Exits



Our Investment Policy regarding ESG

DUBAG's Investment Responsibility

DUBAG does not just invest - we partner with companies that share our commitment to responsible practices. Building on robust policies and procedures, we ensure the organizations we invest in uphold our values. This includes setting clear expectations, monitoring performance, and proactively managing ESG-related risks within our investment strategies. Through a rigorous screening process and in-depth analysis, we're able to identify and address potential issues early on. Our commitment extends beyond simple identification, though. We engage actively on

critical issues like climate change, human rights, and good governance across our entire portfolio.

By taking a clear stance on these key topics through our active ownership and engagement policy, alongside our firm-level exclusion list, we advocate for positive change and ensure our investments create sustainable value for both society and our clients.

This emphasizes DUBAG's active role in creating positive change through responsible investment practices.

Principles for Responsible Investment

In 2023, DUBAG became a signatory of the organization PRI - Principles for Responsible Investment. PRI promotes integrating ESG perspectives into the investment process and active ownership policy.

As a member, being compliant with the six PRI principles is a natural part of an investment strategy to safeguard and enhance return of our portfolio investments:

1

We will incorporate ESG issues into investment analysis and decision-making processes.

2

We will be active owners and incorporate ESG issues into our ownership policies and practices.

3

We will seek appropriate disclosure on ESG issues by the entities in which we invest.

4

We will promote acceptance and implementation of the Principles within the investment industry.

5

We will work together to enhance our effectiveness in implementing the Principles.

6

We will each report on our activities and progress towards implementing the Principles.

DUBAG is a signatory of:



DUBAG's Exclusion Criteria

Balancing engagement and exclusion presents a fundamental challenge for ESG-oriented asset managers and asset owners, including DUBAG. Exclusion serves to demarcate the boundaries of acceptable corporate behavior, transmitting a clear and unambiguous message against practices deemed ethically incompatible with our investment principles.

We have clearly defined exclusion criteria that are strictly reviewed for each investment. Accordingly, funds managed by DUBAG are not allowed to invest in the following:

Environmental:

Companies with a history of significant environmental violations or fines.

Social:

Companies implicated in systematic human rights abuses, including:

- Child labor or forced labor.
- Production of weapons inherently violating humanitarian principles (e.g., landmines, cluster munitions, nuclear arms).

Governance:

Companies with weak corporate governance, such as:

- Lack of effective board oversight
- History of major corporate scandals



Anti-Money Laundering

In accordance with the Money Laundering Act, companies are obligated to prevent the misuse of the financial system for concealing and moving assets of illegal origin, as well as financing terrorism. At DUBAG, we take this responsibility very seriously. To ensure compliance, we adhere to our Money Laundering Prevention Handbook, provide comprehensive education and training for our employees on these issues, and maintain constant communication with all relevant stakeholders.

Active Monitoring & Support

An ESG policy is ineffective if it remains merely a formal document without proper monitoring. Therefore, Florian Hitzer, our Head of Operations, supervises ESG matters as the ESG officer. Operational support for our portfolio companies is handled by Matteo Musiani, who joined our team as ESG Manager in 2023. He is responsible for actively advising management and driving related projects forward, further strengthening our commitment to effective ESG practices.

ESG throughout our investment process

ESG as part of our "Recreating Value" Strategy

We see ESG as a differentiated driver of value across the full investing value chain and therefore as an integral part of our "recreating value" strategy. It helps us to identify risks and opportunities during the due diligence phase, to have a clear development agenda during the

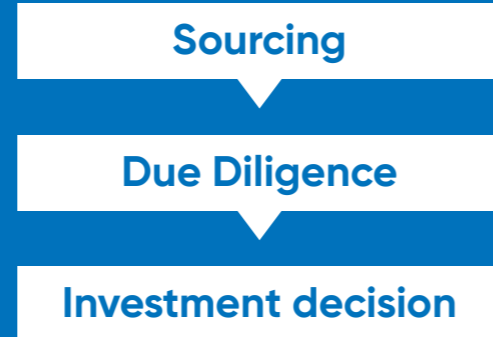
ownership period and to address a broader universe of potential investors when it comes to an exit. In this way, an improved ESG performance leads to an impact throughout our whole investment process.

