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ESG report



2021 / 2022

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Adding value with the greatest passion and responsibility

The people behind palero capital and palero experts are “ignited” by what they do. They know what their obligations are and abide by them every day in all their projects.

What underpins their responsibility towards palero’s portfolio companies is sustainability; they see this as one of their core competencies – and as their contribution to making the world a better place.

You know that the only way a company can be successful in the market and in society is if it considers its environmental, social and legal standards. This forms the basis of palero’s operations.

In 2021/2022, they tried, as they have done in previous financial years, to adapt their ESG principles so that they could tackle new challenges, e.g. the worsening of the climate change situation, as best as they possibly could as a means of navigating these new waters.



The report

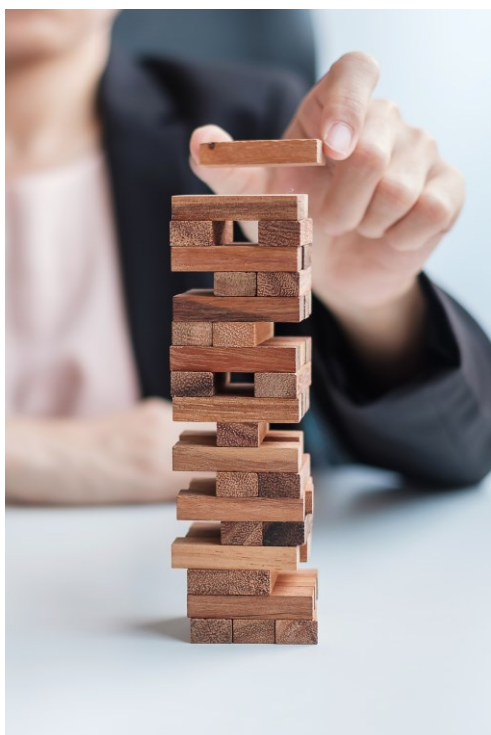
palero capital acts as an exclusive advisor to palero invest S.à r.l. and palero S.à r.l., two independent investment companies based in Luxembourg. palero capital is making this report available as part of its advisory mandate to provide information on its sustainable projects and achievements as well as those of palero experts and associates it has advised over the past two financial years, describe what it understands by “responsible investment”, and outline its ESG plans and goals for the coming financial years.

Contact

Ms. Livia Eichhorn
(eichhorn@palero.de) would be
happy to respond to any questions,
feedback or suggestions you may
have regarding this report.

Making operational improvements to businesses. Securing work. And providing employment. Making sense of issues, learning, laughing, and creating value.

This is palero.



**People develop.
And companies
with them.**

About palero

palero invest S.à r.l. and palero S.à r.l. acquire companies in the DACH region with a turnover of between 30 million and 300 million euros. Industry boundaries are not recognised here; instead, the focus lies on the need for operational change and sustainable value development. Due to its highly operational approach, associates of palero experts receive active support every step of the way and they work hand in hand with their employees on site to achieve their goal of being “better today than yesterday and better tomorrow than today”.

Change as a chance

The people behind palero experts combine dynamism and experience with respect and appreciation. They work together with the staff at our associate companies' sites on projects and invest their time, expertise and network into these companies. This allows them to learn and teach how processes work and how they can make improvements to them. They are currently undergoing change processes and are making the most of the potential of their associate teams. This enables us to add value and increase it in a sustainable way. This is what drives them and makes them successful.

Facts
and
figures

3,000
associate
employees

>40
transactions

500 m
EUR
turnover

palero's associates

The following was invested into these companies in 2021/2022:

Time, passion, knowledge, and capital.

They were developed together in this way.



Dornier Group

Technology consulting and engineering services

consisting of Conwico, Dornier Consulting International, Encotec Energy, Suntrace, VPC and VPC Nukleare Dienstleistungen



ipm|group

Full service provider for advertising media

consisting of ipm and CD Werbemittel



SANIMED Group

Full service provider for medical homecare, medical technology and rehabilitation technology

consisting of SANIMED, MEDICUS, Reha-Service Loose, RHG and Byhain Sanitätsbedarf



Schlaadt Plastics

Solution provider for complex packaging and insulation

Responsible Investment (“RI”)

“Responsible investment” is one of the core topics that represents crucial potential for palero capital, palero experts and palero associates: it minimises operational risks at an early stage, improves corporate governance and has a positive impact on employees, customers, external partners and the environment – this is the overarching goal.

It is the highest duty to make sure that the topic of “sustainability” informs the entire investment cycle. This also involves having palero capital decide against ethically unacceptable industries (such as the arms industry, the narcotics industry or industries with human rights violations) as early as the corporate consideration stage.

palero capital has recently increased the focus in terms of targeting companies whose business model offers products or service solutions that serve to aid critical ESG issues or whose business is itself facing major ESG-related challenges. palero experts want to support the latter in recognising their potential for creating value, developing ESG strategies, and adding value to the company by means of operational implementation.



