

GERLIN ESG FUND REPORT - 2023

An overview of the ESG performance of Gerlin portfolio companies in 2022



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1. PREAMBLE



ABOUT TESLIN

Teslin invests in small- and mid-caps since 1991 to create long-term value for our stakeholders



INVESTMENT PHILOSOPHY

Teslin invests in small- and mid-caps since 1991 to create long-term value for stakeholders. We invest in small and medium-sized companies with sustainable value-creation potential in North-Western Europe and we manage three investment funds: Teslin Participaties, Gerlin Participaties, and Midlin.

We believe sustainable value creation is only possible when a company considers all stakeholders’ interests. We therefore consider it essential to integrate ESG ('Environmental, Social, and Governance') into our investment criteria and practices.

ESG is one of the four pillars that forms Teslin’s fundamental analysis. The four pillars are: Market, Strategy, ESG, and Finances.

QUICK FIGURES OF TESLIN

<div>32</div> <div>Years of experience in small- and mid-cap investing</div>	<div>Team of 16</div> <div>Experienced investment professionals</div>
<div>~€1.2 billion</div> <div>Assets under management</div>	<div>>800</div> <div>Investors in Teslin funds</div>



WHAT IS ESG?

DEFINITION FOR TESLIN

ESG stands for Environmental, Social, and Governance, known as the three central factors that investors use to measure the sustainability and ethical impact of a company's operations. Sustainability, in itself, is the potential to produce and consume within the regenerative capacity of the earth.

WHY DO WE TALK ABOUT THIS?

Teslin believes that ESG factors can have a considerable impact on the long-term performance of a company and recognises the topic's increasing importance. It demands a more explicit stance on the subject of companies, by reducing and mitigating risks and by looking for opportunities to create sustainable value beyond financial return. Therefore, Teslin takes an active ownership approach, by engaging with the executive teams of portfolio companies on their understanding of and progress on relevant material factors.

ABOUT THIS REPORT

As part of the engagement with investments, Teslin performs individual annual assessments of all companies in its funds. This document represents the third fund assessment, conducted in 2023, reflecting the fund's ESG performance over the year 2022. The fund assessment is an aggregate of individual annual assessments. Summaries of these individual assessments are provided in Annex C of this report.

This document is based on the collective effort of Holtara ("Holtara"), Teslin Capital Management ("Teslin") and its fund companies. The analysis and findings presented herein, are based on information available in the public domain as well as input from Teslin based on discussions with company management. Holtara has assembled this fund report, in cooperation with representatives of Teslin. Neither Holtara nor Teslin, nor any of their affiliates accept liability or responsibility for the accuracy or completeness of, nor make any representation or warranty, express or implied, with respect to the information contained in this presentation or on which this presentation is based or any other information or representations supplied or made in connection with the presentation or as to the reasonableness of any projections which this presentation contains. This presentation is not intended to form the basis of any credit or other investment decision and should not be considered as a recommendation by Holtara or Teslin or any of their affiliates to invest. Nothing in this report is, or should be relied on as, a promise or representation as to the future. In furnishing this presentation, neither Holtara nor Teslin, nor any of their affiliates undertake to provide the recipient with access to any additional information or to update this presentation or to correct any inaccuracies therein which may become apparent. The information contained in this presentation is confidential. It and any further confidential information made available to you must be held in complete confidence and documents containing such information may not be used or disclosed without prior written consent of Holtara and Teslin.

IDENTIFIED GLOBAL CHALLENGES

Teslin’s ESG efforts concentrate on nine global challenges

GLOBAL CHALLENGES RELATED TO TESLIN’S INVESTMENTS

ENVIRONMENTAL



CLIMATE CHANGE

The increased presence of Greenhouse Gases in the atmosphere is causing global temperatures to rise

RESOURCE SCARCITY

Resources such as oil, coal, lithium, etc. are becoming scarcer due to their limited presence on the planet

ENVIRONMENTAL POLLUTION

The increased consumption of goods in the last decades has resulted in pollution of natural habitats and the oceans

SOCIAL



EMPLOYEE WELLBEING

Workers are often exposed to dangerous situations in their work, or to mental health challenges, which damages life quality

DIVERSITY, EQUITY & INCLUSION

The workforce faces inequality based on e.g. ethnicity, gender, religion, and other characteristics

WAR FOR TALENT

Due to talent scarcity, companies face growth limitations. Offering appropriate development opportunities is crucial

GOVERNANCE



ESG INTEGRATION

Companies need to continue to step up efforts to integrate business practices that ensure alignment with ESG-related laws

DATA SECURITY

Data use by companies has been continuously increasing, which exposes possible related consumer privacy issues

SUPPLY CHAIN CONTROL

Workers in supply chains of transnational corporations are often exposed to human rights violations

HIGHLIGHTS OF ESG PERFORMANCE

Teslin’s portfolio companies have made strides in terms of ESG performance



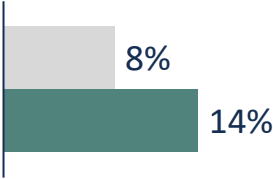
Reports on GHG emissions
(% of companies)



GHG reduction plan in place
(% of companies)



SBTi² targets in place
(% of companies)



Reports on LTIF³
(% of companies)



Reports on absenteeism
(% of companies)



Employee survey in place
(% of companies)



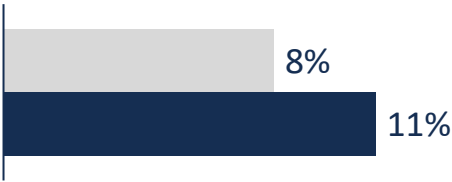
ESG policy in place
(% of companies)



ESG officer in place
(% of companies)



DMA⁴ analysis in place
(% of companies)



¹ These statistics concern all three funds (Teslin Participaties, Midlin, and Gerlin) together and not just Gerlin; ² Science-based Target Initiative; ³ Lost Time Incident Frequency; ⁴ Double Materiality Analysis; Source: Annual Reports

EXECUTIVE SUMMARY FUND REPORT - GERLIN



CURRENT STATUS

- It is Teslin's ambition to invest in companies that are well-positioned for a sustainable future, or at least have the ambition to become well-positioned.
- Currently, all companies in the fund are rated as '*Involved*' or above in terms of ESG performance meaning they manage ESG beyond what is required by regulations. Three companies are considered '*Committed*' at the moment, which implies that an ESG strategy is in place together with KPI targets. However, some of the companies currently lack a comprehensive ESG strategy (including KPIs and targets).
- All companies show interest in improving ESG performance over the next years. Most companies target CSRD¹ compliance in the short term.
- Additionally, all companies publicly communicate about sustainability through a section in the annual report, a CSR² report, and/or company websites.
- In 2022, Gerlin had 9.8% Taxonomy alignment for revenue, 9.5% for CapEx and 9.4% for OpEx. Taxonomy alignment represents the proportion of the company in revenue, CapEx, and OpEx that can be classified as environmentally sustainable according to the EU Taxonomy.



PROGRESS MADE

- In 2022, Gerlin's investments have improved their ESG reporting with new initiatives. For example, 87.5% of the fund monitors and reports on its Scope 1 and 2 carbon footprint, compared to 56% in the ESG review regarding 2021. Another example is that an increasingly larger share of companies is reporting on their Scope 3 carbon footprint and absenteeism figures.
- Leifheit managed to improve its rating from '*Involved*' to '*Committed*' due to the formation and implementation of an ESG action plan and extended KPI monitoring related to ESG.