Pre-Investment

When **sourcing a deal**, we initially screen its investment and exclusion criteria compliance.

We conduct an ESG risk & opportunity assessment during **due diligence** for each deal

While unsatisfactory ESG performance raises concerns, it isn't an immediate disqualifier for us. Instead, we carefully assess whether strategic improvement in these areas can unlock additional value creation potential for the **investment**.

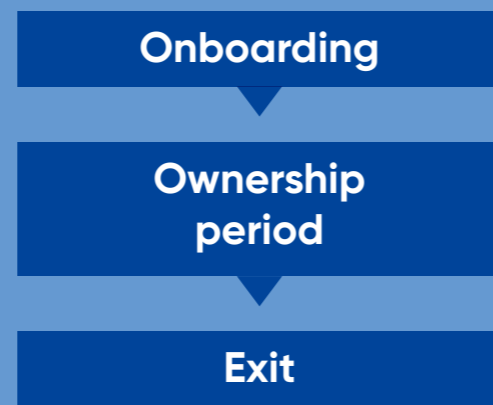


Ownership Period

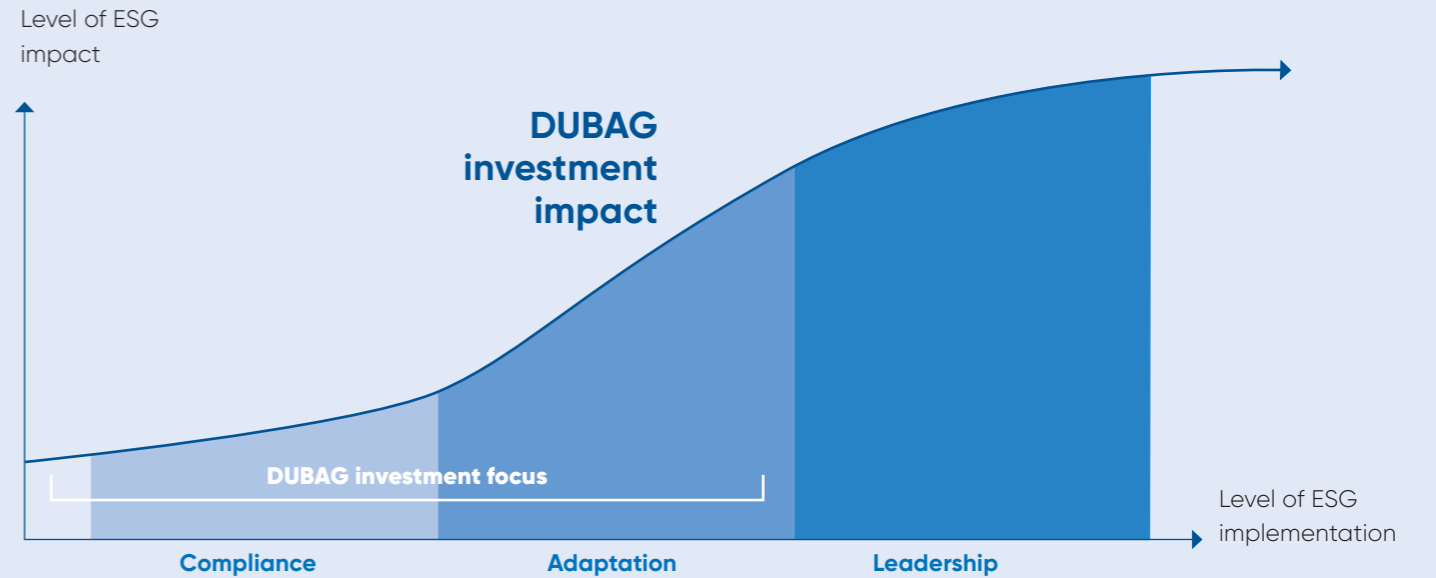
Our welcome meeting will define our common ESG objectives, outlining a path toward shared success and sustainability.

Throughout ownership, we actively drive measurable ESG progress. Embedding ESG in board meetings fosters deep awareness, while annual external audits ensure accountability and track impact.

When it comes to an exit, our ambition is to have successfully improved ESG performance.