The duty to act

palero capital made a commitment to sustainability in the private equity investment sector from the outset by signing the United Nations' "Principles for Responsible Investment Initiative (PRI)".

This initiative aims to help investors understand the investment implications of ESG factors, while supporting the implementation of these issues. By signing the "PRI", palero capital is encouraged to manage ESG aspects in a strategic manner.

The PRI comprises the following six principles, which palero capital takes into account in its daily operations:



Investment analysis and decision-making processes

We will incorporate Environment Social Governance (ESG) issues into our investment analysis and decision-making processes.



Incorporating into ownership policy

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



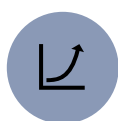
Disclosure on ESG issues

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



Acceptance and implementation

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



Enhancing effectiveness

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



Reporting

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

Actions speak louder than words.

Each of us has the power to shape our future sustainably.



palero invest S.à r.l. and palero S.à r.l. are active investors thanks to palero capital and palero experts. The people behind palero capital and palero experts also lead and shape the businesses they advise – sustainably and responsibly. They question their actions each and every day, and reconcile sustainable action with reality in the long term. They are constantly trying to exploit the potential of palero’s companies in the best possible way and to increase turnover and profitability – as quickly and pragmatically as possible as well as in a strategically sensible way, so that they can continue to be successful in future. Their sustainable thinking allows them to work in a forward-looking, appreciative and trusting manner.

Their actions focus on ecological (environmental), social (social) and economic (corporate governance) aspects. We would like to take the opportunity to introduce palero capital, palero experts, ourselves and our associate companies on the following pages, and comment on our specific ESG commitments. The initiatives regarding corporate governance are illustrated here, in addition to the commitment to limiting climate change and efforts with regard to human capital.

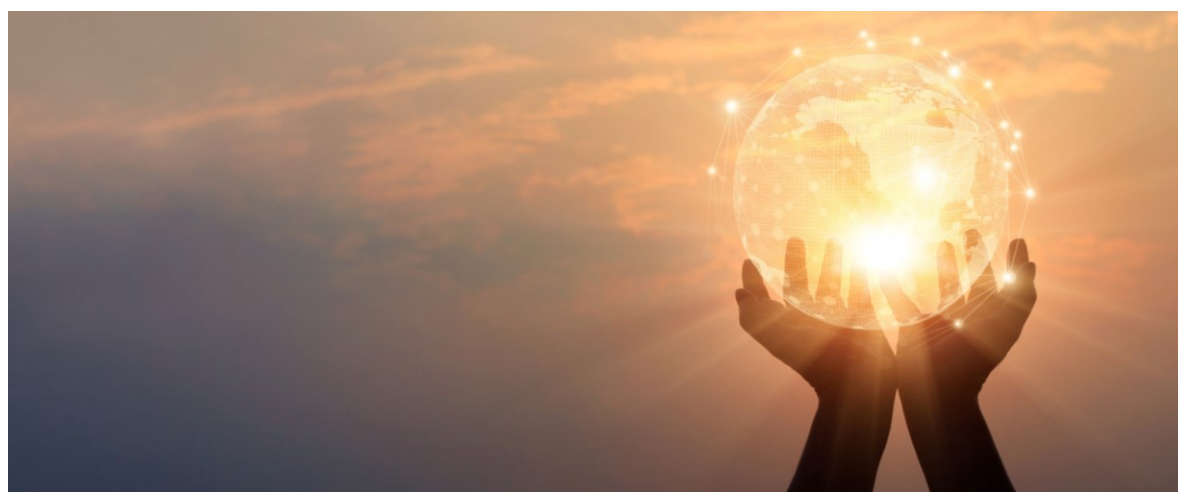
Dornier Group



Industry	Infrastructure service
Turnover ¹	approx. 75 m EUR
Employees ¹	2,000+
Locations ¹	20 worldwide
Acquired by palero invest S.à r.l.	VPC Gruppe 01/2014 encotec energy 06/2016 Dornier Consulting International 01/2018 Suntrace 05/2019 Merging all companies with the Dornier Group 2020

¹Reference year 2022

The Dornier Group is a global one-stop shop for engineering services with a focus on the infrastructure sector. In 2020, the following companies were united under the Dornier Group umbrella: VPC GmbH (incl. today's VPC Nukleare Dienstleistungen), encotec energy (India) Pvt. Ltd., Dornier Consulting International GmbH, Suntrace GmbH and Conwico GmbH, which was founded in 2017. All the companies are closely networked and have been successfully providing their international clients with advisory services for more than 50 years. As such, the Dornier Group boasts a complete portfolio of infrastructure services with excellent references in the energy, water, mobility, aviation and real estate sectors.