AMBITION 2025+

- Teslin continues to engage with portfolio companies of Gerlin to direct them towards a sustainable future.
- Teslin's goal is to have all fund companies scoring at least '*Committed*' in 2025.
- Gerlin will also continue focusing on investments that contribute positively to society, and continuously improve its own capabilities regarding ESG assessments.

¹ Corporate Sustainability Reporting Directive; ² Corporate Social Responsibility

2. ESG IN THE CONTEXT OF TESLIN

Context of the measures and
initiatives taken by Teslin to further
integrate ESG at the fund level



Teslin takes an active ownership approach to ESG, which is reflected in its ESG policy¹

Screening Phase

- Teslin aims for sustainable value creation by aligning its investment with the interests of all stakeholders, including the environment and society at large.
- ESG forms an integral part of the investment analysis. It is Teslin's ambition to invest in companies that are well-positioned for a sustainable future, or at least have the ambition to become well-positioned.



Teslin focuses on North-West European small- and mid-caps, which generally results in lower exposure to climate risk².



Teslin explicitly excludes certain industries such as:

- Tobacco³
- Weapons³
- Pornography
- Gambling

Company Engagement

- During the holding period, Teslin aims to guide companies in ESG, as we believe it to be one of the factors influencing a company's long-term license to operate.
- In collaboration with Holtara, portfolio companies are assessed annually on ESG performance. This analysis lays the foundation for engagement with the company:



In ESG assessments, Teslin engages with companies on material themes and invites them to set goals and monitor progress.



If a company fails to achieve its ESG goals, Teslin will encourage the board to improve its ESG strategy but reserves the option to divest if improvement is lacking.

Stakeholder Communication

- Teslin strives to openly communicate its funds' ESG progress. Therefore, insights resulting from company engagements are aggregated into public fund reports.
- On top of fund-level implications, this ambition has certain consequences on the type and frequency of reporting expected from fund investments, for example:



Companies are asked to report on common factors relevant across industries, to increase comparability portfolio-wide.



Companies are motivated to report on ESG performance, progress, and contribution at least annually.

¹ Please refer to Annex B in case you desire to read our complete ESG policy; ² Climate risk describes the physical (how does increased weather intensity affect the company) risks. As climate risk is mainly driven by a company's location of operations, investing in companies based in countries with low climate risk aids company value; ³ Companies involved in "Tobacco" and "Weapons" are excluded in case of deriving a significant part of its revenue in these sectors

Defined ESG standards are upheld both at fund level and at Teslin internally

ESG objectives for Teslin's portfolio companies

Within the space of Environmental, Social, and Governance, Teslin strives for the creation of measurable and useful objectives. In order to do so, alignment with standards, and collaboration with other shareholders and stakeholders are considered to be key. Within each category, the ESG policy¹ sets out the following focus:



Environmental

- Teslin focuses particularly on ways in which a company contributes to the achievement of public goals in environmental improvement, as laid down in the Paris Agreement with special emphasis on the green economic shift.
- The considerations include the use of energy, scarce resources, and water, as well as the processing of hazardous substances and waste streams.



Social

- Teslin focuses on how a company interacts with its stakeholders, e.g. customers, direct and indirect employees, and society at large.
- Analyses aim to gauge whether the quality and safety of products and services is up to par, and whether the company can be considered a good employer i.e. providing a healthy work environment and fair wages.



Governance

- Teslin has defined its vision of good governance in the Stewardship policy 'Active Ownership'².
- Aspects covered in the policy are, amongst others, the rules and controls used to align the interests of shareholders, management, and supervisory board.

Teslin's internal ESG objectives

In 2023, Teslin Capital Management is in the process of conducting an internal ESG assessment, during which KPIs and targets are formulated on material themes. Currently, Teslin internally manages ESG as follows:

- Teslin's ESG committee identifies and implements improvements on relevant ESG themes. These include reduction opportunities in CO₂ emissions from commuting and sustainable procurement of materials and services.
- Teslin also focuses on providing equal application opportunities to employees in terms of diversity. Teslin is a supporter of the Female X Finance initiative, which promotes the pursuit of careers in the finance industry by women.
- As a responsible employer, Teslin provides its employees with the flexibility to devote time and energy to specific initiatives of their choice, which includes engaging in pro-bono projects.

¹ Teslin's full ESG policy can be found Annex A; ² Only available in Dutch

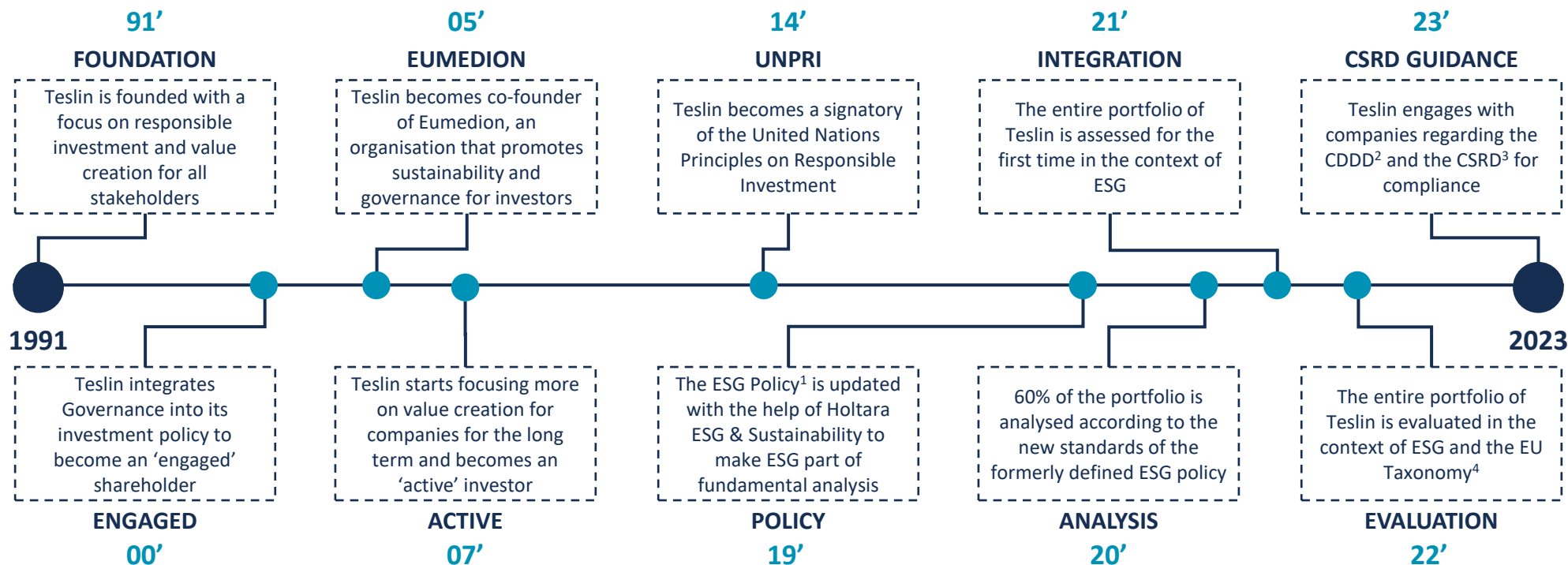
ESG TIMELINE

I. ESG AT TESLIN

II. ESG PERFORMANCE

III. NEXT STEPS

Below you can find a visualisation of Teslin's ESG journey from 1991 to 2023



¹ For Teslin's ESG Policy please refer to Annex B; ² Corporate Due Diligence Directive; ³ Corporate Sustainability Reporting Directive; ⁴ For the Taxonomy page please refer to Annex B; Source: Holtara

Teslin has increased its ESG efforts again this year and has extensive ambitions for the future

2022 and before

- Active as a committed investor since 1991.
- Member of Eumedion¹ since 2005 (corporate governance and sustainability).
- More active engagement when expanding from 'engaged shareholder' to 'active shareholder' in 2007.
- Became a UNPRI signatory in 2014.
- Started to engage with Holtara to assess ESG performance (>60% of invested capital) in 2019/2020: set ESG baseline and defined ambition and policy.
- Published its first ESG fund report to investors in 2020.
- Fully integrated the policy into the investment cycle in 2021.
- In 2022, Teslin started engaging with companies regarding the EU Taxonomy².