DUBAG's ESG Impact



All companies and industries are increasingly affected by the growing importance of ESG, leading to higher levels of ESG implementation.

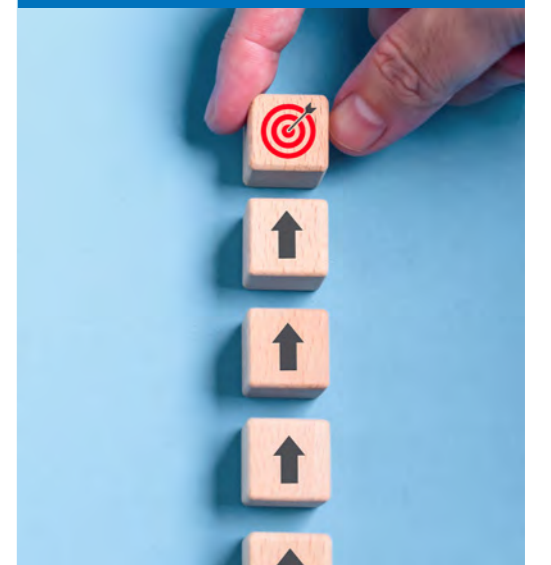
Companies typically progress through phases of ESG development: starting with "Compliance," where they meet only the mandatory legal requirements, then moving to "Adaptation," and ultimately reaching the "Leadership" phase.

We believe that investing in companies at an early stage of ESG implementation offers significant potential for substantial impact across all ESG dimensions. We particularly focus on guiding companies through the highly value-adding "Adaptation" phase.

Companies that treat ESG merely as a "soft issue" and only comply with regulations may be undervalued due to negative sentiment. If we identify a company with the potential and commitment to address ESG issues, investing early in their turnaround journey can yield substantial ecological and economic returns. Conversely, for companies already recognized as ESG leaders, we prioritize helping them to maintain their leadership position by integrating these best practices into future developments and expansions.

When acquiring a company, DUBAG actively engages with the management and board to drive positive change and elevate the level of ESG implementation. We leverage our influence to impact corporate decisions, pushing for improved ESG practices. Our investment acts as a catalyst to encourage the company to enhance its sustainability initiatives, corporate governance, and social responsibility.

The goal is not only to buy companies championing sustainability, but rather turn the tide for those lagging behind



ESG Due Dilligence

Identify ESG Risks and Opportunities

We are dedicated to identifying ESG risks and opportunities within our target companies. Our approach includes a thorough preliminary assessment of the company's operations, industry, and supply chain to uncover areas of potential ESG concern and opportunity.



ENVIRONMENTAL

We prioritize environmental responsibility by assessing the environmental impact of our target companies. This involves evaluating their energy use, waste management practices, carbon footprint, and overall sustainability initiatives to ensure alignment with our commitment to environmental stewardship.

SOCIAL

We are committed to evaluating the social impact of our target companies. This includes assessing their labour practices, employee well-being, community engagement, and overall contribution to social welfare. Our goal is to ensure these companies uphold high standards of social responsibility and positively impact their stakeholders.



GOVERNANCE

We emphasize strong governance practices by examining the corporate governance structures of our target companies. This involves reviewing their board composition, management practices, transparency, ethical standards, and compliance with regulations. Our objective is to ensure robust governance that fosters accountability and long-term success.

