

# MIDLIN ESG FUND REPORT - 2023

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





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# 1. PREAMBLE

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# 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</div>	<div>Team of 16</div> <div>Experienced investment professionals</div>
<div>~€1.2 billion</div> <div>Assets under management</div>	<div>&gt;800</div> <div>Investors in Teslin funds</div>



**Environmental**



**Social**



**Governance**

# 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



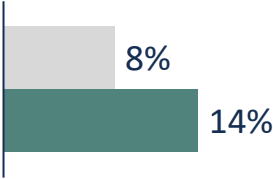
**Reports on GHG emissions**  
(% of companies)



**GHG reduction plan in place**  
(% of companies)



**SBTi<sup>2</sup> targets in place**  
(% of companies)



**Reports on LTIF<sup>3</sup>**  
(% of companies)



**Reports on absenteeism**  
(% of companies)



**Employee survey in place**  
(% of companies)



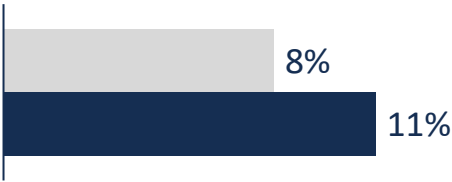
**ESG policy in place**  
(% of companies)



**ESG officer in place**  
(% of companies)



**DMA<sup>4</sup> analysis in place**  
(% of companies)



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



# EXECUTIVE SUMMARY FUND REPORT – MIDLIN



## 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, the majority of the companies in the fund are rated as *"Committed"* or above in terms of ESG performance, meaning there is an ESG strategy with targets in place.
- All companies show interest to improve ESG performance over the next years and aim to realise tangible progress on the targets they have set to address their ESG material factors. Most companies also target CSRD<sup>1</sup> compliance in the short term.
- All companies publicly communicate about sustainability through a section in the annual report, a CSR<sup>2</sup> report, and/or company websites.
- In 2022, Midlin has 5.4% Taxonomy alignment for revenue, 8.1% for CapEx, and 4.8% 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, Midlin's investments have again improved their ESG reporting with new initiatives and metrics. For example, all companies monitor and report on Scope 1 and 2 emissions, compared to 93% in 2021. Another example is that the multitude of companies are moving towards *"Integrated"* ratings.
- Nedap managed to upgrade its rating from *"Involved"* to *"Committed"* due to the implementation of an ESG strategy and Fagron and Redcare moved up from *"Committed"* to *"Integrated"* by demonstrating significant progress in ESG performance.



## AMBITION 2025+

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

<sup>1</sup> Corporate Sustainability Reporting Directive; <sup>2</sup> Corporate Social Responsibility

## 2. ESG IN THE CONTEXT OF TESLIN

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Overview of 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 policy<sup>1</sup>

## 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 risk<sup>2</sup>.



Teslin explicitly excludes certain industries such as:

- Tobacco<sup>3</sup>
- Weapons<sup>3</sup>
- 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.

<sup>1</sup> Please refer to Annex B in case you desire to read our complete ESG policy; <sup>2</sup> 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; <sup>3</sup> 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 policy<sup>1</sup> 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'<sup>2</sup>.
- 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:

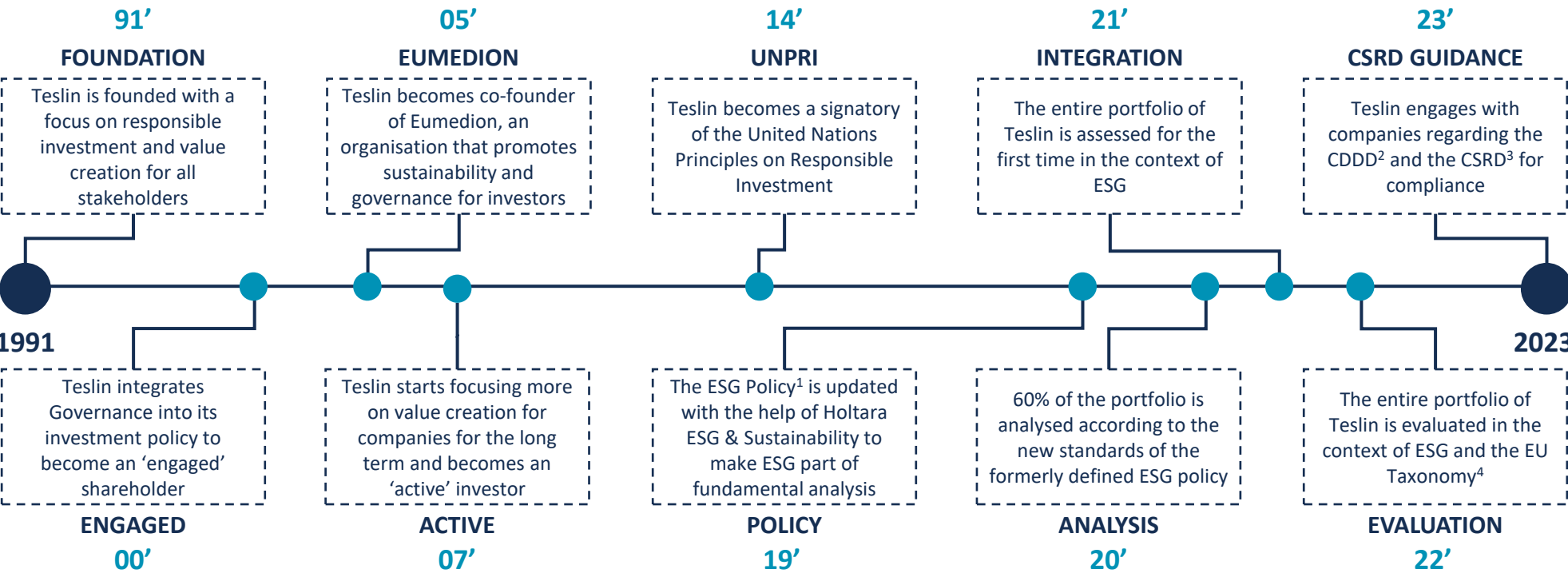
- Teslin's ESG committee identifies and implements improvements on relevant ESG themes. These include reduction opportunities in CO<sub>2</sub> emissions from commuting and sustainable procurement of materials and services.
- Teslin also focuses on providing equal application opportunities to employees 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.

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



# ESG TIMELINE

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



<sup>1</sup> For Teslin's ESG Policy please refer to Annex B; <sup>2</sup> Corporate Due Dilligence Directive; <sup>3</sup> Corporate Sustainability Reporting Directive; <sup>4</sup> 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 Eumedion<sup>1</sup> 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 Taxonomy<sup>2</sup>.

## 2023

- Performed ESG assessments for all companies (except for Ordina<sup>3</sup>) 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 CSRD<sup>4</sup> 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"<sup>5</sup> by 2025.
- Teslin aims to further educate investment teams on ESG matters and improve the level of Teslin's ESG analyses.

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



# 3. ESG PERFORMANCE OF MIDLIN

The performance of Midlin in the context of ESG, including specific initiatives of portfolio companies and acquired ESG ratings in cooperation with Holtara





## FUND HIGHLIGHTS

*100% of  
companies report  
on Scope 1 and 2  
emissions*

*Every company  
demonstrates  
its ESG efforts  
through reports*

*88% of invested  
capital is rated  
“Committed” or  
“Integrated”*













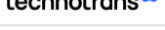


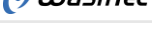
# FUND OVERVIEW

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
 A COMO	Acomo	Holding company for group that packages and distribute food products	6.7%	✓ Update
 ARCADIS	Arcadis	Sustainable engineering and consulting firm	7.3%	✓ Update
 ascom	Ascom	Service provider of information technology solutions	8.7%	✓ Update
 BARCO	Barco	Manufacturer of digital projection and imaging technology	6.0%	✓ Update
 Brunel	Brunel	Provides engineering secondment services	10.2%	✓ Update
 Fagron	Fagron	Manufacturer of customized pharmaceuticals	6.1%	✓ Update
 KENDRION	Kendrion	Manufacturer of electromagnetic systems and components	4.8%	✓ Update
 Melexis	Melexis	Manufacturer of semiconductors for automotive industry	3.2%	✓ Update
 nedap	Nedap	Service provider of information technology solutions	8.0%	✓ Update
 nexus	NEXUS	Service provider of information technology solutions for healthcare	6.8%	✓ Update
 Redcare	Shop Apotheke	E-pharmacy and pharmaceutical logistics	7.5%	✓ Update
 Sligro	Sligro Food Group	Food retailer and wholesaler	4.2%	✓ Update
 technotrans	technotrans	Manufacturer of thermal management solutions	4.6%	✓ Update
 Thule Group	Thule Group	Manufacturer of outdoor and transportation products	5.2%	✓ New
 ublox	U-blox	Manufacturer of wireless semiconductors	5.3%	✓ Update
 WashTec	WashTec	Manufacturer of vehicle washing machines and products	5.4%	✓ Update
Total		100.0%		