2023

- Performed ESG assessments for all companies (except for Ordina³) in the different Teslin funds.
- Conducted annual ESG discussions with 97% of companies regarding performance, material ESG themes, and goals.
- An extra internal workshop was conducted with Holtara relating to Scope 1, 2, and 3 carbon emissions.
- Teslin started engaging with companies on the incoming CSRD⁴ and the action plans in place to comply.

Going forward up to 2025

- By 2024, Teslin aims to ensure that its investments are compliant with the CSRD.
- In 2024, Teslin Capital Management will finalise an internal ESG assessment, in which KPIs and targets will be formulated on material themes.
- Teslin aspires to engage with all fund investments to increase ESG performance to at least 'Committed'⁵ by 2025.
- Teslin aims to further educate investment teams on ESG matters and improve the level of Teslin's ESG analyses.

¹ Eumedion is a foundation representing the interests of its affiliated institutional investors in the field of corporate governance and sustainability; ² Assessment included in Annex B; ³ Ordina was not engaged with this year due to exiting the held position in the company; ⁴ Corporate Sustainability Reporting Directive; ⁵ The 'committed' rating follows Holtara's methodology. Please refer to Annex B for more information Source: Holtara

3. ESG PERFORMANCE OF GERLIN

The performance of Gerlin in the context of ESG, including initiatives of portfolio companies and ESG ratings



FUND HIGHLIGHTS

*87.5% of
companies report
on Scope 1 and 2
emissions*

*Every company
demonstrates
its ESG efforts
through reports*

*100% of invested
capital is rated
“Involved” or
above*









FUND OVERVIEW

In 2023, 100% of invested capital has undergone an ESG assessment

I. ESG AT TESLIN

II. ESG PERFORMANCE

III. NEXT STEPS

Company	Description	Invested capital – 30.09.2023 (%)	ESG company scan	
			2023	Type
 Dr. Höhle	Developer and manufacturer of industrial UV technology related products	4%	✓	Update
 Elmos	Designer, producer, and distributor of mixed-signal semiconductors	36%	✓	Update
 EQS	Regulatory technology supplier of compliance and investor relations solutions	10%	✓	Update
 IVU Traffic Technologies	Provider of integrated software products for public transport	9%	✓	Update
 Leifheit	Producer and seller of high-quality household equipment	9%	✓	Update
 NFON	Provider of cloud telephony services for businesses	5%	✓	Update
 SÜSS Microtec	Designer and manufacturer of semiconductor equipment	19%	✓	Update
 Technotrans	Producer of thermal management solutions	7%	✓	Update
Total		100%		

Key figures
2023

8 assessments in total

100% of invested capital

100% of reports discussed with
company representatives

Source: Publicly available company data, Teslin, Holtara analysis

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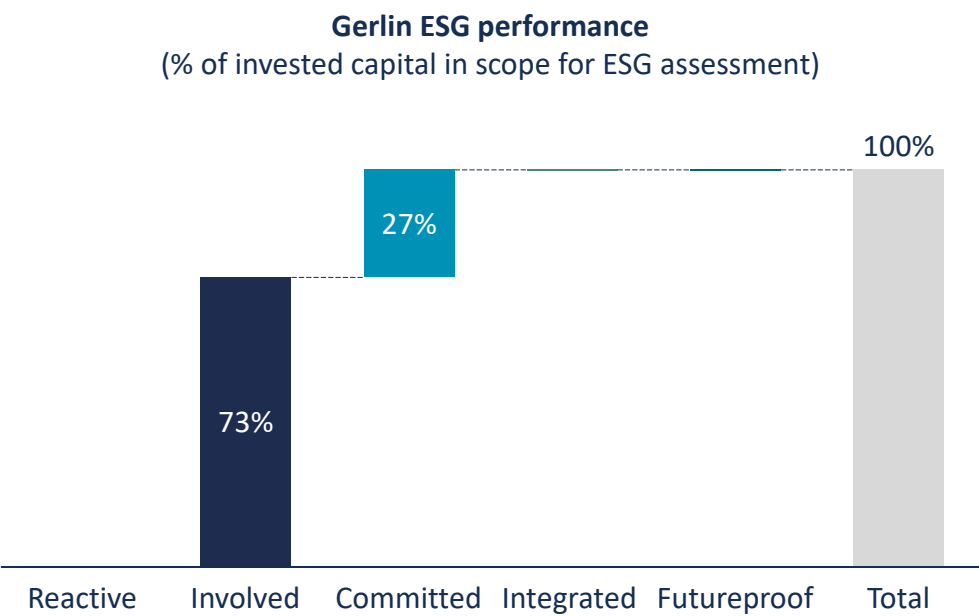
MATERIAL ESG THEMES

The most occurring themes are energy & carbon, product quality, and integration of sustainability principles

Category	ESG theme	Explanation	Number of companies with ESG theme
 Environmental	Energy & carbon	<ul style="list-style-type: none"> Relates to the carbon footprint caused by, amongst others, energy consumption in operations. 	7
	Product design & lifecycle management	<ul style="list-style-type: none"> Relates to the maximisation of product lifetime and minimisation of product lifecycle impact. 	5
 Social	Product quality & safety	<ul style="list-style-type: none"> Relates to the management of product quality and safety. 	7
	Employee health & safety	<ul style="list-style-type: none"> Relates to a company's ability to maintain a safe and healthy workplace environment. 	5
 Governance	Integration of sustainability principles	<ul style="list-style-type: none"> Relates to a company's ability to implement and integrate sustainability throughout the organisation. 	8
	Supply chain control	<ul style="list-style-type: none"> Relates to responsible, transparent, and sustainable supply chain management. 	3

ESG RATINGS BY INVESTED CAPITAL

All companies address sustainability beyond laws and regulations; all companies aim for at least the formulation of an ESG strategy with targets



- In 2023, **Teslin engaged with company representatives to discuss ESG** and ESG performance was evaluated to set or update a baseline. The ESG progress of each company was discussed with the company's management team.
- **100% of invested capital is rated “Involved” or above. All companies address sustainability beyond laws & regulations;** with ad-hoc or project-based initiatives or with a clear action plan/strategy, KPIs, and targets.
- **All companies indicated the ambition to improve ESG performance by 2025 to at least ‘committed’**, indicating that these companies aim to have an ESG strategy in place, with KPIs and targets. **The majority of companies aim for ‘Integrated’ by 2025.**