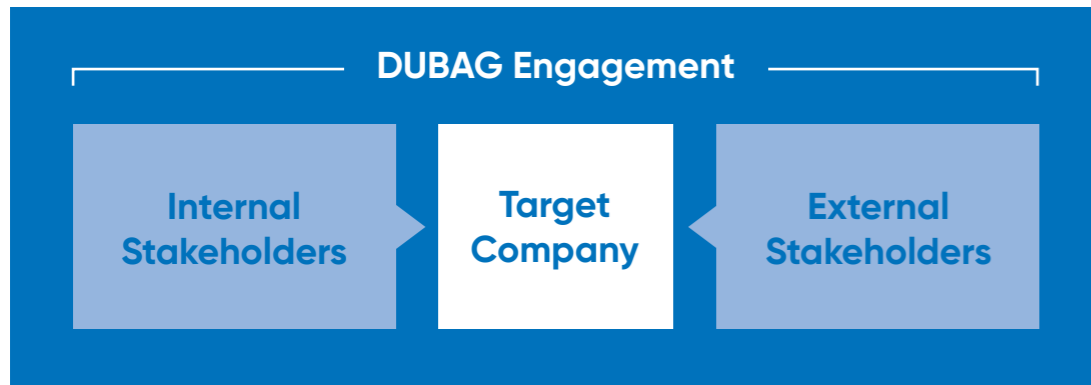


ESG Due Dilligence

Engage Stakeholders

Following the initial evaluation of the target company, we undertake comprehensive stakeholder engagement. This includes engaging with employees, customers, suppliers, local communities, and industry experts. By fostering dialogue with these diverse groups, we gain valuable insights into the company's ESG performance and reputation beyond publicly available information. This enriched understanding allows us to maximize the potential for positive ESG outcomes.

Furthermore, active stakeholder engagement helps cultivate and maintain constructive relationships, especially with stakeholders who might have concerns about the potential impact of the transaction. Open communication and collaborative involvement not only assuage anxieties but also foster trust and facilitate a smoother post-acquisition environment.



Quantify and Prioritize Risks

We are dedicated to quantifying and prioritizing ESG risks within our target companies. This involves utilizing quantitative methods to assess the severity

and likelihood of various risks, allowing us to prioritize them based on their potential impact on the company's sustainability and long-term performance.

Develop Mitigation Strategies

We focus on developing effective mitigation strategies to address identified ESG risks. This includes collaborating with stakeholders to design tailored solutions that reduce or eliminate risks while

maximizing opportunities for positive impact. Our goal is to implement proactive measures that enhance resilience and sustainability across our portfolio companies.



"By following this process, DUBAG can systematically assess ESG risks and integrate sustainability considerations into investment decisions, thus promoting responsible practices."

Strategy Development

Upon acquiring a company, we initiate the development of a customized ESG strategy at an early stage. This process benefits greatly from the due diligence conducted during the acquisition. We adhere to a simple and practical three-step approach, ensuring an efficient and effective integration of ESG principles into the company's operations and long-term strategy.

Assessment and Benchmarking

Goal Setting and Strategy Formulation

Monitoring, Reporting and Continuous Improvement

Due Diligence

Holding Period

ESG Strategy Development

Assessment and Benchmarking

We commence by evaluating the company's current environmental, social, and governance practices to discern strengths, weaknesses, and areas for enhancement. Additionally, we compare the company's ESG performance with industry peers to discern best practices

and pinpoint areas of potential advancement or areas where the company demonstrates exceptional performance. This thorough assessment allows us to gain valuable insights and tailor our strategies accordingly.

Goal Setting and Strategy Formulation

Following the assessment and stakeholder engagement, we establish specific and measurable ESG goals that align with the company's overarching mission, values, and long-term sustainability objectives. These goals are carefully crafted to drive meaningful progress in environmental, social, and governance areas.

Subsequently, we devise strategies and initiatives necessary to achieve the defined ESG goals. This may encompass actions such as adopting renewable energy sources,

enhancing diversity and inclusion practices, improving supply chain transparency, or fortifying corporate governance structures. During the formulation of these strategies, we allocate clear responsibilities to individuals or teams within the company to spearhead ESG initiatives. This involves assigning necessary resources—such as budgets, personnel, and technology—to support the successful implementation of the ESG strategy and ensure accountability at every level of the organization.

Monitoring, Reporting, and Continuous Improvement

We implement a robust monitoring and reporting system to track the target company's progress in addressing ESG risks post-investment. Through regular monitoring of key performance indicators (KPIs), we gauge the effectiveness of mitigation strategies and identify areas for improvement.

Additionally, we actively engage with the management team to ensure the successful implementation of mitigation strategies. This collaborative approach fosters transparency, accountability, and continuous improvement in the company's ESG practices, driving long-term sustainability and value creation.