Key figures  
2023

16 assessments in total

100% of invested capital

100% of reports discussed with  
company representatives



# MATERIAL ESG THEMES

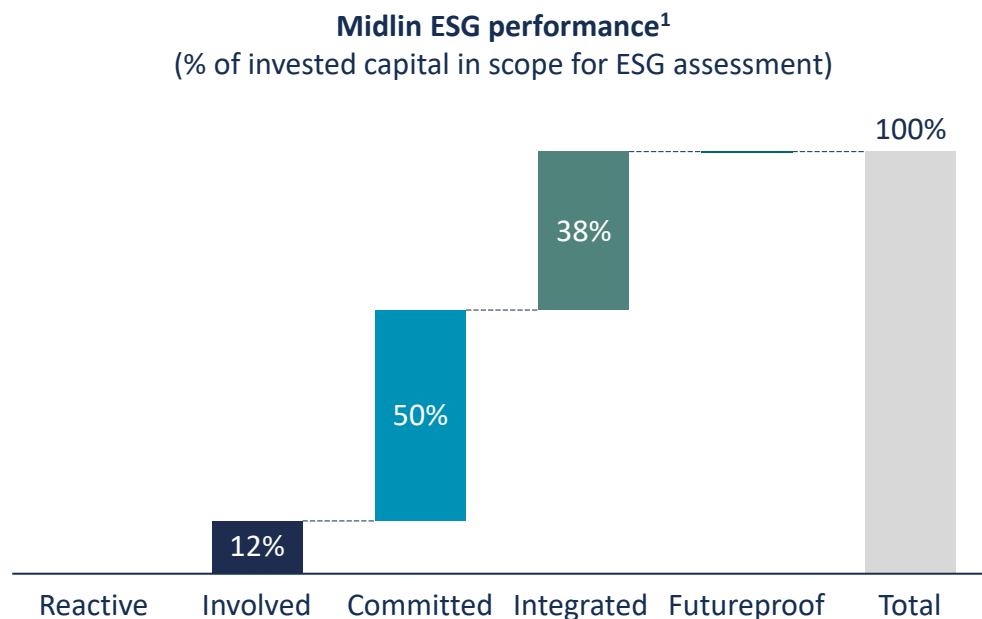
There is an equal division when looking into the material themes of portfolio companies

Category	ESG theme	Explanation	Number of companies with ESG theme
 Environmental	Energy & carbon	<ul style="list-style-type: none"> <li>Relates to the carbon footprint caused by, amongst others, energy consumption in operations.</li> </ul>	11
	Product design & lifecycle management	<ul style="list-style-type: none"> <li>Relates to the maximisation of product lifetime and minimisation of product life cycle impact.</li> </ul>	11
 Social	Talent management & retention	<ul style="list-style-type: none"> <li>Relates to the ability of a company to attract, develop and retain employees.</li> </ul>	8
	Employee health & safety <sup>1</sup>	<ul style="list-style-type: none"> <li>Relates to a company's ability to maintain a safe and healthy workplace environment.</li> </ul>	11
 Governance	Integration of sustainability principles	<ul style="list-style-type: none"> <li>Relates to a company's ability to implement and integrate sustainability into the organisation.</li> </ul>	11
	Supply chain control	<ul style="list-style-type: none"> <li>Relates to responsible, transparent, and sustainable supply chain management.</li> </ul>	11

<sup>1</sup>Impact of products & services' was selected as often as 'employee health & safety'  
Source: Publicly available company data, Teslin, Holtara analysis

# ESG RATINGS BY INVESTED CAPITAL

All companies address sustainability beyond laws and regulations; all companies aim for tangible progress



- In 2022, **Teslin engaged with company representatives of the assessed fund companies 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.
- **88% of invested capital is rated “Committed” or “Integrated”**. All companies address sustainability beyond laws and regulations.
- **All companies indicated the ambition to improve ESG performance by 2025 to at least ‘integrated’**, indicating that these companies have realised tangible progress on their targets. Six companies aim for ‘futureproof’ by 2025.

## Explanation of performance standard

### *Reactive*

No to limited attention for ESG in the company, only based on **laws & regulations**

### *Involved*

**Ad-hoc initiatives** in place to manage ESG, mostly from a risk or a cost-efficiency perspective

### *Committed*

**Action plan/strategy** in place to integrate ESG focused both on ESG risks and opportunities, **incl. KPIs and targets**

### *Integrated*

**Tangible progress** on relevant ESG themes; responsible business practices actively marketed to relevant stakeholders

### *Futureproof*

Company's **strategy fully aligned with a circular economy**; frontrunner in the industry and pushing industry standards



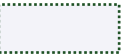


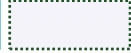


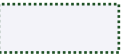





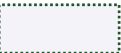



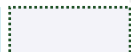


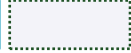


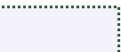



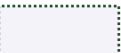


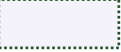



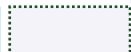


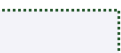


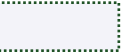

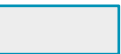
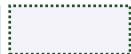


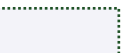


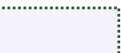
<sup>1</sup> Rankings are based on the proprietary framework of Holtara ESG & Sustainability; Source: Teslin, Holtara analysis

# ESG PERFORMANCE AND FUTURE AMBITIONS

Fagron, Nedap, and Redcare have improved their ratings; almost all companies in the portfolio demonstrate ESG commitment through an ESG strategy or action plan

## ESG performance<sup>1</sup>

2021  2022  2025 ambition 

Company	Reactive	Involved	Committed	Integrated	Futureproof	Notable progress initiatives in FY 2022
 A COMO						<ul style="list-style-type: none"> <li>Increased the number of supplier audits for social and environmental criteria</li> </ul>
 ARCADIS						<ul style="list-style-type: none"> <li>Introduced an impact service offering for carbon, known as Project Carbon</li> </ul>
 ascom						<ul style="list-style-type: none"> <li>Carbon reduction roadmap developed including actions and targets</li> </ul>
 BARCO						<ul style="list-style-type: none"> <li>ISO 9001 recertification for multiple sites of operations</li> </ul>
 Brunel						<ul style="list-style-type: none"> <li>Implemented an anti-bribery and anti-corruption policy</li> </ul>
 Fagron						<ul style="list-style-type: none"> <li>Science-based initiative targets were submitted and improved</li> </ul>
 KENDRION						<ul style="list-style-type: none"> <li>Started reporting on the share of responsible product portfolio offered</li> </ul>
 Melexis						<ul style="list-style-type: none"> <li>Installed solar panels at the Bevaix locations for renewable power generation</li> </ul>
 nedap						<ul style="list-style-type: none"> <li>Estimated carbon emissions over the entire lifecycle for all products</li> </ul>
 nexus						<ul style="list-style-type: none"> <li>Set a target for becoming climate-neutral by 2028 including roadmap</li> </ul>
 Redcare						<ul style="list-style-type: none"> <li>Reached Scope 1 and 2 emission targets of 80% reduction early (initial target year 2025)</li> </ul>
 Sligro						<ul style="list-style-type: none"> <li>Extended the number of supplier audits in high-risk countries</li> </ul>
 technotrans						<ul style="list-style-type: none"> <li>Expanded the range of energy-efficient solutions (e.g. eco.line)</li> </ul>
 Thule Group						<ul style="list-style-type: none"> <li>[Assessment was performed for the first time this year]</li> </ul>
 ublox						<ul style="list-style-type: none"> <li>Expanded reporting on carbon emissions (including Scope 3 elements)</li> </ul>
 WashTec						<ul style="list-style-type: none"> <li>Increased the number of initiatives related to reducing water consumption</li> </ul>

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



# PROGRESS CASE – RATING UPGRADE FAGRON

Fagron managed to upgrade its rating from “Committed” to “Integrated” by demonstrating ESG progress

## OVERVIEW OF RATING UPGRADE FOR FAGRON

Performance rating 2021: **Committed**



Performance rating 2022: **Integrated**



## HIGHLIGHTS OF ESG PERFORMANCE IN THE YEAR 2022

### 1. SBTI TARGET COMMITMENT



- SBTi<sup>1</sup> targets were submitted and approved for Scope 1, 2, and 3, including targets on energy reduction, renewable electricity use, business travel, etc.
- The targets will ensure that Fagron reaches net-zero emissions in line with the Paris Agreement.