ESG report 2021/2022

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We are all firmly gripped by the current energy crisis. More than ever before, each and every one of us is called upon to make a personal contribution to saving energy. The goal is to accelerate the energy transition. With its leading technical expertise, the Dornier Group has set itself the task of starting at this precise point and developing innovative solutions using wind and sun for energy and power generation. The **spectrum of services** ranges from **assessing the suitability of renewable energy resources to owner's engineering and project implementation**. For example, innovative photovoltaic systems on water (so-called floating PV systems) are being created within the scope of the service portfolio, which serve to reduce evaporation losses in regions with water shortages and also benefit from a higher efficiency than conventional PV systems.

E

In January 2022, renewable energies had a total share of 51.1 % of the German electricity mix. Although the current energy crisis is vigorously driving energy transition efforts forward, it will still take some time before we can draw our energy from purely renewable sources. By **building conventional energy plants in a responsible way**, the Dornier Group will secure energy production for this transitional period and support the safe decommissioning of nuclear facilities, from decommissioning plans to the highly complex task of final disposal.

E

As a full service provider in the field of infrastructure services, the Dornier Group also addresses the topic of sustainable urban mobility: How will the cities of the future look? Will we all have an electric vehicle? Will we use short-haul aircraft to fly passengers short distances? Where will all the energy for this come from? And how can we make all of this climate neutral? The Dornier Group is focusing on these questions and many others like it. By **developing sustainable mobility concepts**, the Dornier Group will ensure that we increase our quality of life and the quality of our environment, and, in so doing, provide us with a better future on our planet.

E

Not only does the Dornier Group set clear priorities on climate protection with its service portfolio, but the company is also making its own internal contributions to climate protection:

We were able to dispense with many printing devices and replace old laser printers with **environmentally friendly inkjet printers** thanks to the developments in digitalisation. This advanced technology reduces energy consumption by up to 84 per cent and generates up to 94 per cent less consumable and packaging waste.

Another example of the **ways in which we have managed to save energy is our office in Vetschau**. Here, we were able to cleverly combine workplaces in a way that freed up an entire floor. We were able to make a significant contribution to electricity and energy savings by carving up our offices in Vetschau in this way.

S

Many of Dornier's employees need to travel around the globe on a regular basis, visiting major construction sites or working at sites overseas. It is important to provide the highest level of security for our employees here. That is why the topic of "workplace safety" is of particular importance to the Dornier Group. A special **health and safety officer** is employed to assist with all safety-related issues and creates a working environment which complies with the highest safety standards in order to be able to guarantee maximum workplace safety. They make sure that the workplace is a safe environment, are responsible for providing fully functional protective equipment and guarantee expert advice when using such equipment.

A health and safety specialist also prepares detailed risk assessments for each site, implements the respective measures, and delivers annual safety training sessions.

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The Dornier Group stands for excellent advisory services of the highest quality. We need to observe specific **standards** if we are to keep promises such as this in the long term. That is why the Group is officially certified in accordance with ISO 9001:2015, ISO 14001, ISO 45001 as well as KTA1401. All requirements for these certificates are reviewed on a continuous basis and appropriate action is carried out where necessary.

G

The strict **compliance culture** of the Dornier Group aims to prevent economic crime and to promote the willingness of employees and external partners or suppliers to behave in accordance with the rules. The Dornier Group Compliance Management System includes, for example, the so-called Compliance Questionnaire, which serves to identify possible compliance risks in our business partners' operations, or review special contract annexes, which oblige subcontractors to comply with international legal standards, such as the payment of minimum wages or the prohibition of child labour.



Daring to do the impossible to achieve the best possible outcome.

Prof. Claude Dornier

ipm|group

ipm|gruppe



Industry	Full service advertising
Turnover ¹	17 m EUR
Employees ¹	40
Locations ¹	3 in Germany
Acquired by palero invest S.à r.l.	Inter Werbung 9/2016 PräSENTa 7/2017 mansard 10/2017 CD Werbemittel 12/2019

¹Reference year 2022

Today, the ipm|group is one of the largest advertising providers in Germany. The group, which comprises the four companies Inter Werbung GmbH, Präsenta Promotion International GmbH, mansard werbemittel gmbh and CD Werbemittel Vertriebs GmbH, provides a complete range of services for the areas of full service, project work and premium systems. With around 160 years of combined experience in the promotional products industry and currently 50 commissioning companies in the full-service sector, the ipm|group is a professional service provider for managing promotional product ranges.



ESG report 2021/2022

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More and more people are attaching importance to eco-friendliness and choosing not to buy products made of non-recycled plastic and other non-ecological raw materials. Consumers, in particular, are paying an increasing amount of attention to how brands and companies explicitly position themselves with regard to this: How committed are we to environmental protection? Has the corporate image been designed with sustainability in mind, and does this theme run through their entire corporate process, right down to ordering environmentally friendly customer giveaways? This is precisely why the ipm|group has specialised in **sustainable promotional gifts**.