The LEO Funds and their companies

1) Have a written Code of Conduct which is available for all employees
 2) Offer training regarding the Code of Conduct
 3) Have a written whistleblower policy which is available for all employees
 4) Have a whistleblower system in place
 5) At least one female and one international board member (without double counting)

Portfolio Overview

7

Active portfolio companies
(as of Dec 2023)

670m€

Portfolio turnover
(FY 2023)

3.000

Portfolio employees
(as of Dec 2023)



Key performance indicators for 2023 portfolio	number of companies
ESG on agenda in every board meeting	0
Code of Conduct ¹	6
Code of Conduct training ²	3
Anti Money Laundering policy	6
Anti Money Laundering training	2
Whistleblower policy ³	6
Whistleblower system ⁴	5
ISO 9001 certification	5
ISO 14001	4
ISO 50001 certification	2
ESG rating (EcoVadis or similar)	3
Diverse board ⁵	0

Case Study

Spica

Spica is dedicated to revolutionizing the circular economy of plastic cards by utilizing innovative technologies to transform them into high-value premium products for the financial and governmental industries, and beyond. Its mission is to drive the advancement of these industries by employing environmentally-friendly methods that reduce the usage of virgin plastic raw materials. Spica recognizes the significant economic potential in processing non-virgin and wasted plastics into premium finished products.


Spica's commitment and progress in embedding sustainability throughout the company are commendable. Its proactive approach to managing controllable factors, such as safety performance, showcases noteworthy achievements. Recognizing the interconnectedness of economic success, social responsibility, and environmental stewardship reflects Spica's comprehensive approach to corporate responsibility.

Spica's decision to prioritize sustainability as a core element of its business activities, even during uncertain times, demonstrates a forward-thinking approach. This commitment extends beyond Spica itself, aligning its sustainability targets with those of DUBAG's ownership and other portfolio


companies, reflecting a holistic focus on environmental, social, and governance (ESG) principles. Spica's investment in ESG initiatives, including pursuing ISO 14001 and 50001 certifications and acquiring a trigeneration plant, exemplifies a comprehensive sustainability strategy. This also includes a 10 million euro investment in a coextruder line, enabling Spica to further drive sustainability.

The emphasis on decarbonization aligns with broader global efforts to combat climate change, underlining Spica's commitment to a secure and sustainable future. Spica's intention to provide more information on its decarbonization efforts is encouraging, demonstrating transparency and accountability. The company's ambitious targets encompass decarbonization, safety, inclusivity, and gender equality, reflecting a well-rounded and holistic sustainability agenda.


By holding itself accountable for performance and measuring results against targets, Spica is positioning itself to make tangible progress towards a more sustainable business model. This clear strategy and focus on sustainability not only contribute to Spica's long-term viability but also reflect a responsible and ethical approach to corporate operations.