### 2. GLOBAL EMPLOYEE SURVEY

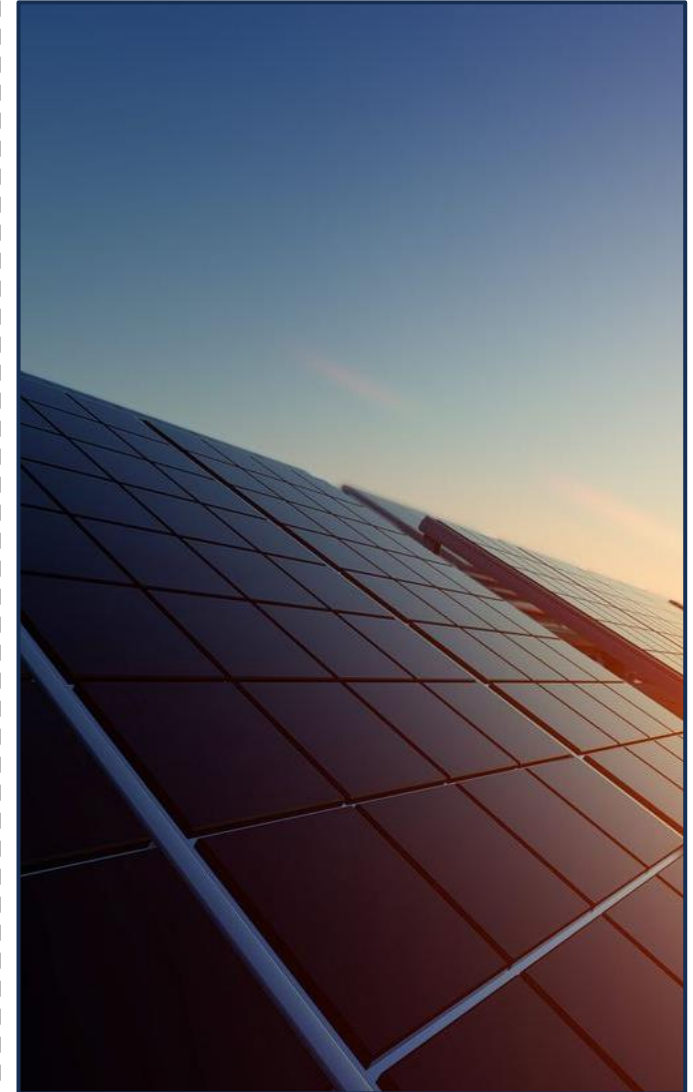


- Fagron executed a global employee survey, of which the outcomes were used to shape future decision-making processes and priorities for the leadership.
- Concrete action plans were made in the past year, which will be executed in 2023.

### 3. SUPPLIER AUDITS



- Fagron audits its tier 1 suppliers regularly for ESG-related criteria, such as human rights, environmental conditions, appropriate wages, etc.
- Fagron has started to expand its ESG screening to tier 2 and 3 suppliers in the past year.



<sup>1</sup> Science-based Targets Initiative; Source: Publicly available company data, Teslin, Holtara analysis

# PROGRESS CASE – RATING UPGRADE NEDAP

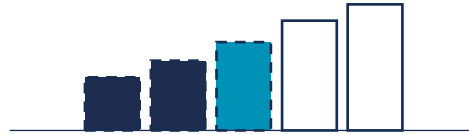
Nedap managed to upgrade its rating from “Involved” to “Committed” by setting ESG-related targets

## OVERVIEW OF RATING UPGRADE FOR NEDAP

Performance rating 2021: **Involved**



Performance rating 2022: **Committed**



## ESG-RELATED TARGETS OF NEDAP SET IN 2022

### 1. ENVIRONMENTAL TARGETS



- **Short term:** Use half of the current gas volume (base year 2022) by 2025; Stop the addition of ICE<sup>1</sup> cars to the fleet.
- **Long term:** Reach net-zero emissions for Scope 1 and 2; Eliminate ICE<sup>1</sup> cars from the fleet; Reach 100% renewable electricity.

### 2. SOCIAL TARGETS



- **Short term:** Provide at least 40 hours of annual training for each employee.
- **Long term:** Improve male/female ratio in tier 2 management to a similar level as the entire group.

### 3. GOVERNANCE TARGETS



- **Short term:** Implement annual audits for all suppliers.
- **Long term:** Expand options for third-party audits and possible ratings regarding supply chain control.



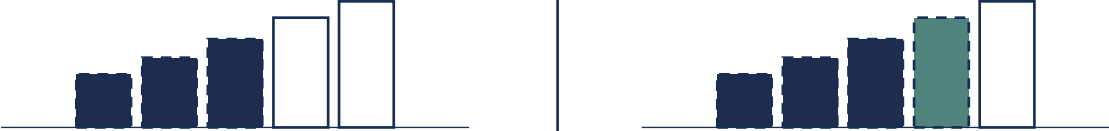
<sup>1</sup> Internal Combustion Engine; Source: Publicly available company data, Teslin, Holtara analysis

# PROGRESS CASE – RATING UPGRADE REDCARE PHARMACY

Redcare Pharmacy managed to upgrade its rating from “Committed” to “Integrated” by demonstrating progress


OVERVIEW OF RATING UPGRADE FOR REDCARE PHARMACY

Performance rating 2021: **Committed**




Performance rating 2022: **Integrated**

HIGHLIGHTS OF ESG PERFORMANCE IN THE YEAR 2022




1. NET-ZERO TARGET

- Redcare Pharmacy **committed to a net-zero target** relating to the reduction of GHG emissions by 2040.
- The company also **reached Scope 1 and 2 emission targets of 80% reduction early** (initial target year 2025).



2. DIGITAL MEDICATION FOR ALL

- Redcare Pharmacy has been committing resources toward **ensuring an increase in digital medication** access for all.
- The number of consumers using digital medication services **has increased by 2 million** in the period 2021-22.




3. INVENTARISING SUPPLY CHAIN RISKS

- Redcare Pharmacy has laid the groundwork for participating in the **UN Global Compact Business & Human Rights Accelerator**.
- This initiative offers companies options to **strategically investigate** whether there are reasonable grounds to suspect **human rights risks**.

Source: Publicly available company data, Teslin, Holtara analysis

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## Offering carbon reduction services

Arcadis started providing impactful carbon reduction services, **known as Project Carbon.**

- Newly offered services mainly **include identifying reduction opportunities** in the context of infrastructure.
- The goal of this **new proposition is to provide long-term value creation** for clients, which eventually should be the focus of every project.
- The company is currently **assessing Project Carbon's impact** across its five major sustainability themes.



## Ensuring employee engagement

In 2022, u-blox implemented **an employee experience and success platform.**

- The platform enables **quarterly surveys and pulse checks** to be performed.
- These checks will **increase the engagement and personal development** of employees.
- Furthermore, the company installed a **new profit-sharing company performance bonus scheme** to ensure employees are rewarded for their contributions.



## Code of Conduct revision

WashTec has been **revising its supplier Code of Conduct** in 2022 to incorporate ESG criteria.