Various criteria make sure that a product is considered environmentally friendly. Ecological promotional gifts are created under fair working conditions and the producing companies use the most environmentally friendly type of logistics available to them. However, the main criterion is clearly the type and origin of the material: Products made of bamboo, organic cotton and Fairtrade fabrics are popular, but products made from recycled plastic also play a part in this. Sustainable advertising materials are very much "in vogue".

E

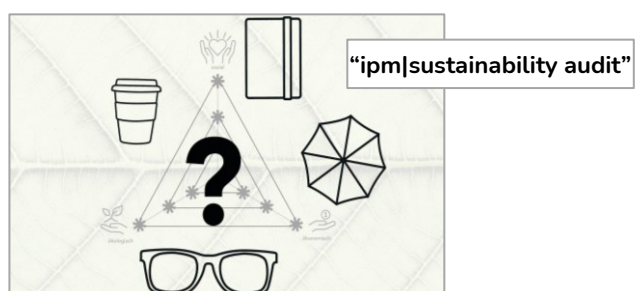
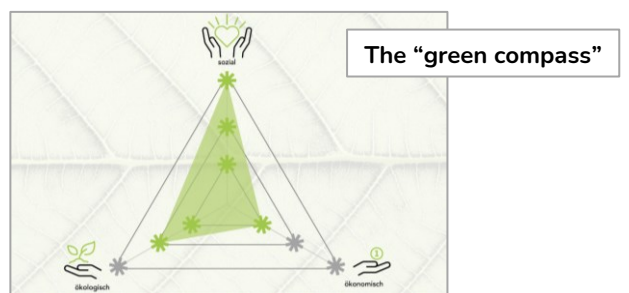
ipm|group has been a **Climate Partner** member since 2015. This label confirms that CO₂ emissions (after reduction) have been offset as a result of certified climate protection projects. This means that the ipm|group's advertising materials can be distributed in a climate-neutral way where customers support selected climate protection projects in developing countries, depending on the degree of environmental impact.

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Employees of the ipm|group were also able to make an important contribution to environmental protection, e.g.: **by reducing approximately 75% of its business trips** compared to 2019. These were replaced by online meetings.

E

The introduction of the **ipm|sustainability audit** provided ipm|group's demanding clientèle with a very special service: The product range of the commissioning company is evaluated in detail, using the three pillars of sustainability (ecological, social and economic) as its basis, and compared with the company's goals. The company is then given a specific ranking with the help of the "green compass", which includes suggestions for more sustainable products. This serves to identify specific products that fit the individual sustainability goals and the corporate image of the respective company.



ESG report 2021/2022

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The **Business Social Compliance Initiative (BSCI)** aims to promote socially acceptable and humane conditions in production facilities across the world. The BSCI Code includes key elements such as working hours, remuneration, child labour, health and safety at work or discrimination. With its commitment to the BSCI, the ipm|group guarantees an ethical supply chain that focuses on the protection of employee rights.

S

In 2021, women in Germany earned an average of 18% less per hour than men. Despite a reduction in the last 10 years, this figure is still alarming, especially when we consider that we live in a time when so much focus lies on the topic of diversity. The ipm|group stands for **equal opportunities**: Just under half of the workforce are women (45%). All employees are treated equally regardless of their gender, age, sexual orientation, ideology, ethnic origin/race, disability or origin. Pay is based solely on employee performance, skills and level of training – and regularly exceeds the pay scale requirement.

S

As an **IHK training provider**, the ipm|group provides young talent with the perfect launching pad for their career as they train to become a merchant for wholesale and international trade. We lay the most important foundations for ipm trainees and their further, professional careers in addition to delivering formal training courses.

G

When **selecting manufacturing partner companies**, the ipm|group is focusing increasingly on **regional proximity**. If it also makes economic sense, the decision is made to cooperate with companies in the vicinity of the central warehouse so as to enable us to use the most environmentally friendly form of logistics possible and strengthen the regional economy. The contract is awarded to companies that place the emphasis on environmentally friendly aspects where offers are economically equivalent and product quality is the same.

G

Achieving maximum customer satisfaction as a result of optimised processes - that is the goal of the ipm|group's **ISO 9001 certification**.

This certification is a system which serves to manage the quality of companies. It assesses organisations on the basis of their ability to provide products and services that meet customer requirements as well as those of legislators and authorities.



Your advertisements
are in good hands.