Industry:
ID & Financial Cards



FTE (2023):
158

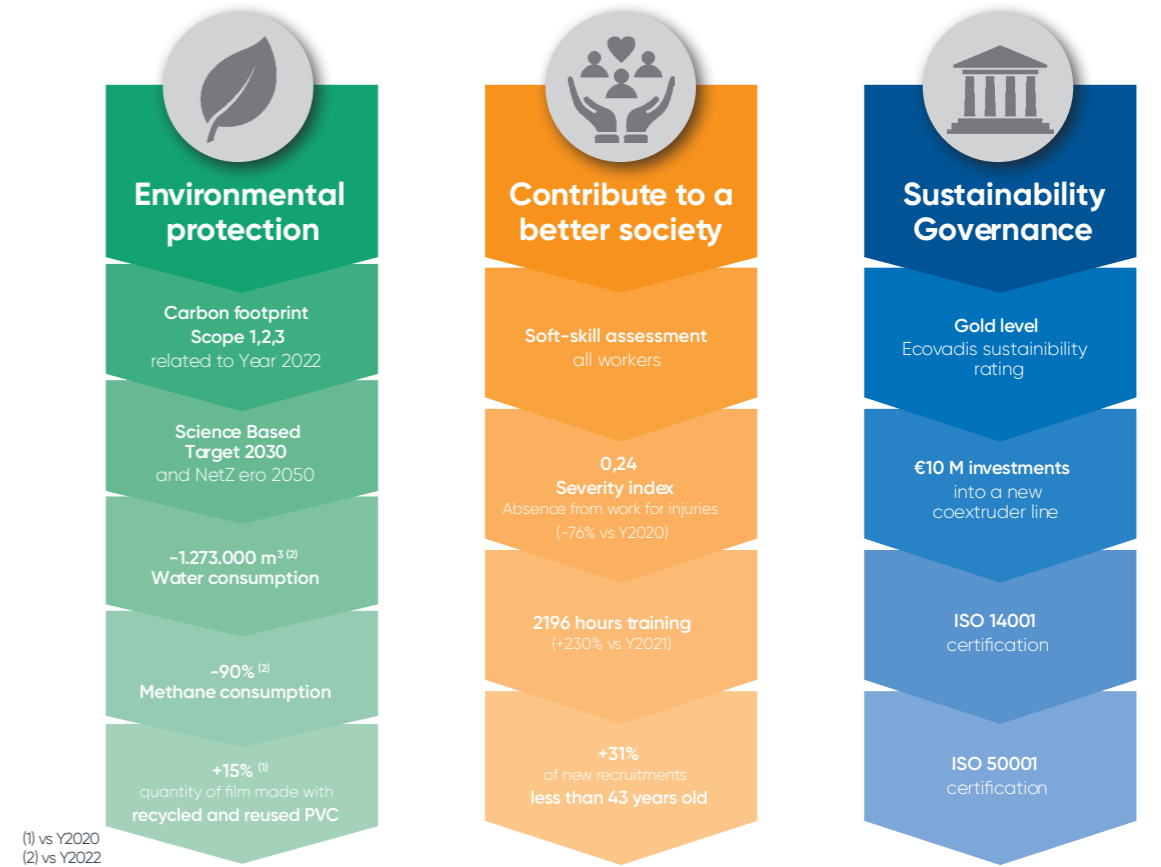


HQ:
Castiglione Olona, Italy



Revenue (2023):
>60m€

2023 ESG Highlights

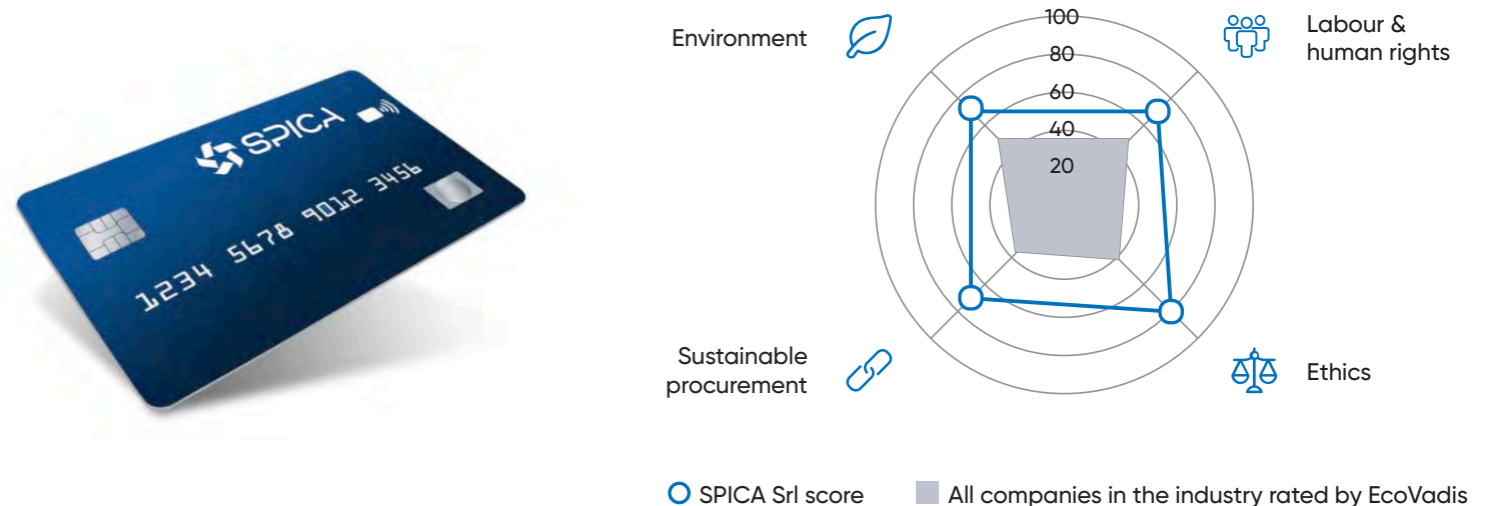




Spica's commitments and increasing attention to environmental, ethical, and societal considerations have been recognized by Ecovadis, an independent body at the origin of a global CSR rating standard.