- Revising the Code of Conduct should result in screening suppliers **on environmental and social criteria** before engaging with them.
- Also, **corrective action will be taken** in case suppliers do not comply with the Code of Conduct.
- To ensure that there is a clear objective and progress is made in terms of human rights at suppliers, **WashTec will hire a human rights officer.**

# NEW INVESTMENT: THULE GROUP
















Midlin acquired a stake in Thule Group last year, an outdoor equipment manufacturer

COMPANY DESCRIPTION	HIGHLIGHTS OF ESG PERFORMANCE IN 2022
Thule manufactures premium transport & storage solutions for outdoor activities, including RV products and carrier wagons	<div><div></div><div><ul style="list-style-type: none"><li>Committed to the Science-based targets for net-zero emissions</li><li>100% of the electricity used at plants is of renewable origin</li></ul></div></div>
ESG RATING IN 2022	
<div>Integrated</div>	<div><div></div><div><ul style="list-style-type: none"><li>Employee satisfaction is recorded at 78% (which is above benchmarks)</li><li>Accidents have been decreasing steadily recently due to H&amp;S measures</li></ul></div></div> <div><div></div><div><ul style="list-style-type: none"><li>Supplier Code of Conduct is in place with incorporated ESG criteria</li><li>Ecovadis platinum medal was achieved in 2022</li></ul></div></div>



# IDENTIFIED ESG IMPROVEMENT OPPORTUNITIES

Most improvement opportunities relate to providing more supply chain transparency

Company	ESG Report	ESG rating 2022	Example of identified improvement opportunity
 ACOMO	Section in annual report	Involved	Increase share of suppliers that signed and comply with the Code of Conduct
 ARCADIS	Section in annual report	Integrated	Report more supply chain control metrics and audits more suppliers relating to ESG
 ascom	Sustainability report	Committed	Implement a diversity and inclusion strategy with clear policies and targets
 BARCO	Section in annual report	Integrated	Increase Employee Net Promoter Score to above 30
 Brunel	Section in annual report	Committed	Report on energy & carbon KPIs (e.g. energy consumption, electricity from renewable sources)
 Fagron	Section in annual report	Integrated	Conduct a risk analysis regarding tier 2 and tier 3 suppliers
 KENDRION	Section in annual report	Integrated	Report on diversity, including targets, in the annual report
 Melexis	Section in annual report	Involved	Publish employee satisfaction on a regular basis and implement improvement plan
 nedap	Section in annual report	Committed	Start measuring and reporting Scope 3 emissions on a regular basis
 nexus	Sustainability report	Committed	Increase transparency about hosting partners and their related energy consumption
 Redcare	Section in annual report	Integrated	Publish a supplier Code of Conduct and formulate more supply chain KPIs and targets
 Sligro	Section in annual report	Committed	Introduce targets for employee satisfaction and material efficiency
 technotrans	Sustainability report	Committed	Calculate and monitor Scope 3 carbon emissions
 Thule Group	Sustainability report	Integrated	Implement a customer satisfaction survey and report its results
 ublox	Sustainability report	Committed	Monitor and report on employee turnover and absenteeism
 WashTec	Sustainability report	Committed	Introduce targets of reporting related to product lifecycle and management



## 4. NEXT STEPS AT FUND LEVEL

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



**TESLIN**

 **Holtara**

# NEXT STEPS

## Midlin 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 Midlin 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 SFDR<sup>1</sup>, CSRD<sup>2</sup>, and EU Taxonomy in the short term.



### ESG engagement at board level

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

<sup>1</sup> Sustainable Finance Disclosure Regulation; <sup>2</sup> Corporate Sustainability Reporting Directive; Source: Teslin

# ANNEX A

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Overview of relevant KPIs and metrics  
for portfolio companies



# CARBON FOOTPRINT METRICS

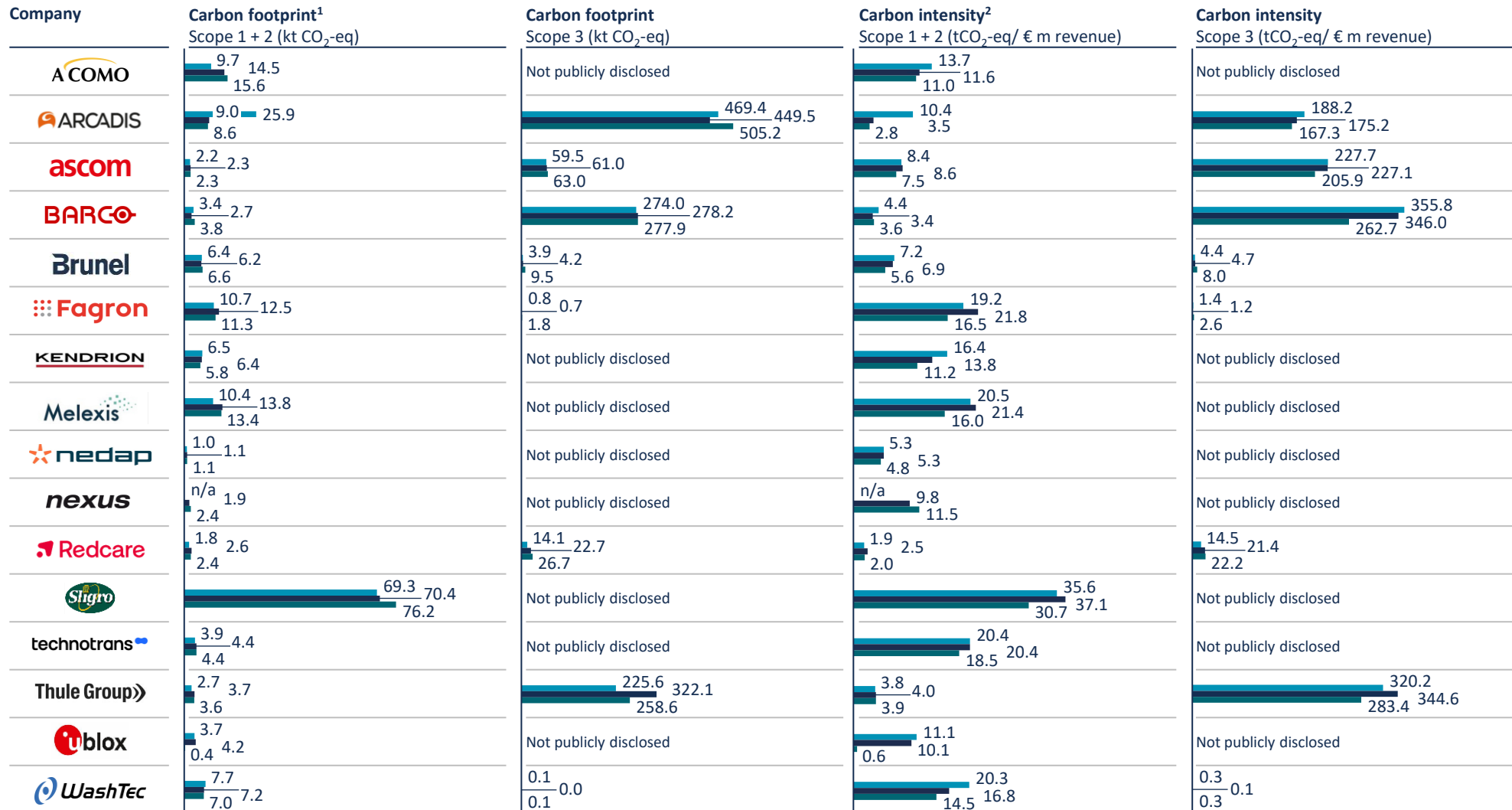
All investments publicly disclose their operational carbon footprint

A. ESG METRICS

B. DOCUMENTS

C. ONE-PAGERS

2020 2021 2022



<sup>1</sup> Please be referred to Annex B of this report for a detailed overview of the different carbon emission scopes; <sup>2</sup> Carbon intensity is calculated based on the carbon footprint and revenue data publicly available; <sup>3</sup> Revenues of Thule Group, u-blox, and Ascom were converted using the exchange rate to euro in September of the selected year