SANIMED Group



Industry	Medical homecare provider
Turnover ¹	approx. 90 m EUR
Employees ²	approx. 650
Locations ²	5 in Germany
Acquired by palero S.à r.l.	SANIMED (incl. MEDICUS, Reha-Service Loose, RHG) 04/2020 Byhain Sanitätsbedarf 01/2021
sold	to Löwenstein Medical 07/2021

¹Reference year 2020

²Reference year 2021

As one of the leading German homecare companies throughout Germany, the SANIMED Group helps chronically ill people and those in need of care or with limited mobility to feel well cared for at home and in nursing homes. For almost 40 years, the company has been a close partner for outpatient care with a very wide range of medical supplies as well as the services and care plans associated with this field.



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E

As a modern company, the SANIMED Group focuses very responsibly on **digitalisation**, e.g.: in order to get a little closer to its medium-term goal of a completely paper-free office while also doing good for the environment. It has already been able to achieve a major milestone in terms of paper savings thanks to the work its employees have been able to do outside the office using tablets and as a result of introducing digital document management processes, which have had the positive side effect of making document flows faster and smoother.

E

The SANIMED Group relies on **LED lighting** as a means of conserving resources. Half of the entire company's lighting has already been replaced with LED bulbs. The company has also made a noticeable reduction in its energy consumption by installing **switched sockets** to reduce the amount of power being consumed by appliances left on standby overnight and by replacing its boiler with a **condensing boiler**. The **hybrid vehicles** which have been recently added to the fleet also improve its environmental footprint.

E

The company is very keen to **conserve as many resources as possible** and make its daily processes **as climate-friendly as possible**. That is why the SANIMED Group is actively involved in making the company more sustainable on a daily basis.

S

At the SANIMED Group, it is not just our patients who are at the centre of our operations, but our own employees too. The SANIMED Group runs several **training programmes** in the commercial area, in logistics and in IT as a means of developing loyalty to the company as early as possible and supporting employees in the best possible way. Qualified training providers look after the well-being of the trainees every day and put their heart and soul into training the young people of today for the future of tomorrow.

S

Systematic and successful health management forms the basis of a safe workplace. The SANIMED Group therefore regularly carries out **risk assessments** to ensure its employees benefit from the best health and safety practices in the workplace. The company's targeted preventative measures, which are derived from such assessments, help to protect against accidents at work and work-related illnesses, as well as promote the health of employees. On the subject of health and safety in the workplace and fire protection, staff are encouraged to take advantage of an internal training programme which runs at regular intervals.



Humans can only be
and remain healthy if
they have an intact
community and work
in an unspoiled
environment.

Health and the environment are ultimately two
sides of the same coin for the SANIMED Group.

G

SANIMED works hand in hand with clinics and health insurance providers. The strictest regulations of the Social Code, which serves primarily to ensure that patients receive quality care, form the basis for this. SANIMED adheres strictly to these requirements and even exceeds them. There are various **compliance guidelines** that must be adhered to if it is to take the legal framework conditions into account. These include, for example, an internal control system (ICS) or a compliance report. At SANIMED, the entire topic falls under the remit of, and is monitored by, a dedicated “Compliance Manager”. The company also runs regular training sessions on this topic for its staff.

G

The entire **IT infrastructure** and the respective applications of the SANIMED Group were made independent and reorganised as part of the Group carve-out. The company focused above all on the highest levels of quality and IT security here. SANIMED now uses the latest standard in its IT operations, and has best equipped itself for the future in terms of systems technology as a result of this.

Schlaadt Plastics



Industry	Solution provider for packaging and insulation
Turnover ¹	approx. 70 m EUR
Employees ¹	approx. 360
Locations ¹	4 in Germany, 1 in the US
Acquired by palero S.à r.l.	11/2021

¹Reference year 2022

Schlaadt Plastics is a leading manufacturer of moulded parts and blanks made of polystyrene (EPS), EPP and special foams. The company manufactures products at its four sites in Germany and one plant in the US. Schlaadt also provides a wide range of services as a system supplier, such as product development, packaging assembly, recycling, customised logistics solutions and system partnerships. Schlaadt mainly supplies the following industries in its capacity as a specialist for “Packaging – Protecting – and Insulating”: Automotive, construction, heating, sanitary, electrical, food and pharmaceutical.



ESG report 2021/2022

E

The conservation of resources plays a major role in Schlaadt Plastics' company culture. The consequences of climate change are addressed **using biomass-balanced raw materials and by researching and implementing innovative manufacturing technologies**, among other things. In 2021/2022, special focus was placed on production and this resulted in improvements being made to the compressed air network, pipe insulation being carried out, speed-controlled compressors being introduced, the pre-expansion plant being expanded or renewed and mill technology being adapted, among other things. This resulted in costs totalling more than 370,000 EUR which served as an investment in the company's future.