Explanation of performance standard¹

Reactive	Involved	Committed	Integrated	Futureproof
Limited attention to ESG within the company, ESG response only based on compliance to laws & regulations	Ad-hoc initiatives in place to manage ESG, mostly from a risk or a cost-efficiency perspective	Action plan/strategy in place to integrate ESG focused both on ESG risks and opportunities, including KPIs and targets	Tangible progress on relevant ESG themes; responsible business practices actively marketed to relevant stakeholders	Company’s strategy fully aligned with a circular economy ; frontrunner in the industry and pushing industry standards

ESG PERFORMANCE AND FUTURE AMBITIONS

Leifheit has made the step from 'Involved' to 'Committed'; all companies demonstrate at least ESG involvement through ad-hoc initiatives

2021  2022  2025 ambition 

Company	ESG performance ¹					Notable progress initiatives in FY 2022
	Reactive	Involved	Committed	Integrated	Futureproof	
 honle						<ul style="list-style-type: none"> Set up more photovoltaic systems (e.g. at facilities in Munich and on Malta)
 elmos						<ul style="list-style-type: none"> Improved reporting on Health & Safety related KPIs
 EQS GROUP						<ul style="list-style-type: none"> Set environmental targets (including targets on carbon and renewable electricity use)
 IVU TRAFFIC TECHNOLOGIES						<ul style="list-style-type: none"> Calculated Scope 1 and 2 carbon footprint and set relevant reduction targets
 LEIFHEIT						<ul style="list-style-type: none"> Introduced an elaborate ESG strategy (including carbon and renewable energy targets)
 NFON						<ul style="list-style-type: none"> Calculated Scope 1 and 2 company carbon footprint
 SDSS Microtec						<ul style="list-style-type: none"> Drafted a Supplier Code of Conduct (which will be used in the near future)
 technotrans						<ul style="list-style-type: none"> Expanded product offering of energy-efficient solutions (e.g. eco.line)

¹ The ESG performance assessment is a joint effort between MJH and Teslin
Source: Company data, Teslin, Holtara analysis

PROGRESS CASE – RATING UPGRADE LEIFHEIT

Leifheit managed to upgrade its rating from “Involved” to “Committed” by setting concrete ESG-related targets

OVERVIEW OF RATING UPGRADE FOR LEIFHEIT

Performance rating 2021: **Involved**



Performance rating 2022: **Committed**



ESG-RELATED TARGETS OF LEIFHEIT SET IN 2022

1. ENVIRONMENTAL TARGETS



- **Short term:** Start measuring and reporting Scope 3 emissions.
- **Long term:** Carbon neutral in scope 1 & 2 emissions (incl. prevention, reduction, and offsets); 100% renewable energy in electricity mix (Scope 2).

2. SOCIAL TARGETS



- **Short term:** Maintain staff turnover lower than the base level of 2022 (12.6%); Maintain share of women at the first management level (29%).
- **Long term:** Drive in-house manufacturing above 65%; Hold a warranty rate <2% and no product recalls.

3. GOVERNANCE TARGETS

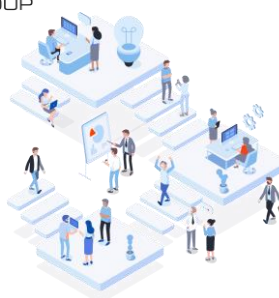


- **Short term:** Maintain 100% conformance of Birambeau supplier to level C BSCI; Maintain 100% compliance with the Social Code of Conduct.
- **Long term:** Increase the share of suppliers located in Europe to >80%.





EQS GROUP



elmos[®]



Replacing dangerous chemicals

Environmental considerations are **incorporated in design** by SUSS Microtec:

- SUSS focuses on propositions and sectors with the potential to **make a valid environmental impact** through innovation.
- SUSS is close to completing “green technology” wafer applications, which **replace chemical processes currently used to remove organic polymer**.
- These applications could be utilised in **MEMS¹ manufacturing** as a substitute environmentally safe solution.

Strengthening employee development

EQS Group developed its **Empower2Grow strategy** for its employees in 2022:

- The program **includes career management and development** options including training, coaching, and feedback.
- The process **will replace the annual performance appraisals** with a more dynamic alternative with more extensive options.
- The strategy and program will **be rolled out in 2023 paired with various webinars** to introduce employees to the program.

Implementing double materiality

Elmos **revamped its sustainability strategy** last year:

- Elmos' sustainability strategy, rooted in a **double materiality approach**, tackles concerns in value chain and complies with CSRD² materiality requirements.
- The company uses **the 17 UN SDGs³**, which consider all three dimensions of sustainability: social, environmental, and economic to identify and address these key issues.
- Elmos also has a **broad range of ESG policies**, among others human rights, social engagement, biodiversity.

¹ Micro-electromechanical system (MEMS); ² Corporate Sustainability Reporting Directive; ³ United Nations Sustainable Development Goals; Source: Publicly available company data, Teslin, Holtara;

IDENTIFIED ESG IMPROVEMENT OPPORTUNITIES

Most improvement opportunities relate to reporting health and safety metrics

Company	ESG Report	ESG rating 2022	Examples of identified improvement opportunity
	Non-financial report	<i>Involved</i>	Improve H&S reporting with metrics such as diversity, absenteeism and employee satisfaction
	Non-financial report	<i>Involved</i>	Improve reporting on H&S-related KPIs (absenteeism, employee satisfaction, and set targets)
	Sustainability report	<i>Committed</i>	Include ESG criteria in the long-term executive remuneration policy
	Section in annual report	<i>Involved</i>	Obtain an external sustainability rating to prove performance to stakeholders
	Sustainability Report	<i>Committed</i>	Introduce employee satisfaction and start actively reporting this metric
	Non-financial report	<i>Involved</i>	Report on additional service quality metrics such as customer satisfaction (i.e. net promoter score)
	Non-financial report	<i>Involved</i>	Improve H&S metrics by reporting on employee satisfaction annually
	Sustainability report	<i>Committed</i>	Calculate and report Scope 3 carbon emissions on annual basis

4. NEXT STEPS AT FUND LEVEL

Next steps for Teslin in terms of ESG integration at both internal and company levels



TESLIN

 **Holtara**

NEXT STEPS

Gerlin identifies several opportunities for further ESG integration at fund level



Targeted company support

Connect portfolio companies to (external) experts to create opportunities for making progress in terms of ESG by obtaining relevant certification.



Internal team development

Further educate the Gerlin team regarding ESG analysis and integration through the provision of training and other resources.



Legislative alignment

Continue to engage with companies to further explore and ensure adherence to the SFDR¹, CSRD², and EU Taxonomy in the short term.



ESG engagement at board level

Gerlin actively engages with management to further promote ESG at the executive level.