# SOCIAL METRICS

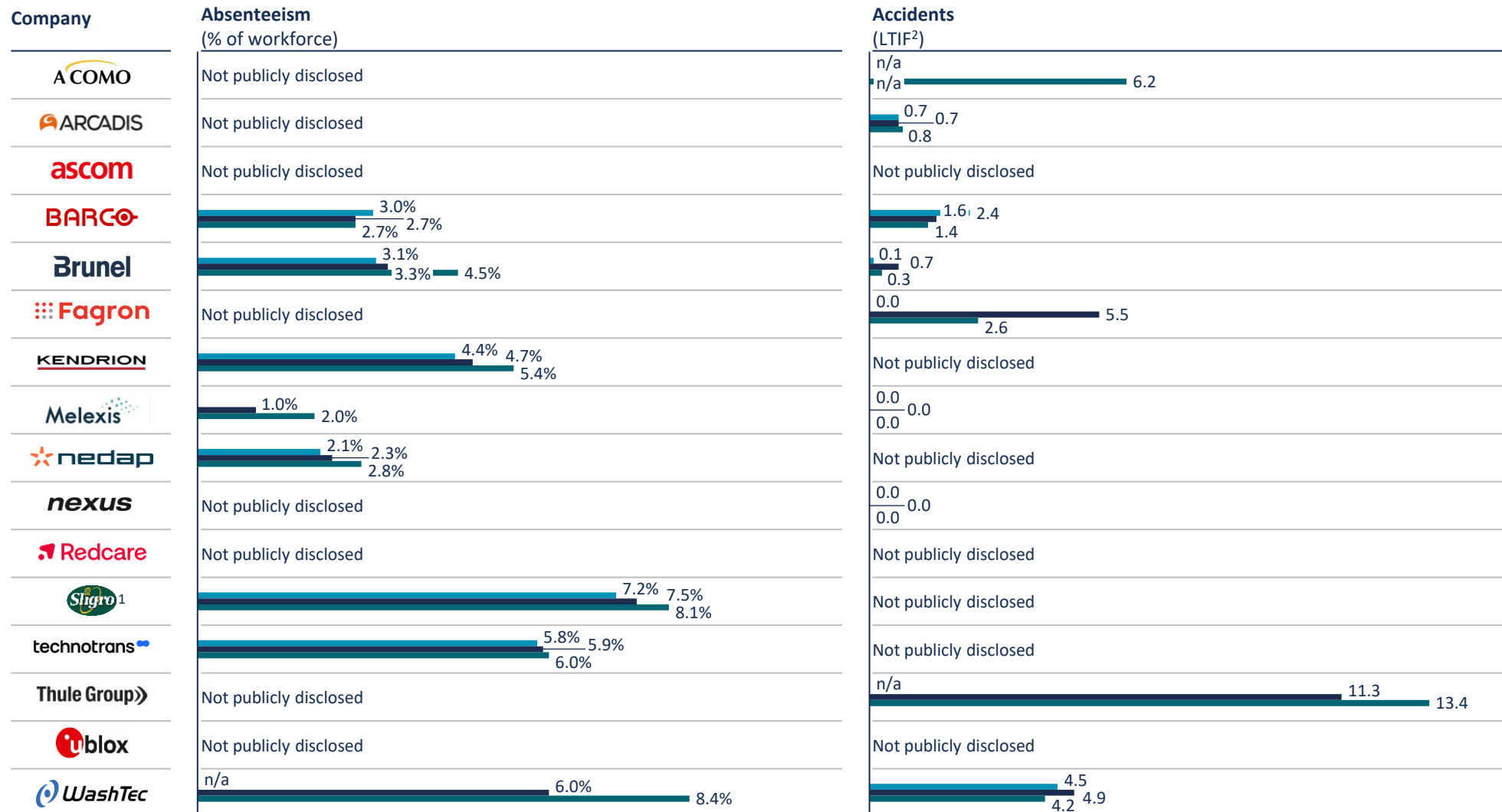
Currently, Midlin companies only selectively disclose absenteeism and accident rates

A. ESG METRICS

B. DOCUMENTS

C. ONE-PAGERS

2020 2021 2022



<sup>1</sup>Absenteeism in the Netherlands was 5.6 and 5.5 in 2020 and 2021 respectively. Absenteeism in Belgium was 8.7 and 9.5 in 2020 and 2021 respectively; <sup>2</sup>LTIF is defined as the number of non-fatal accidents per million hours worked.  
Source: Publicly available company data

# ESG GOVERNANCE METRICS

Most companies publicly disclose key ESG-related policies

A. ESG METRICS

B. DOCUMENTS

C. ONE-PAGERS

Policy	A COMO	ARCADIS	ascom	BARCO	Brunel	Fagron	KENDRION	Melexis	nedap	nexus	Redcare	Sigro	technotrans	Thule Group	ublox	WashTec
ESG or CSR policy <sup>1</sup>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Anti-corruption / Bribery	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	🕒
Business ethics	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	🕒
Whistleblowing	✓	✓	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓
Code of Conduct	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Health & Safety	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Data security & privacy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	🕒
Procurement practices	✓	✓	🕒	✓	✗	✓	✓	✓	✓	✗	🕒	✓	✓	✓	✓	✓
Remuneration incl. ESG criteria	✓	✓	✗	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓	✓
D&I	✓	✓	✗	✓	✓	✓	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓

<sup>1</sup> This year a new definition of ESG policy was utilised, which caused changes in the presence of the policy for a few companies; <sup>2</sup> 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 methodology and ESG  
policy





## 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 Midlin NV 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?

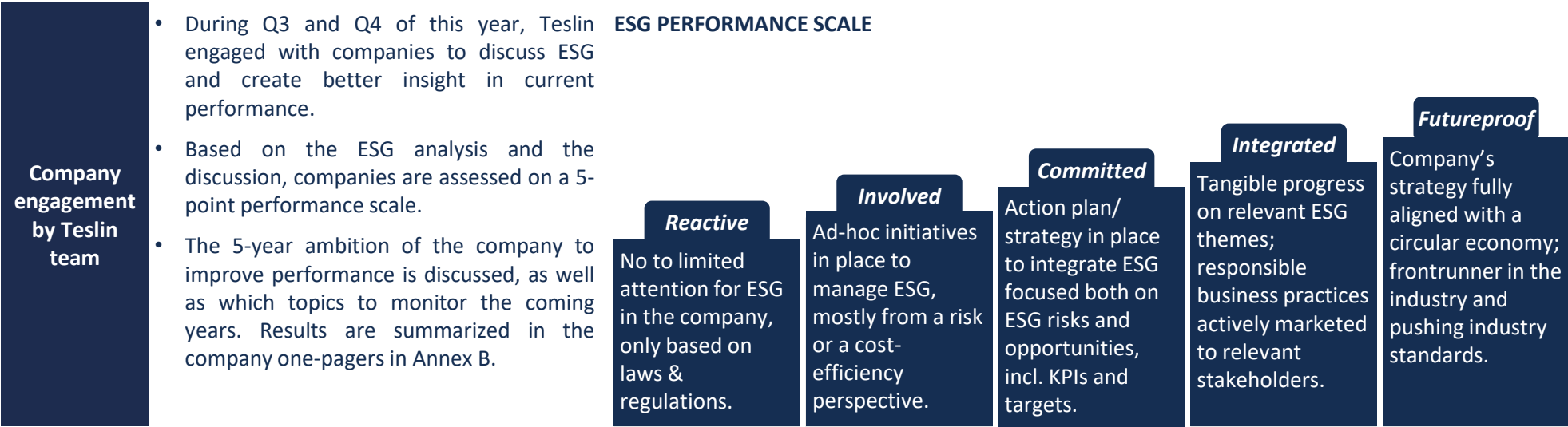
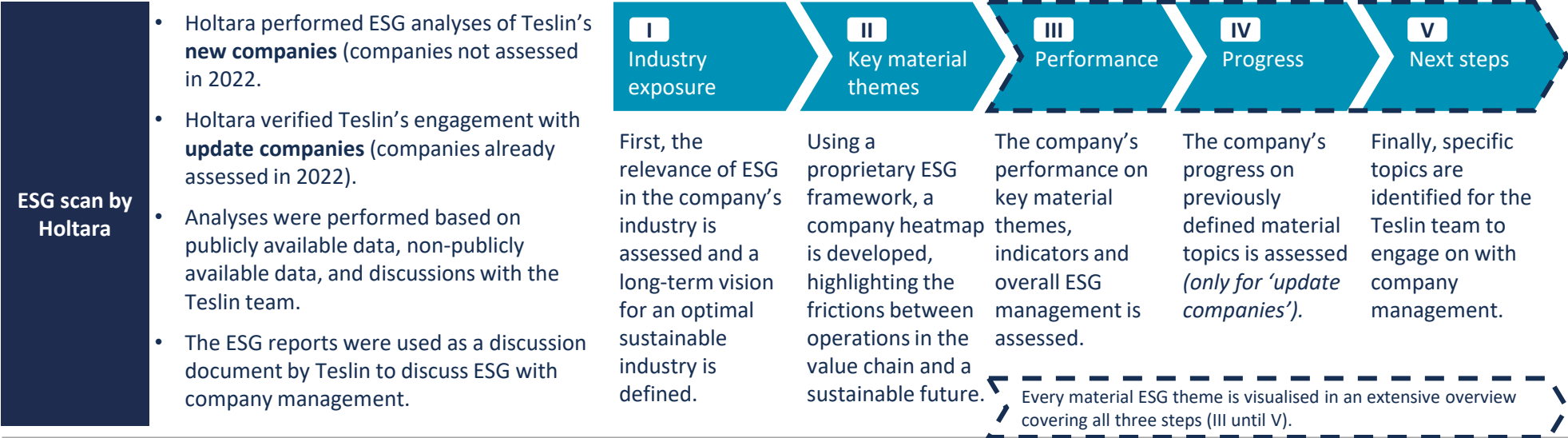
We live up to the same standards as we consider relevant for our companies. Our internal ESG committee identifies and implements improvements on relevant ESG themes such as CO2 emissions from commuting and sustainable procurement of materials and services.