E

Even when purchasing raw materials, Schlaadt Plastics thinks about the ways in which the product can be **manufactured** and ultimately **recycled** in the **most environmentally friendly way possible**. EPS, also known as Styropor®, is 100% recyclable and can be reused in various areas thanks to modern processes. For example, used EPS mouldings can be melted down using an extruder and processed into PS raw material, or ground and processed mouldings can be reused in the porotone industry. Schlaadt Plastics is working alongside other leading companies in the industry as part of one of the most innovative recycling projects in the plastics industry. For a long time now, people have been working on a completely new process for recycling plastics. The basic idea is to convert the polymer chains of mixed plastic waste back into the starting product, namely monomers (crude petrol), using a pyrolysis process - i.e. simply put, it turns it back into the raw material from which a new Styropor® granulate with identical properties can be produced.

Styropor® Ccycled™ – as BASF has termed the product won from this innovative recycling process – consists of what is known as 100% pyrolysis oil, which in turn has been obtained from 100% mixed plastic waste. This represents a milestone on the way to ecological sustainability, as it means that fossil raw materials can be dispensed with.

E

Schlaadt Plastics has consistently put the circular economy into practice **using its own recycling system**, and has been a pioneer in the mechanical recycling of particle foam products for years. It is arranged for discarded polystyrene/EPP mouldings to be collected. It then returns them to the original production process without additives. The company achieves maximum efficiency in the use of raw materials and, in so doing, protects our environment thanks to mechanical recycling in its purest form.

S

Compliance with regulations concerning health and safety in the workplace and creating appropriate workplace conditions play a central role at Schlaadt Plastics for the benefit of its employees. This includes annual safety briefings, company integration management and the preparation of risk assessments – to name just a few examples.

ESG report 2021/2022

S

Nowadays, it is not only a challenge to recruit good employees, but also to retain them in the long term. Schlaadt Plastics develops practices within its framework of **retention management**, which aim to increase employee satisfaction and long-term retention. For example, it organises summer and Christmas parties, pays out holiday and Christmas bonuses, provides its employees with staff discounts in the form of corporate benefits or a company pension scheme as well as granting a subsidy for asset-creating benefits.

S

Schlaadt Plastics is convinced of the **power of diversity**. That is why the company promotes an open performance culture where all employees have equal opportunities regardless of religion, race, gender, age, disability, sexual orientation, ethnic origin or race. Employee equality lays the ground for making sure that the company can best exploit the potential of employees with different personalities and strengths. Diversity is the key to growth and innovation.

G

Schlaadt Plastics acts in accordance with ethical and moral principles. That is why it is committed to the **“GKV Code of Conduct for the Plastics Processing Industry”**. This is a voluntary agreement, with which member companies make a commitment, in particular, to complying with global requirements for ethical and moral conduct, as well as adhering to specifications concerning proper conduct under competition and antitrust law. This also means promoting fair and sustainable standards in our dealings with suppliers, customers and our own employees.

G

The core values of the entire Schlaadt Plastics are determined by immovable pillars: Our actions are characterised by our responsibility towards our employees, the environment and society. That is why we carry out **environmental and corporate social responsibility audits** at regular intervals. Furthermore, energy and quality management systems ensure that certain standards are upheld within the company. We investigate unwanted effects and systemic deviations so that we may make continuous improvements to management systems. Schlaadt Plastics has established its own “continuous improvement” process which serves to improve all operational processes and control systems.

“We are pursuing a modern corporate development programme in which we recognise our social responsibility and our heritage.

Because the future needs a backstory.”



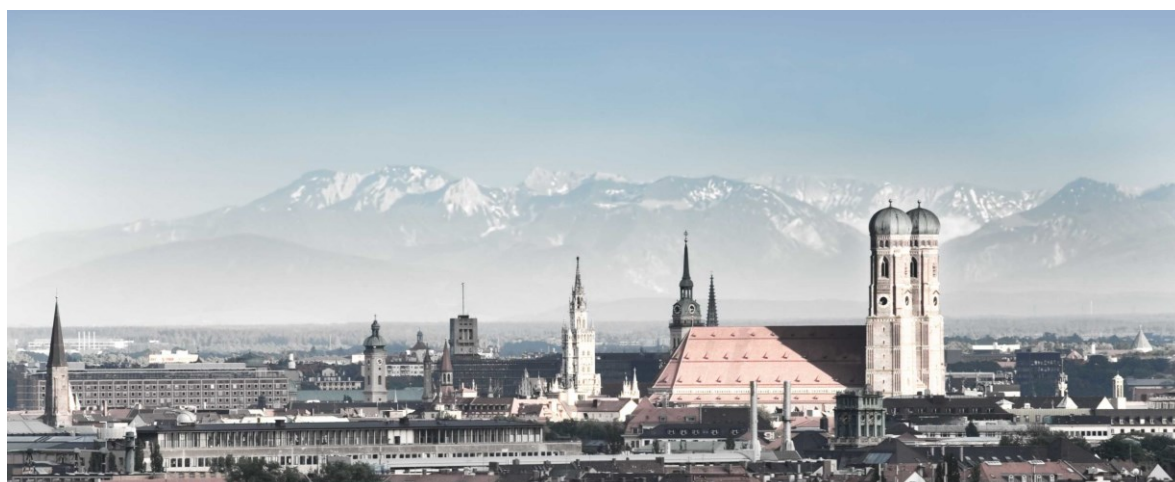
palero capital & palero experts

palero palex

Industry	Private Equity / Advisory
Turnover ¹	Over 1.2 m EUR/ 2.4 m EUR
Employees ¹	6 / 9
Locations ¹	1 / 1
founded	2010 / 2016