¹ Sustainable Finance Disclosure Regulation; ² Corporate Sustainability Reporting Directive; Source: Teslin

ANNEX A

Overview of relevant KPIs and metrics
for portfolio companies



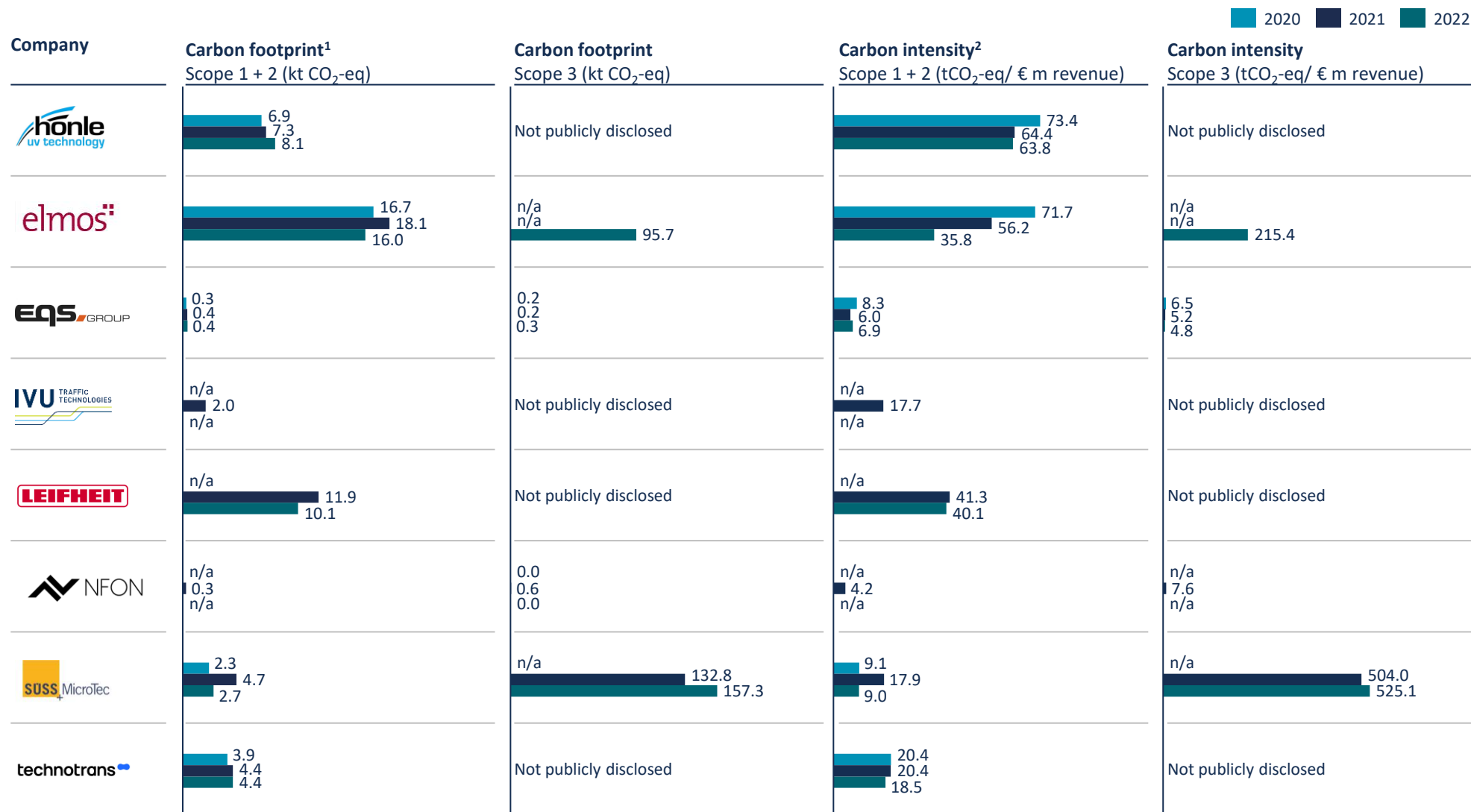
CARBON FOOTPRINT METRICS

Most investments publicly disclose their operational carbon footprint

A. ESG METRICS

B. DOCUMENTS

C. ONE-PAGERS



¹ Please refer to Annex B of this report for a detailed overview of the different carbon emission scopes; ² Carbon intensity is calculated based on the carbon footprint and revenue data publicly available;

SOCIAL METRICS

Currently, the Gerlin companies only selectively disclose absenteeism and accident rates



¹ LTIF is defined as the number of non-fatal accidents per million hours worked.
Source: Publicly available company data

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ESG GOVERNANCE METRICS

A. ESG METRICS

B. DOCUMENTS

C. ONE-PAGERS

Most companies publicly disclose key ESG-related policies

✓ In place
⌚ Partly in place²
✗ Not in place

Policy								
ESG or CSR policy ¹	✓	✓	✓	⌚	✓	⌚	✓	✓
Anti-corruption/Bribery	⌚	✓	✓	✓	✓	✓	✓	✓
Business ethics	⌚	✓	✓	✓	✓	✓	✓	✓
Whistleblowing	✓	✓	✓	✓	✓	✓	✓	✓
Code of Conduct	✓	✓	✓	✓	✓	✓	✓	✓
Health & Safety	✓	✓	✓	✓	✓	⌚	✓	✓
Data security & privacy	✓	✓	✓	✓	✓	✓	✓	✓
Procurement practices	✓	✓	✓	✓	✓	⌚	✓	✓
Remuneration incl. ESG criteria	⌚	✓	✗	⌚	⌚	✓	✓	✓
D&I	✓	✓	✓	⌚	✓	✓	✓	✓

¹ This year a new definition of ESG policy was utilised, which caused changes in the presence of the policy for a few companies; ² Policy is mentioned in company's communications but not accessible to the public online
Source: Publicly available company data, Teslin, Holtara analysis;

ANNEX B

Overview of Teslin's ESG policy and the used methodology



Teslin is a committed long-term investor with an elaborate ESG policy

Teslin's 'Environmental, Social, and Governance' policy

In our world today, we face the challenge of a transformation towards a sustainable and healthy society.

Teslin has been an actively engaged investor with a long-term outlook since its inception in 1991. We mainly invest in small and medium-sized listed companies with sustainable value creation potential in the Netherlands and surrounding countries. We are convinced that sustainable value creation is only possible when a company takes into account the interests of all stakeholders. We therefore consider it a logical step to further integrate ESG ('Environmental, Social, and Governance') into our investment policy and criteria.

What do we mean by sustainable and responsible investment?

It is our ambition to invest in companies that are well-positioned for a sustainable future, or at least have the ambition to become well-positioned. We are convinced that this is only possible if a company does business in a decent manner, which means that the company must take into account the interests of all stakeholders, the environment and society. In the long term, doing so will also benefit performance. Part of investing is identifying and managing risks. We do this through in-depth analysis of, and involvement in, a select number of companies and as such, ESG forms an integral part of our analyses.

How do we integrate ESG?

Sustainability forms an integral part of our investment process, both before and during the investment period. Our focus on North-West European small and mid caps results in relatively low exposure to a number of ESG risks, as country risks are low and certain high-risk industries such as mining and oil production fall outside the scope of our investment universe. We explicitly exclude certain industries such as tobacco, weapons, pornography, and gambling. Nor will we invest if we have reason to believe that in the long term a company will not be able to create value in a sustainable manner.

Our entrepreneurial shareholding in a concentrated portfolio with substantial equity interests requires first and foremost a careful selection of companies in

which we invest. ESG is an important part of our fundamental analysis as it is our objective to determine whether the company is, or could become, future-proof. The condition for a company's growth is increasingly determined by the sustainability of its proposition. Once invested, we aim to guide companies towards a sustainable future. Because of the size of our equity stake, we have influence and are well-positioned to challenge our companies in the field of ESG. We encourage companies to set specific ESG goals and we monitor progress against these. Where we observe that a company is insufficiently successful in achieving its objectives, we will encourage the board to act. Exerting influence by means of exercising our voting rights is an important tool for us. If this does not lead to the desired result, we will reconsider the investment.