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	
• Carbon emissions	• Product development & circularity	• Employee health & safety	• Product quality & safety	• Appointment of directors and supervisory board members	• Integrity (throughout the value chain)
• Energy consumption		• Employee wellbeing	• Human rights & community relations	• Independence & responsibility of the (supervisory) board	• Legal & regulatory compliance
• Water consumption		• Development & retention		• Remuneration policy	• Responsibility of end-markets
• Hazardous material use		• Diversity of staff			• Data privacy and security
• Resource management					































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

Source: Greenhouse Gas Protocol

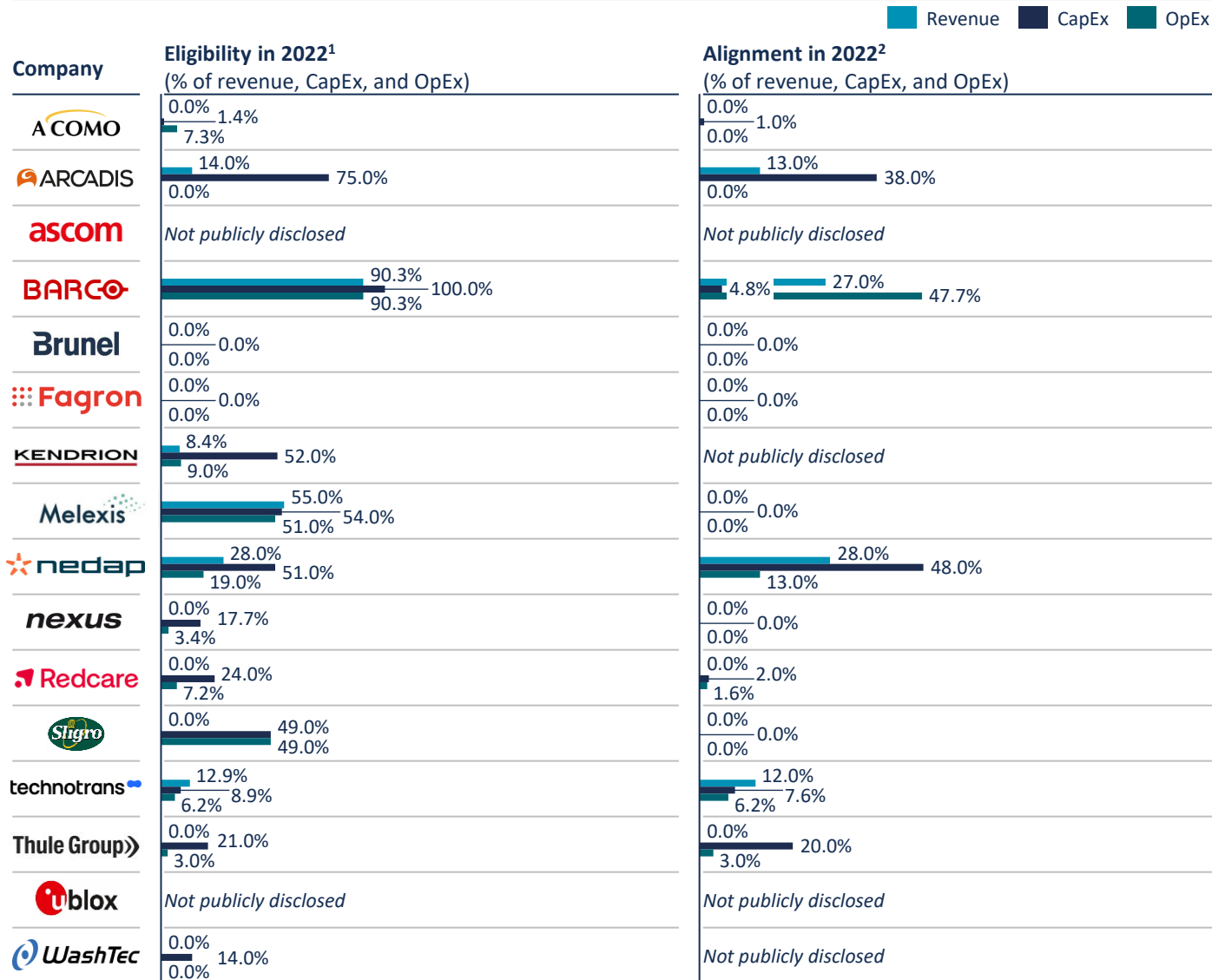
## Some companies of Midlin have to report on the EU Taxonomy

EU TAXONOMY INTRODUCTION	TAXONOMY REQUIREMENTS
<p>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.</p> <p>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.</p> <p>There are 3 types of activities defined in the EU Taxonomy:</p> <ol style="list-style-type: none"><li>1. Activities that themselves contribute significantly to an objective.</li><li>2. Transitional activities, which are activities for which there are no technologically and economically feasible low-carbon alternatives.</li><li>3. Enabling activities, which are activities that enable other activities to make a substantial contribution to an objective.</li></ol> <p>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.</p>	<p>An economic activity is environmentally sustainable if it meets the defined criteria for all of the following conditions:</p> <ol style="list-style-type: none"><li>1. It makes a substantial contribution to one of the six specified environmental objectives:<ol style="list-style-type: none"><li>I. Climate change mitigation.</li><li>II. Climate change adaptation.</li><li>III. Sustainable use and protection of water and marine resources.</li><li>IV. Transition to circular economy.</li><li>V. Pollution prevention and control.</li><li>VI. Protection and restoration of biodiversity and ecosystems.</li></ol></li><li>2. It does no significant harm (‘DNSH’) to any of the other objectives.</li><li>3. It meets the minimum social safeguards.</li><li>4. Comply with the applicable technical screening criteria</li></ol> <p>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.</p> <p>In 2022, companies in the scope of the NFRD<sup>1</sup> 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 CSRD<sup>2</sup>.</p> <p>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.</p>

<sup>1</sup> Non-Financial Reporting Directive <sup>2</sup> Corporate Sustainability Reporting Directive  
Source: EU Taxonomy resources of EU

# TAXONOMY OVERVIEW FOR MIDLIN

Midlin had 5.4% revenue alignment, 8.1% CapEx and 4.8% OpEx alignment



## 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.

Midlin can report for 2022:

- Revenue alignment: 5.4%
- CapEx alignment: 8.1%
- OpEx alignment: 4.8%
- Transitional activities: 0%
- Enabling activities 0%

<sup>1</sup> An eligible activity means that an activity is included in the EU Taxonomy but says nothing about alignment; <sup>2</sup> 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

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Summaries of company ESG  
engagements



# COMPANY SUMMARIES

## Acomo & Arcadis

A. ESG METRICS


B. DOCUMENTS

C. ONE-PAGERS

Company

ESG rating in 2022

Ambition for 2025



Involved

Integrated

Summary of performance

Acomo has made steps in formulating a sustainability strategy by aligning its five strategic pillars to 16 material sustainability topics. The next phase would involve setting achievable targets within Acomo’s control that would allow investors to assess tangible progress. Furthermore, reporting scope 3 emissions will be mandatory and thus should be measured.

Topic	Initiatives
Environmental	<ul style="list-style-type: none"> <li>Some decreasing share of certified products</li> <li>Measuring packaging volume of materials</li> </ul>
	<ul style="list-style-type: none"> <li>Reported on certified locations</li> <li>Introduction of Suntein ready-to-eat</li> </ul>
Social	<ul style="list-style-type: none"> <li>Increasing audits on social and environmental responsibility</li> <li>Increasing share of compliant suppliers with CoC</li> </ul>
Governance	


Next steps to monitor

- Formulating concrete targets for various key ESG themes
- Provide a roadmap for Scope I and II Emissions
- Define how Acomo could develop a storyline around the positive impact of its nutritious products
- # of new projects and increased participation in industry initiatives with regards to material ESG themes

Company

ESG rating in 2022

Ambition for 2025



Integrated

Futureproof

Summary of performance

Arcadis has ESG fully embedded in its strategy and increasingly in its product offering. The company is a frontrunner on most relevant ESG themes and is well-positioned to capture opportunities related to emerging sustainability trends.

