DSW
Die Anlegerschützer

SUSTAINABLE ENGAGEMENT GUIDE FOR SHAREHOLDERS

From the shareholders' perspective, the issue of climate change is primarily about understanding, measuring and reducing risks. Therefore, we have put together some questions for shareholders in this guide that can be used to question the current status or progress of companies in their climate strategy and the implementation of regulatory requirements.

1. **Climate strategy**:

• Does a specific climate or sustainability strategy exist?

• In terms of the business model, is there sufficient information to show the link between sustainability risks and opportunities? The value-adding aspects of the business model are often neglected.

• What effects does the climate strategy have on the business model, the long-term strategy and financial planning?

• Is there a good presentation of the cost/benefit analysis of the climate strategy?

• To what extent are climate targets taken into account in all new investments?

• Are critical products and substances in the company's portfolio successively replaced by new, more sustainable alternatives?

• How does the company deal with the conflict of goals that may arise as a result (dismissal of employees, relocation of parts of the company abroad, etc.)?

• What are the biggest challenges for the company to achieve the climate goals?

2. **Risk management**:

• Is there a clear presentation of the sustainability risks and their impact on the performance (or e.g. on future cash flow development) and/or on the strategy of the company?

3. **Sustainability Targets and Timelines**:

• What specific targets does management use?

• Are these ambitious, measurable and comprehensible from the outside?

4. **Carbon Footprint**:

This is about company-related greenhouse gas emissions, the measurement and calculation of which form the basis for the carbon accounting system. This information is usually included in the company's sustainability report. The so-called Net Zero Roadmap shows by when the company will have achieved climate protection target 0. (The Paris climate targets assume the year 2050).

In concrete terms, the greenhouse gas emissions of companies are about the publication of the so-called Scope 1, 2 and 3 targets.

Companies find it difficult to provide specific information on Scope 3 targets because they are dependent on information from suppliers and customers, for example. A lack of precision with regard to the disclosure of the target (reduction to 0) can often be seen here, which is particularly criticized by foreign, institutional investors.

• Are all Scope 1 (all direct emissions arising from an organization's activities or its subsidiaries) and Scope 2 (indirect emissions from electricity, heat and steam that companies purchase from utilities) targets published by the company?

• What about the targets for Scope 3 (other indirect emissions in the value chain, i.e. all that are a consequence of the company's activities but come from independent external sources, both upstream at suppliers and downstream at customers) according to Greenhouse Gas Protocol (GHG) off? Will these also be published?

• In addition to the Scope 1, 2 and 3 targets, does the company also publish the intermediate targets with clear timelines?

• How ambitious are these goals compared to the competition and/or the Paris climate goals, for example?

5. **ESG in Board Compensation**:

If a company takes its climate strategy seriously, the topic of ESG must be ambitiously reflected in the compensation system for the board of directors:

• How high is the percentage of coupling to non-financial ESG targets (in the STI and/or LTI)?

• What is their total share of the Management Board's remuneration?

• Are the ESG goals of the compensation congruent with the corporate goals communicated to the outside world?