We communicate about ESG on our website, in our fund reports, annual reports, and management reports

We have been signatories to the UN Principles for Responsible Investment (UNPRI) since 2015 and report annually on how we implement these principles. We will account for the implementation of our ESG policy in public documents, including our fund reports, annual reports and management reports.

For more detailed information about how Gerlin Participaties Coöperatief integrates sustainability factors in its investment decision process, please see Annex H of its prospectus.

What does this mean for our companies in practice?

We ask the boards of 'our' companies to report (at least annually) on their ESG performance and disclose how they are contributing to the challenges we face as a society. In doing so, we recognise that the relevant ESG factors differ from company to company and we therefore strive for tailor-made solutions. To increase comparability between companies in our portfolio, we look at a number of common factors that we believe are important for sustainable value creation regardless of the industry and / or the business model.

Teslin is a committed long-term investor with an elaborate ESG policy

What are our objectives?

ESG provides a framework for analysing companies from different perspectives, identifying opportunities and formulating measurable and useful objectives. Where possible, we do this by collaborating with other shareholders and stakeholders (such as Eumedion – the Dutch organization that represents the interests of institutional investors in the field of corporate governance and sustainability), combining knowledge, and influence.

- Regarding Environmental aspects, we focus in particular on the ways in which a company contributes to the achievement of public goals with respect to environmental improvements, as laid down in the Paris Agreement with special emphasis on the green economic shift. Our analysis includes the use of energy, scarce resources, and water as well as the processing of hazardous substances and waste streams.
- Regarding Social aspects, we focus on how a company interacts with its stakeholders. Whether customers receive safe products and services at a fair price that meet relevant quality requirements or guidelines; whether the company can be considered a good employer (i.e. healthy work environment, fair wages) and whether social responsibility is fulfilled, for example, by ensuring the protection of personal data and striving for fair and sustainable

value chains.

- On the Governance of listed companies, we have set out our own vision in the Stewardship policy 'Ondernemend Aandeelhouderschap' (only available in Dutch). This policy sets out how we, as an active and entrepreneurial shareholder strive for good corporate governance by setting transparent rules and controls to align the interests of shareholders, management and supervisory board.

What do we do ourselves?

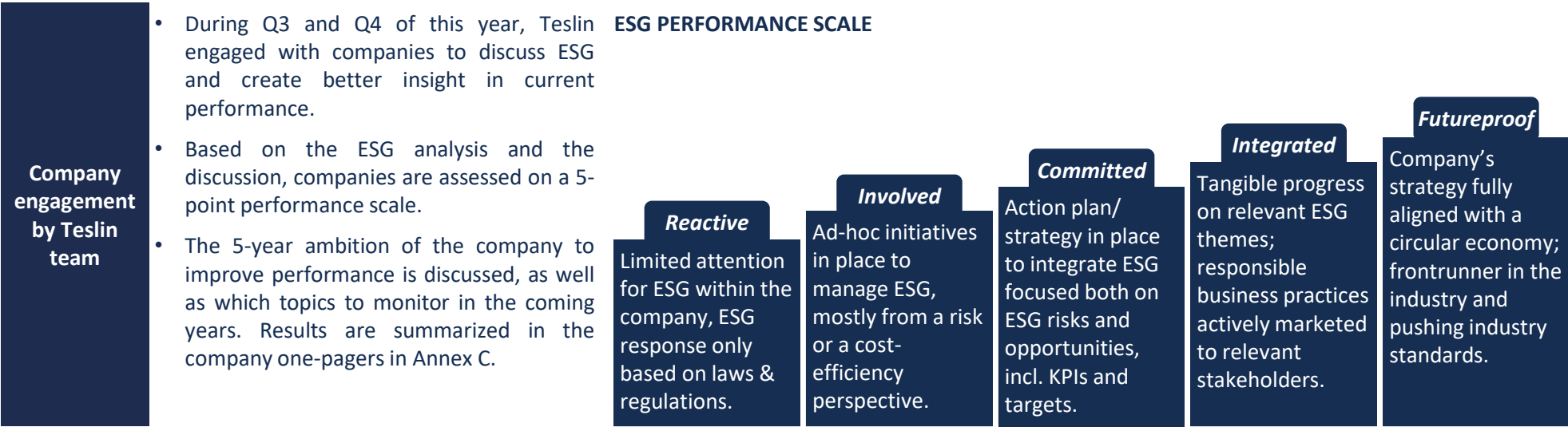
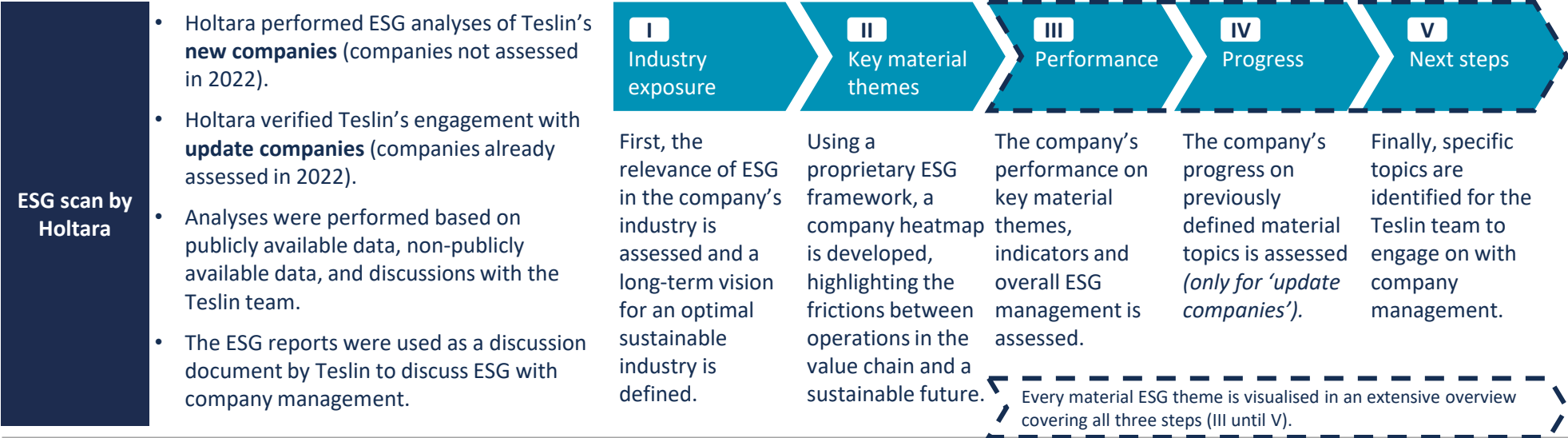
We live up to the same standards as we consider relevant for our companies. Our internal ESG committee identifies and implements improvements on relevant ESG themes such as CO2 emissions from commuting and sustainable procurement of materials and services.

As a company, we want to make a positive contribution to socially relevant initiatives. This can be done by making a financial contribution, but above all we want to actively encourage our employees to deploy their expertise and talents for the benefit of society at large. As a responsible employer, Teslin provides its employees the flexibility to devote time and energy to specific initiatives of their choice, which includes engaging in pro-bono projects.