Topic	Initiatives
Environmental	<ul style="list-style-type: none"> <li>Newly submitted SBTi targets</li> <li>Project Carbon</li> </ul>
	<ul style="list-style-type: none"> <li>Increasing employee engagement score</li> <li>Establishment Global Sustainability Advisory Services</li> </ul>
Social	<ul style="list-style-type: none"> <li>Updated Global Supplier Code of Conduct</li> <li>Updated human and labor rights policy</li> </ul>
Governance	

Next steps to monitor

- Confirmation of submitted SBTi targets
- Development of key indicators that measure the impact of projects on quality of life or advancement of SDG's
- Development of the voluntary turnover rate
- Reporting more supply chain control metrics such as compliance with the CoC and the % of audited suppliers

# COMPANY SUMMARIES

## Ascom & Barco

Company

ESG rating in 2022

Ambition for 2025

ascom

Committed

Integrated

Summary of performance

Ascom has reported on ESG for multiple years and formulated a Sustainability Directive outlining its key objectives in defined material areas. The priority on improving ESG maturity would be specifying objectives, defining quantitative targets on key KPIs, and demonstrating year-on-year progress on already defined KPIs.

Topic	Initiatives
Environmental	<ul style="list-style-type: none"><li>Carbon reduction roadmap incl. actions and targets</li><li>Phaseout of polystyrene padding for molded cardboard</li></ul>
Social	<ul style="list-style-type: none"><li>Real-time employee survey with focus groups (2021)</li><li>Digistat Care certified to the MDR<sup>2</sup> as a class IIb product</li></ul>
Governance	<ul style="list-style-type: none"><li>Fully compliant with GDPR</li><li>Reporting with reference to GRI<sup>3</sup> standards</li></ul>


Next steps to monitor

Ascom to communicate long-term ESG ambitions and a company-wide ESG roadmap

Introduce energy efficiency classes and increase use of recycled material and product reports

Improve transparency on talent management (incl. attrition rate)

Implement diversity and inclusion strategy with clear policies and targets

Company	ESG rating in 2022	Ambition for 2025
	<div>Integrated</div>	<div>Futureproof</div>
Summary of performance		
Sustainability is fully integrated into Barco’s strategy and operations and driven by elaborate KPI monitoring, setting of (ambitious) future targets, evaluation of ESG targets and KPIs, and extensive reporting on ESG themes and initiatives. Barco could improve by emphasizing female diversity, increasing NPS scores, and implementing a circular business model.		
Topic	Initiatives	
Environmental	<ul style="list-style-type: none"><li>SBTi targets and construction of wind turbines</li></ul>	
	<ul style="list-style-type: none"><li>Full Life Cycle Assessment (LCA), Barco ECO label</li></ul>	
Social	<ul style="list-style-type: none"><li>Plan-Do-Check-Act cycle, female co-CEO</li></ul>	
	<ul style="list-style-type: none"><li>High Customer Net Promoter Score</li></ul>	
Governance	<ul style="list-style-type: none"><li>Product privacy controls</li></ul>	
	<ul style="list-style-type: none"><li>Sustainability strategy including targets</li></ul>	
Next steps to monitor		
<ul style="list-style-type: none"><li>Adoption and implementation of 2030 targets aligned by Science Based Targets Initiative</li></ul>		
<ul style="list-style-type: none"><li>Zero waste to landfill, 80% recycling rate and 70% of hardware revenues from products with ECO label in 2023</li></ul>		
<ul style="list-style-type: none"><li>Employee Net Promoter Score of at least 30, step up efforts in diversity and invest in learning and development</li></ul>		
<ul style="list-style-type: none"><li>Adopt findings of LCA analysis and further reduce product impact (through ECO labelled products)</li></ul>		



# COMPANY SUMMARIES

## Brunel & Fagron

A. ESG METRICS

B. DOCUMENTS

C. ONE-PAGERS

Company

ESG rating in 2022

Ambition for 2025

Brunel

Committed

Integrated


Summary of performance

Brunel has various initiatives in place with regards to relevant ESG themes. Brunel formulated an ESG strategy in 2021 including relevant KPIs and targets. The company’s goal for the coming years is to include more KPIs and targets and to make tangible progress on the relevant ESG themes.

Topic	Initiatives
Environmental	<ul style="list-style-type: none"><li>Carbon neutral operations</li><li>Brunel Academy</li></ul>
Social	<ul style="list-style-type: none"><li>Established regional DIB councils</li><li>Implemented an anti-bribery and corruption policy</li></ul>
Governance	<ul style="list-style-type: none"><li>External ESG rating</li><li>Acquisition of Taylor Hopkinson</li></ul>

Next steps to monitor

- Tangible progress on relevant ESG themes
- Reporting on more energy & carbon KPIs such as energy consumption and electricity from renewable sources
- Better clarification of the services Brunel provides to the O&G industry (e.g. focus on LNG)
- Reporting on all related metrics for the key ESG themes that are mentioned in the annual report

Company	ESG rating in 2022	Ambition for 2025
	Integrated	Futureproof
Summary of performance		
Fagron has made tangible progress on themes such as energy & carbon, employee health & safety and supply chain control, resulting in an upgrade of its rating. The company’s goal for the coming years is to make further tangible progress on relevant ESG themes as it approaches its 2025 targets.		
Topic	Initiatives	
Environmental	<ul style="list-style-type: none"><li>SBTi target proposal submitted and approved</li><li>Launched online training platform</li></ul>	
Social	<ul style="list-style-type: none"><li>Decreasing # of product recalls</li><li>Fagron organized the first Fagron Foundation Day</li></ul>	
Governance	<ul style="list-style-type: none"><li>Report on supplier compliance % with CoC (Tier1)</li><li>Increase of confidential counsellor coverage</li></ul>	
Next steps to monitor		
<ul style="list-style-type: none"><li>Further tangible progress on relevant ESG themes</li><li>Reporting on all scope 3 emission in addition to business travel</li><li>Reporting on additional H&amp;S metrics, such as absenteeism</li><li>Conducting a risk analysis for tier 2 and 3 suppliers and showing progress on supplier compliance with CoC</li></ul>		

Company	ESG rating in 2022	Ambition for 2025
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**KENDRION**

Integrated

Futureproof

Summary of performance

Kendrion has formulated 2023 targets in its 2019-2023 target framework and publishes progress on an annual basis. A new 2024-2028 target framework will be launched in 2024. ESG performance could be improved by monitoring Scope 3 emissions in “energy & carbon” and improving “product lifecycle” and “employee H&S” metrics.

Topic	Initiatives
Environmental	<ul style="list-style-type: none"><li>15% relative reduction by the end of 2023</li><li>At least 25 implementation audits annually</li></ul>
Social	<ul style="list-style-type: none"><li>5S methodology to H&amp;S; audits verifying compliance</li><li>Global ISO 9001 certification</li></ul>
Governance	<ul style="list-style-type: none"><li>Global Legal Compliance &amp; Governance Framework</li><li>Decrease exposure to combustion engines</li></ul>

Next steps to monitor

- Publication of their new ESG plan in 2024
- Publication of new carbon & energy targets (incl. Scope 3) in line with the EU 2030 targets
- Publication of targets on waste, improvement on H&S metrics
- Meeting of 2019 ESG plan targets

Company	ESG rating in 2022	Ambition for 2025
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Melexis

Involved

Integrated

Summary of performance

Melexis poses several ESG initiatives but lacks with regard to monitoring, public disclosure, and targets on KPIs. In order to reach the “Committed” status, Melexis could among others improve in monitoring and reporting of Scope 3 emissions, measuring and setting targets for its (hazardous) waste volume, and providing insights into employee engagement.

Topic	Initiatives
Environmental	<ul style="list-style-type: none"><li>Reporting on Scope 1 &amp; 2 emissions</li><li>Reduce energy consumption and optimize battery usage</li></ul>
Social	<ul style="list-style-type: none"><li>IEC 61249 compliance, no halogen (bromine and chlorine)</li><li>Melexis University platform</li></ul>
Governance	<ul style="list-style-type: none"><li>Re-evaluation of supplier collaborations</li><li>GRI Standards integration</li></ul>

Next steps to monitor

- Publish Scope 3 emissions in the 2024 ESG report, and set targets on Scope 1, 2 and 3 emissions separately
- Extend H&S reporting with insights from employee survey (e.g. satisfaction scores)
- Implement supplier code of conduct
- Implement ESG committee in the Board (to increase attention on this topic)

Company	ESG rating in 2022	Ambition for 2025
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Committed

Integrated

### Summary of performance

We believe Nedap should be rated as Committed in 2023. The company has intensified its efforts by formulating a sustainability strategy that includes objectives and targets on core themes for 2025 and 2030. However, Nedap could sharpen its long-term objective by measuring its scope 3 emissions and develop a carbon footprint roadmap.