¹Reference year 2022

The Luxembourg-based palero Group is backed by a select group of institutional investors. Up to 20 million euros in equity capital is invested per transaction. Its investment strategy is exclusively advised by palero capital and is based not only on experience, but also on the idea of what will be feasible tomorrow. The focus is on the sustainable success of its companies and employees. Operating in this way allows them to liberate the company of its corporate structures and prepare it for the future.



ESG report 2021/2022

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As an investor who changes and moves things, it is essential that a relationship with our employees is formed and their needs and concerns are addressed. Having an on-site presence at the associate companies is indispensable and **travelling** forms part of palero capital's and palero experts' business. All employees are encouraged to take forms of transport that are as eco-friendly as possible, e.g. by train, and, in so doing, make a contribution to palero's ecological footprint. The pandemic has also taught them to rethink the ways in which they travel and to look even more closely at whether **video conferencing** can be used for certain meetings.

E

When you are given a business card, you usually save the information on your mobile phone and then the card ends up in the bin. The same happens when your employee's title changes – the entire stack of proverbial business cards needs to be disposed of. palero capital and palero experts have opted for a **digital business card** as a means of saving on paper. This is a personal website with individual professional contact details which is stored in a cloud where details can be easily updated. This makes it quick and easy to make changes to data with the click of a mouse. The data no longer needs to be saved manually by the business card recipient either, but can be quickly scanned by QR scanner or camera and saved automatically. This ultimately saves time and resources, and serves to prove the point that things can be done “differently” in this day and age.

S

As far as palero is concerned, success has two letters: DO. And palero capital and palero experts focus on employee development to ensure that their employees are also the best at what they “do”. They respond to their employees on an individual basis, regularly analyse their personal development potential and provide **suitable support programmes**. They complement the “learning on the job” approach with individual coaching sessions, in-house workshops and external seminars, and provide the workforce with the best opportunities to develop and help prepare them for the next stage in their careers.

S

In 2021/2022, palero capital supported the “**Center for Corporate Transactions and Private Equity**” (CCTPE) of the **HHL Leipzig Graduate School of Management** – one of the leading business schools in Europe – for a second time as its anchor sponsor. This is a think tank for private equity buy-outs that closely examines the success factors of PE investments. The aim is to promote high quality research and provide a platform for renowned academics and industry experts by creating a competitive database for PE buy-outs.



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The employees are the company's most valuable asset. That is why it is essential that employees are appreciated for the work they do, are treated as equals, and that there is a pleasant environment for them to work in. The typical "**palero spirit**" is in demand here. palero organises at least three team events every year, where employees have the opportunity to exchange ideas in a relaxed atmosphere and strengthen the team spirit, and this serves to firmly anchor this spirit in its company culture.

palero also focuses on **employee health**. It provides its employees with fresh fruit, free drinks, large screens, and adjustable standing desks which help to take the strain off employees' backs. It also provides its employees with a palero bike so they can get some exercise in as well as focus on promoting workplace health for the benefit of its valued workforce.

S

Being able to help other people is a privilege. That is why palero capital decided to once again support people as part of its Christmas fundraising campaign in 2021. It was able to donate a total of 17,400 euros to the Afghan Women's Association, the Against Malaria Foundation and EinDollarBrille e.V.. thanks to its "**Send a Smile**" campaign. Its closest business partners were responsible for choosing how the donations were to be distributed. It was possible to subsidise three great social projects in this way and help many people as a result.

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The Luxembourg-based palero Group, palero capital and palero experts all saw increasingly strict data protection regulations as an opportunity to carry out a detailed internal **data protection audit** on an ongoing basis. This involved updating processes relevant to data protection and introducing new standards so that current data protection guidelines could be complied with at all times.

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The company consults clearly communicated decision-making criteria when making important corporate decisions. **Clear processes and maximum transparency** are relied on here. As an integral part of its corporate principles, corruption, bribery and fraud are to be uncovered as quickly as possible or, at best, prevented completely. **Regular audits** carried out by external auditors help to strengthen its internal control system and prevent criminal fraud. It also has its very own four-eye principle, which also gives us a great deal of control.

To me, palero is synonymous with
teamwork,
flat hierarchies and quick solutions.
The work we do is a lot of fun and we are
making enormous progress.