Examples of themes

ENVIRONMENTAL		SOCIAL		GOVERNANCE	
<ul style="list-style-type: none">• Carbon emissions• Energy consumption• Water consumption• Hazardous material use• Resource management	<ul style="list-style-type: none">• Product development & circularity	<ul style="list-style-type: none">• Employee health & safety• Employee wellbeing• Development & retention• Diversity of staff	<ul style="list-style-type: none">• Product quality & safety• Human rights & community relations	<ul style="list-style-type: none">• Appointment of directors and supervisory board members• Independence & responsibility of the (supervisory) board• Remuneration policy	<ul style="list-style-type: none">• Integrity (throughout the value chain)• Legal & regulatory compliance• Responsibility of end-markets• Data privacy and security

Teslin has assessed the ESG performance of all holdings and discussed the results with management



CARBON FOOTPRINT SCOPES EXPLAINED

Like-for-like comparison of carbon intensity is challenging due to different reporting scopes

SUMMARY		GHG PROTOCOL CATEGORIES		
		UPSTREAM	COMPANY OPERATIONS	DOWNSTREAM
<p>This report follows the GHG protocol, the global standard for measuring greenhouse gas emissions, which separates emissions into three categories:</p> <div> <div>Scope 1</div> <div>Direct emissions from the organisation</div> </div> <div> <div>Scope 2</div> <div>Indirect emissions from purchased energy</div> </div> <div> <div>Scope 3</div> <div>Indirect emissions from the value chain</div> </div>		<div>Scope 3</div> <div>Purchased goods and services</div> <div>Capital goods</div> <div>Fuel and energy-related activities (excl. S1-2)</div> <div>Upstream transportation and distribution</div> <div>Waste generated in operations</div> <div>Business travel</div> <div>Employee commuting (incl. work-from-home)</div> <div>Upstream leased assets</div>	<div>Scope 1</div> <div>Stationary combustion</div> <div>Mobile combustion</div> <div>Fugitive emissions from air-conditioning</div> <div>Other fugitive or process emissions</div> <div>Scope 2</div> <div>Purchased electricity (facility use)</div> <div>Purchased electricity (vehicle use)</div> <div>Purchased heat and steam</div>	<div>Scope 3</div> <div>Downstream transportation & distribution</div> <div>Processing of sold products</div> <div>Use of sold products</div> <div>End-of-life treatment of sold products</div> <div>Downstream leased assets</div> <div>Franchises</div> <div>Investments</div>

A significant portion of corporate emissions is attributed to Scope 3 sources. Companies may not always exert direct control over these Scope 3 emissions; however, decarbonisation opportunities can be identified.

The GHG accounting and reporting provided aims to present a faithful, accurate, and equitable representation of the company's emissions. This endeavour aligns with the five fundamental principles of the GHG Protocol:

- Relevance
- Completeness
- Consistency
- Transparency
- Accuracy

Some companies of Gerlin have to report on the EU Taxonomy

EU TAXONOMY INTRODUCTION

To meet the EU's climate and energy targets for 2030 and reach the objectives of the European Green Deal, investments must be directed toward sustainable projects and activities.

To achieve this, a common language and a clear definition of what is 'environmentally sustainable' is needed. Therefore, the EU's Sustainable Finance Action Plan called for creating a shared classification system for sustainable economic activities.

There are 3 types of activities defined in the EU Taxonomy:

1. Activities that themselves contribute significantly to an objective.
2. Transitional activities, which are activities for which there are no technologically and economically feasible low-carbon alternatives.
3. Enabling activities, which are activities that enable other activities to make a substantial contribution to an objective.

The EU Taxonomy alignment of a company is the proportion of a company's revenue, CapEx and OpEx, that is classified as sustainable by the EU. The alignment is expressed as a percentage of the total revenue and costs, respectively.

TAXONOMY REQUIREMENTS

An economic activity is environmentally sustainable if it meets the defined criteria for all of the following conditions:

1. It makes a substantial contribution to one of the six specified environmental objectives:
 - I. Climate change mitigation.
 - II. Climate change adaptation.
 - III. Sustainable use and protection of water and marine resources.
 - IV. Transition to circular economy.
 - V. Pollution prevention and control.
 - VI. Protection and restoration of biodiversity and ecosystems.
2. It does no significant harm ('DNSH') to any of the other objectives.
3. It meets the minimum social safeguards.
4. Comply with the applicable technical screening criteria

An eligible activity means that an activity is included in the EU Taxonomy (e.g. it is covered in the technical screening criteria) but says nothing about alignment. Alignment goes beyond eligibility and implies that an eligible activity meets all defined EU Taxonomy criteria by the European Commission.









In 2022, companies in the scope of the NFRD¹ were obliged to report on Taxonomy eligibility for the first two objectives. In 2023, this changed to the entire Taxonomy alignment of the company, and from 2025 the scope of companies required to report on the Taxonomy will expand due to the CSRD².

It is important for investors to know if estimates are used by companies for the Taxonomy alignment as investors are not allowed to use estimates. Furthermore, investors must report whether the alignment is verified or calculated by a third party.

¹ Non-Financial Reporting Directive ² Corporate Sustainability Reporting Directive
Source: EU Taxonomy resources of EU

TAXONOMY OVERVIEW FOR GERLIN

Gerlin had 9.8% Taxonomy alignment for revenue and CapEx in 2022

Company	Eligibility in 2022 ¹ (% of revenue, CapEx, and OpEx)	Alignment in 2022 ² (% of revenue, CapEx, and OpEx)
	0.0% 0.0% 7.0%	Not publicly disclosed
	30.8% 31.1% 31.4%	0.0% 0.0% 0.0%
	Not publicly disclosed	Not publicly disclosed
	100.0% 100.0% 100.0%	100.0% 100.0% 100.0%
	0.0% 8.4% 0.0%	0.0% 0.0% 0.0%
	Not publicly disclosed	Not publicly disclosed
	0.0% 0.9% 41.2%	0.0% 0.0% 0.0%
	12.9% 8.9% 6.2%	12.0% 7.6% 6.2%



Fund's Taxonomy alignment

The Taxonomy alignment per company is obtained from company's annual report. The fund's Taxonomy alignment represents the weighted average of the company's alignment over the investment values.

Gerlin can report for 2022:


- Revenue alignment: 9.8%
- CapEx alignment: 9.5%
- OpEx alignment: 9.4%
- Transitional activities: 0%
- Enabling activities 0%


¹ An eligible activity means that an activity is included in the EU Taxonomy but says nothing about alignment; ² Alignment goes beyond eligibility and implies that an eligible activity meets all criteria
Source: Taxonomy Regulation, Sustainable Finance Disclosure Regulation, European Commission, Company annual reports

ANNEX C

Summaries of company ESG
engagements



Company	ESG rating in 2022	Ambition for 2025
	Involved	Committed
Summary of performance		
Dr. Hönle mentions various initiatives and KPIs but does not yet incorporate ESG in its strategy. The company should monitor and report on more strategic ESG KPIs. The sale of the energy-intensive quartz glass production business improves the company's carbon emission profile going forward.		
Topic	Initiatives	
Environmental	• Several PV solar power systems installed	
	• Disinfection with UV light (chemical free)	
Social	• Preference for reusable materials in development	
	• ISO 9001 certification in place	
Governance	• Risk assessments and personnel training	
Next steps to monitor		
• Different phases from an updated ESG roadmap (beyond 2023)		
• Providing a clear overview of internal relevant ESG policies in place		
• Providing targets to reduce environmental impact such as recyclability of products, materials used and waste		
• Reporting on the number of product recalls & quality complaints		