With a score of 71/100 obtained in 2023 (+7 points compared to 2022), Spica's performance rating has improved. Spica is in the top 3% of best performing companies rated by Ecovadis in the Manufacture of plastic.





Case Study

Emitec

For decades, Emitec has been a global leader in the development of cutting-edge metal substrates. These innovative components form the core of its advanced solutions for reducing emissions in both automotive and non-automotive applications. Emitec has a remarkable track record, having sold over 360 million high-quality METALIT® and EMICAT® metal substrates. The company has established itself as a trusted development partner for leading engine and automobile manufacturers, while also extending its expertise to non-automotive industries.

Emitec is also a frontrunner in sustainable manufacturing practices and has made significant strides in reducing its environmental footprint since the beginning of 2021. Emitec serves as a leading example in sustainable manufacturing practices. Its dedication to decarbonization through renewable energy sources and waste reduction initiatives paves the way for a more environmentally responsible future in the manufacturing industry. The company's success highlights the positive impact achievable through innovation and a commitment to environmental responsibility.

Emitec strategically deployed Combined Heat and Power (CHP) systems at its German locations in Lohmar and Eisenach for efficient heat and electricity generation. The Lohmar site saw CHP installations in January 2021 and 2022, followed by a Combined Cooling Heat and Power (CCHP) system in January 2023. This shift resulted in a notable contribution of CHP-generated electricity, reaching 11.6% at the Lohmar site and 14.3% at the Eisenach site in 2023.

Emitec further expanded its renewable energy portfolio by installing photovoltaic systems for solar power generation for internal consumption. December 2023 witnessed the addition of an 80 kWp roof system at the Lohmar location. Eisen-

ach has a larger-scale solution with a 750 kWp open-space system and a 60 kWp roof system, with plans for further expansion through a 4,300 kWp open-space system. In 2023, solar power contributed 1.5% of electricity needs at the Lohmar site and 5.2% at the Eisenach location.

Emitec leverages an innovative approach by utilizing the electric brakes of its engine test benches to generate electricity for internal consumption. This method contributed 6% of the total electricity requirement in 2023.

The combined efforts of CHP systems, solar power generation, and electric brake utilization have resulted in a significant reduction in Emitec's reliance on conventional electricity sources. In 2023, Emitec achieved an impressive 13.1% of its electricity needs at the Lohmar site and a remarkable 25.5% at the Eisenach site through in-house generation systems.

Emitec demonstrates a strong commitment to responsible waste management by maintaining a consistently high recycling rate of over 95% across both the Lohmar and Eisenach locations.



Emitec has been driving innovative solutions for emission reduction technologies for more than 35 years.

EMITEC



Industry:
Metal Substrates



FTE (2023):
759



HQ:
**Lohmar,
Germany**



Revenue (2023):
>160m€

Case Study

epsotech

Epsotech, renowned globally for its production of high-quality plastic sheets and films, is deeply committed to ESG principles. The company's mission revolves around integrating sustainable practices into every facet of its business operations, aiming to reduce its environmental footprint while fostering a diverse and inclusive workplace environment.

Epsotech prioritizes a closed-loop approach for its products, increasing the use of recycled materials to achieve a more sustainable production process. The company's Digital Supply Chain Management ensures transparency and efficiency in material and information flows, contributing to its commitment to environmental responsibility.

Furthermore, Epsotech aims to lead the industry in providing low-carbon plastic sheet solutions made from post-consumer recycled materials. By investing in innovative recycling processes and offering high-quality, tailor-made products, the company gradually upgrades its portfolio with 100% recyclability.

epsotech is known for the production of high-quality plastic sheets and films and as a pioneer in the processing of recycled materials, committed to reducing CO2 emissions.