Yvonne Seitz, Executive Assistant




ESG during an energy crisis

New price factor Sustainability

Nowadays, hardly any deal is concluded without the target company first being closely scrutinised on the basis of its ESG aspects. Carbon footprint has become an important criterion from a due diligence perspective, but so has the ability to use renewable energy sources and reduce energy consumption. This also has an impact on the price: The better a company's ESG ranking, the higher the price they can command. This topic is examined as early as possible in the M&A process so as to quickly identify sustainability risks and actively counteract them before any deal is closed. If this is not possible, the price could end up being reduced or, in the worst case, the transaction could be terminated prematurely.

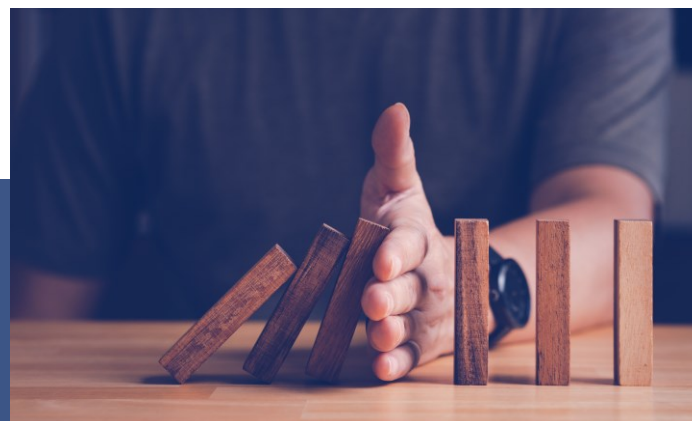
The energy crisis - An energy U-turn?

The goal of the energy transition was, among other things, to phase out coal and nuclear energy – that was until the Ukraine war and the energy crisis arising from this disrupted the status quo. Suddenly, nuclear and gas power plants were classified once more as “green” under certain conditions. Experts expect emissions to rise again in the coming years as gas becomes scarcer and is replaced by energy sources that have a more harmful effect on our climate. Companies that have the necessary financial resources will invest in the eco-friendly technologies of the future to get ahead of the competition. Others will not be able to exploit this opportunity for financial reasons.



Many companies are currently facing a difficult task: on the one hand, they will have to cope with higher energy costs, which will mean that fewer financial resources will be available for climate-friendly investments, but on the other hand, they will no longer be able to afford having a poor sustainability ranking, as this will result in a significant loss of value for the company. That is why it is essential that palero capital do its detailed ESG due diligence before closing any deals. Once the acquisition or merger is successful, palero experts will then focus its efforts on fulfilling sustainability criteria so as to give the company the best prospects for the future.

Using crises as a vehicle for growth.



The last few years have been more turbulent than ever. One unpredictable event has followed the next. Who could have imagined the huge impact the COVID-19 pandemic would have on our daily lives, in our private as well as in our professional lives – barely two years of isolation and the strictest COVID-19 measures have passed and we suddenly find that there is war in Europe. The German economy is also struggling with the energy crisis, material and staff shortages as well as high inflation that have arisen from these events.

Like many other companies, palero capital and palero experts had to confront issues, the type and magnitude of which it had never before encountered. This called for a sudden and new type of crisis management, which demanded the highest levels of flexibility and bespoke action which was tailored to the needs of specific associates. This meant concentrating on salient issues and responding to them in a targeted manner. At the expense of the ESG issues that are actually so relevant?

Quite the opposite, actually. These are precisely the issues that are more present than ever: How can palero associates achieve greater independence from conventional energy sources and, in so doing, reduce their energy costs? How the company culture need to be shaped so as to win the “war of talents” and retain employees in the long term? How do we protect our IT services from dangerous cyberattacks?

These are the types of questions currently being asked and these are the issues that people are working hard on to find sustainable solutions.

“Responsible investment” and sustainable corporate governance have had a major impact on palero's company culture from the outset. Continuing to sharpen its ESG focus and building upon its commitment in this area will play a huge role in the future of its operations, and this will be in response to, not in spite of, times of crisis. It has already implemented a great deal of initiatives successfully – it does not want to rest on its laurels here, but continue to make progress. There is also a clear intention to guarantee that palero's shareholders and stakeholders benefit from future-oriented corporate governance arising from sustainable action.

The Luxembourg-based palero Group, palero capital and palero experts have all managed to navigate these difficult times well so far. This success is owed to its employees above all else. As a Group, it has been able to motivate its workforce, even during difficult periods, by considering the importance of ESG factors. As a result, it has benefited from a very strong team who has assisted palero in navigating these years of crisis. The battle is not yet won, but its employees are fully committed to continuing to do their best every day.

“Consider the end in everything that you do, that’s sustainability.”

(Eric Schweitzer)

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