Company	ESG rating in 2022	Ambition for 2025
	<i>Involved</i>	<i>Integrated</i>
Summary of performance		
Elmos complies to all legal, regulatory and quality requirements. The company has various ISO certifications and a sustainability strategy published on their website. Elmos improved ESG reporting, providing insight into more key ESG metrics on the website, but no ESG related targets yet.		
Topic	Initiatives	
Environmental	<ul style="list-style-type: none">• ISO 50001. Gas-driven CHP plant. Reports Scope I & II emissions	
	<ul style="list-style-type: none">• Started reporting a product matrix which explains product specific contributions to ESG related metrics	
	<ul style="list-style-type: none">• Optimization of water treatment processes	
Social	<ul style="list-style-type: none">• ISO 45001. Reports selected H&S related KPIs	
Governance	<ul style="list-style-type: none">• REACH, RoHS, internal/external audits, Supplier CoC, quality audits	
Next steps to monitor		
<ul style="list-style-type: none">• Further progress in ESG reporting and more attention for ESG in investor communication		
<ul style="list-style-type: none">• Define a comprehensive ESG strategy/policy and set measurable targets		
<ul style="list-style-type: none">• Improve reporting on H&S related KPIs (absenteeism, employee satisfaction)		
<ul style="list-style-type: none">• Inclusion of sustainability KPIs in Supplier Code of Conduct		

Company

ESG rating in 2022

Ambition for 2025

EQS

GROUP

Committed

Integrated

Summary of performance

EQS has set targets in terms of ESG accompanied by a strategy to improve KPI performance. However, at the moment no significant progress has yet been made, especially regarding energy & carbon and talent management & retention, primarily due to the novelty of the plans.

Topic	Initiatives
Environmental	<ul style="list-style-type: none"> Scope 1, 2 and 3 insights and reduction strategy
Social	<ul style="list-style-type: none"> Employee satisfaction score of 4.0/5.0 in 2021
	<ul style="list-style-type: none"> Annual NPS survey for clients
Governance	<ul style="list-style-type: none"> ISO 27001 in place
	<ul style="list-style-type: none"> EQS Business Partner Code of Conduct

Next steps to monitor

- Improve calculation of Scope 3 emissions (across value chain)
- Reporting of metrics such as compliance & IT security training, % of suppliers to sign CoC
- Rehaul of company’s HR data collection
- Progress towards CSRD reporting (2025)

Company

ESG rating in 2022

Ambition for 2025

IVU

TRAFFIC TECHNOLOGIES

Involved

Committed

Summary of performance

IVU has strongly expanded its ESG reporting with relevant initiatives and key metrics. It plans to become operationally carbon neutral by 2025, however, a complete ESG strategy with targets on other key areas is missing. We believe the company will be upgraded to “Committed” when it formulates these targets.

Topic	Initiatives
Environmental	<ul style="list-style-type: none"> Carbon neutral business operations by 2025
Social	<ul style="list-style-type: none"> IVU in-house Developer Conference
	<ul style="list-style-type: none"> Quality Management System (ISO 9001)
	<ul style="list-style-type: none"> Chief Information Security Officer in place
Governance	<ul style="list-style-type: none"> Annual sustainability reporting

Next steps to monitor

- Develop initiatives to reduce Scope 1 and 2 carbon footprint
- Start measuring and reporting on Scope 3 emissions
- Conduct employee surveys to measure satisfaction level
- Implementation of the Supply Chain Due Diligence Act (2024)

Company	ESG rating in 2022	Ambition for 2025
	<i>Committed</i>	<i>Integrated</i>

Summary of performance

Leifheit improved its ESG commitment in 2022 after developing a comprehensive sustainability strategy outlining various KPIs and targets (2030), which justifies an upgrade to “Committed”. Maintaining and improving the current rating can be achieved through CSRD compliance and progress on key themes, such as ‘Energy & Carbon’ and ‘Employee H&S’.

Topic	Initiatives
Environmental	• Reported target for climate neutrality in 2030
	• Target set for waste reduction and recyclability
Social	• Extensive testing by independent institutes
	• German best vocational training award
Governance	• 100% compliance with Social CoC/BSCI as target

Next steps to monitor

- Progress towards carbon neutrality in Scope 1 and 2 emissions by 2030
- Start measuring and reporting on Scope 3 emissions
- Conduct employee surveys to measure satisfaction level
- Revision of Leifheit’s Code of Conduct

Company	ESG rating in 2022	Ambition for 2025
	<i>Involved</i>	<i>Committed</i>

Summary of performance

NFON published its first separate non-financial report in 2022 incl. CO₂ footprint results. The next steps would be to incorporate ESG in its strategy, set tangible ESG targets for already present KPIs and to formulate additional ESG KPIs for talent management and service quality. A new head of ESG has been attracted who will lead this initiative.

Topic	Initiatives
Environmental	• Travel, energy and commute policies
Social	• Employee well-being report in 2022
	• Low gross churn rate of 0.5% per month
Governance	• IT Security / Data Protection Officers in place
	• Partnership with SOS-Kinderdörfer e.V

Next steps to monitor

- Rehaul of the company’s CO₂ footprint calculation
- Formulation of company mobility policy (lease car, public transport)
- Conduct employee surveys to measure satisfaction level
- Revision of NFON’s Code of Conduct

COMPANY SUMMARIES

Technotrans & SÜSS MicroTec

A. ESG METRICS

B. DOCUMENTS

C. ONE-PAGERS

Company

ESG rating in 2022

Ambition for 2025

technotrans

Committed

Integrated


Summary of performance

Technotrans has reported on the progress made on key KPIs and further developed energy-efficient thermal management systems. Structural progress on carbon emissions, product quality, and EH&S metrics is required for an upgrade.

Topic	Initiatives
Environmental	<ul style="list-style-type: none">Reporting of average GWP per refrigerantDevelopment of energy-efficient thermal systems
Social	<ul style="list-style-type: none">Personnel trainingAdvanced Quality Management System
Governance	<ul style="list-style-type: none">Sustainability report

Next steps to monitor

- Reporting of Scope 1 and Scope 2 separately again and starting to report on Scope 3
- Reporting of hazardous materials
- Reporting of employee engagement score
- Aligning ESG reporting according to relevant regulations such as EU Taxonomy and CSRD

Company	ESG rating in 2022	Ambition for 2025
	<div>Involved</div>	<div>Integrated</div>
Summary of performance		
SÜSS improved its ESG performance, publishes a comprehensive sustainability report, increasingly incorporated ESG in its strategy, disclosed ESG policies and reports on a high number of ESG KPIs. To become ‘Committed’ in our rating methodology, SÜSS needs to formulate concrete targets on the ESG KPIs.		
Topic	Initiatives	
Environmental	<ul style="list-style-type: none">• Climate neutrality by 2030	
	<ul style="list-style-type: none">• UV LED light source instead of mercury vapor	
Social	<ul style="list-style-type: none">• Ambition for zero incidents	
	<ul style="list-style-type: none">• ISO 9001 and 14001 certificates	
Governance	<ul style="list-style-type: none">• Supplier Code of Conduct	
Next steps to monitor		
<ul style="list-style-type: none">• Procurement of 100% renewable energy. Include renewable energy metrics in reporting		
<ul style="list-style-type: none">• Improve H&S metrics by reporting on employee satisfaction		
<ul style="list-style-type: none">• Draft a Supplier Code of Conduct and set up a process for Strategic Supplier Management		
<ul style="list-style-type: none">• Report the Sustainability Scorecard to illustrate the strategic sustainability goals and track relevant key figures		



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