Safety remains paramount in Epsotech's corporate culture, with a focus on creating a positive and respectful working environment. The company actively promotes workplace safety through comprehensive training and hazard assessments, empowering its employees to prioritize safety in all aspects of their work.

Epsotech understands the importance of protecting the planet and is dedicated to reducing CO2 emissions through energy-efficient practices. From using 100% green electricity at its Austrian site to implementing new technologies and processes across its global operations, Epsotech is committed to combating climate change and promoting environmental sustainability.

In embracing the circular economy, Epsotech aims to maximize the efficiency of plastic use and promote recycling throughout the entire lifecycle of its products. From sourcing raw materials to recycling, the company prioritizes sustainability at every stage, ensuring a more environmentally responsible approach to production and consumption.

epsoearth Branding – green products:



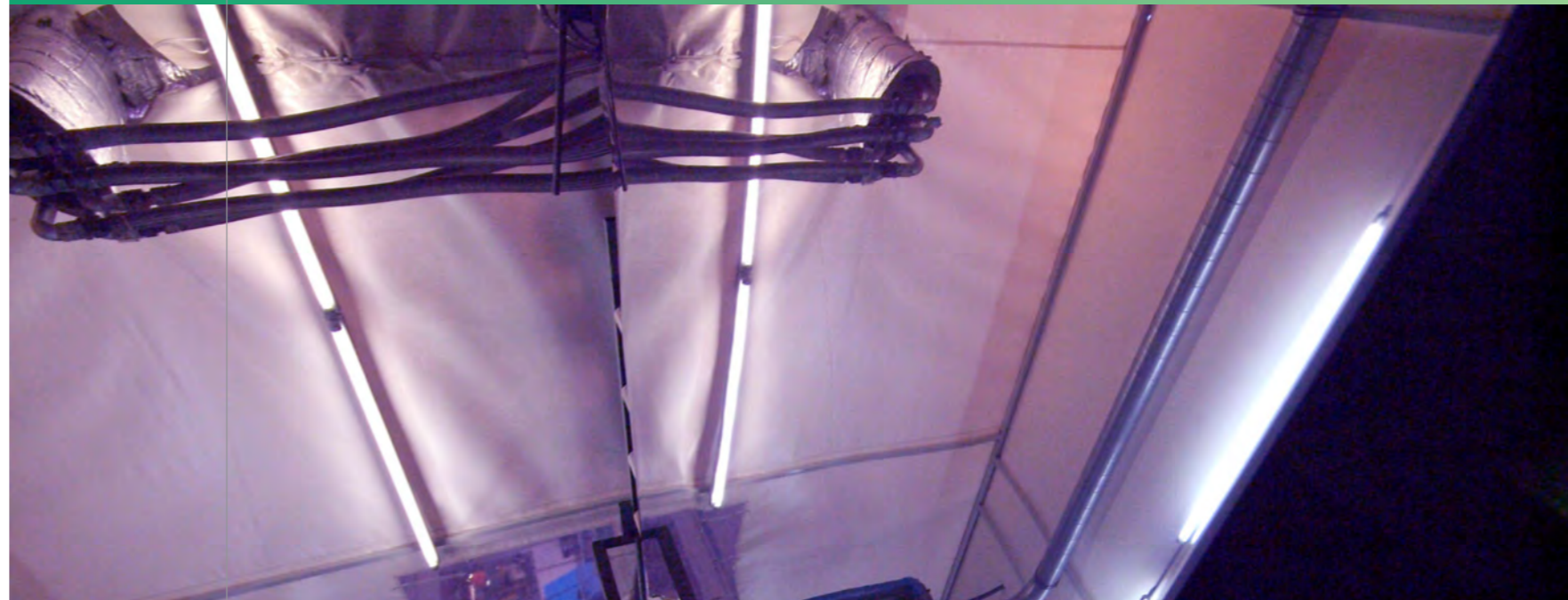
epsoOCEAN
Recycled fishing nets and ropes from the maritime industry



epsoNATURE
First we cared about the ocean –now we also care about nature



epsoPCR
It's all about resucing the carbon footprint



	Industry: Plastics Chemicals		FTE (2023): 508
	HQ: Jülich-Kirchberg, Germany		Revenue (2023): >140m€

recreating value – responsibly



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