Topic	Initiatives
Environmental	<ul style="list-style-type: none"><li>Commitment to become net-zero in 2030</li></ul>
Social	<ul style="list-style-type: none"><li>Nedap Masterclass, Nedap University</li><li>ISAE3402/ISO27001/NEN7510</li></ul>
Governance	<ul style="list-style-type: none"><li>Code of Conduct and yearly audits to promote CSR</li><li>Increase efficiency in global livestock processes</li></ul>

### Next steps to monitor

- Provide information on Nedap’s efforts to reduce Scope III Emissions
- Provide roadmap for the reduction of internal carbon emissions
- Publish results from the employee engagement survey
- Provide more information on the emissions of Nedap’s products through product life cycle analysis (LCA)

Company	ESG rating in 2022	Ambition for 2025
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Committed

Integrated

### Summary of performance

Nexus has improved the transparency of its ESG performance since 2021 by e.g. reporting its CO<sub>2</sub> scope 1 and 2, LTIFR and # GDPR breaches. The company could sharpen its long-term objectives and ambition levels by measuring its scope 3, develop a carbon footprint roadmap, and setting targets on talent management & retention and data privacy.

Topic	Initiatives
Environmental	<ul style="list-style-type: none"><li>PV system for HQ and data center power needs</li></ul>
Social	<ul style="list-style-type: none"><li>ISO-9001-certified process framework</li><li>Employee Survey and Leadership Program</li></ul>
Governance	<ul style="list-style-type: none"><li>Sustainability report including ESG KPIs</li><li>IT Security Manager and training of employees and customers</li></ul>

### Next steps to monitor

- Start measuring Scope 3 emissions
- Extend reporting with absenteeism metric
- Increase reporting transparency on customer satisfaction (e.g. NPS)
- Improve talent retention (attrition increasing until 2022 due to COVID)




# COMPANY SUMMARIES

## Redcare Pharmacy & Sligro

Company

ESG rating in 2022

Ambition for 2025



Integrated

Futureproof


Summary of performance

Redcare Pharmacy has made tangible progress on themes such as energy & carbon, packaging impact and data security and customer privacy, resulting in an upgrade of its rating. However, on supply chain control, Redcare Pharmacy still lacks KPIs, and a (publicly) communicated strategy.

Topic	Initiatives
Environmental	<ul style="list-style-type: none"><li>Net zero target</li><li>Sustainable Assortment Strategy</li></ul>
	<ul style="list-style-type: none"><li>MyTherapy App &amp; MedApp</li></ul>
Social	<ul style="list-style-type: none"><li>Updated Information Security Practices</li></ul>
Governance	<ul style="list-style-type: none"><li>Supplier Due Diligence</li><li>Upgrade of MSCI rating to AAA</li></ul>

Next steps to monitor

- Tracking the company’s progress towards net zero (2040)
- Improving share of recycled materials to 90% (2023)
- Reporting on additional metrics related to employee health & safety such as LTIF and absenteeism
- Publishing a supplier Code of Conduct and formulating more supply chain KPIs and targets

Company	ESG rating in 2022	Ambition for 2025
	<div>Committed</div>	<div>Integrated</div>
<b>Summary of performance</b>		
Sligro demonstrates strong commitment on several key ESG themes. Sligro should make tangible progress on existing KPIs and could include additional KPIs related to several key themes such as energy & carbon (including scope 3) and product impact. Moreover, Sligro could increase transparency of several targets.		
Topic	Initiatives	
Environmental	<ul style="list-style-type: none"><li>50% carbon emission reduction by 2030</li></ul>	
	<ul style="list-style-type: none"><li>Cooperation with the Voedselbank</li></ul>	
Social	<ul style="list-style-type: none"><li>Dashboard to monitor customer satisfaction</li></ul>	
	<ul style="list-style-type: none"><li>SRP Monitor: Nutritional information for customers</li></ul>	
	<ul style="list-style-type: none"><li>Improved absenteeism management system and case managers to support employees</li></ul>	
Governance	<ul style="list-style-type: none"><li>Extended supplier audits in high-risk countries</li></ul>	
<b>Next steps to monitor</b>		
<ul style="list-style-type: none"><li>Achieving tangible progress on all relevant ESG themes and updating the ESG strategy</li></ul>		
<ul style="list-style-type: none"><li>Extension of reporting with data from Belgium and additional emission categories</li></ul>		
<ul style="list-style-type: none"><li>Externally communicate the targets for employee satisfaction and customer satisfaction</li></ul>		
<ul style="list-style-type: none"><li>Introduction of targets and improved disclosure of initiatives related to product impact</li></ul>		

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

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"><li>Reporting of average GWP per refrigerant</li><li>Development of energy-efficient thermal systems</li></ul>
Social	<ul style="list-style-type: none"><li>Personnel training</li><li>Advanced Quality Management System</li></ul>
Governance	<ul style="list-style-type: none"><li>Sustainability report</li><li>Reporting of average GWP per refrigerant</li></ul>

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>Integrated</div>	<div>Futureproof</div>

Summary of performance

Thule Group can be considered “Integrated” due to having made significant multiannual progress and having set clear targets (especially concerning “energy & carbon”). The company could further improve by setting additional targets and demonstrating progress on “employee health, safety & wellbeing” and “supply chain control”.

Topic	Initiatives
Environmental	<ul style="list-style-type: none"><li>SBTi net-zero commitment</li><li>Multiple LCAs conducted for products</li></ul>
Social	<ul style="list-style-type: none"><li>Employee satisfaction score of 78%</li><li>Test standards exceed safety regulations</li></ul>
Governance	<ul style="list-style-type: none"><li>Execution of CSR audits for suppliers</li><li>Platinum rating from Ecovadis for sust. work</li></ul>


Next steps to monitor

- Extension of reporting of low-carbon aluminium procured
- Extension of reporting of LCA’s
- Extension of target setting and demonstrating progress on “supply chain control”
- Compliance to CSRD and CSDDD

Company

ESG rating in 2022

Ambition for 2025



Committed

Integrated

Summary of performance

u-blox has an overarching ESG strategy, as well as several initiatives in place. However, the company needs to report more on essential KPIs (e.g. absenteeism and Scope 3 emissions) and set emission targets, to improve transparency for stakeholders and monitor progress regarding environmental impact and talent mgmt.

Topic	Initiatives
Environmental	<ul style="list-style-type: none"> <li>Wafer-use lifetime extension</li> </ul>
Social	<ul style="list-style-type: none"> <li>External salary benchmarking</li> <li>Measure capital invested in core IP</li> </ul>
	<ul style="list-style-type: none"> <li>Red team conducting inhouse stress tests</li> </ul>
Governance	<ul style="list-style-type: none"> <li>u-blox Supplier Code of Conduct</li> <li>Annual sustainability report published</li> </ul>


Next steps to monitor

Identify Scope 3 emission baseline, and set targets for Scope 1, 2, and 3 emission reduction

Improve reporting on talent management & retention (i.e. employee turnover, absenteeism, etc.)

Provide more insights from (renewed) customer surveys and their feedback

Further improve external ESG ratings (e.g. Ecovadis score)

Company	ESG rating in 2022	Ambition for 2025
	<div>Committed</div>	<div>Integrated</div>
<b>Summary of performance</b>		
WashTec shows commitment to several key ESG themes and provides transparency on its initiatives. However, WashTec should, besides demonstrating yearly progress on present KPIs, include more group-wide KPIs as opposed to location or unit-specific targets and provide more transparency on targets to become “Integrated”.		
Topic	Initiatives	
Environmental	<ul style="list-style-type: none"><li>Environment and Energy Roadmap 2025</li></ul>	
	<ul style="list-style-type: none"><li>End-of-life equipment recovery and recycling</li></ul>	
	<ul style="list-style-type: none"><li>Eco-friendly chemicals and cold-water washing</li></ul>	
Social	<ul style="list-style-type: none"><li>Signed Diversity Charter</li></ul>	
Governance	<ul style="list-style-type: none"><li>Supplier Code of Conduct</li></ul>	
	<ul style="list-style-type: none"><li>New sustainability program with targets</li></ul>	
<b>Next steps to monitor</b>		
<ul style="list-style-type: none"><li>Expansion of reporting of the carbon footprint to additional countries and scope 3 categories</li></ul>		
<ul style="list-style-type: none"><li>Improvement of disclosure of targets and initiatives related to water and chemicals</li></ul>		
<ul style="list-style-type: none"><li>Introduction of targets and expansion of reporting related to product lifecycle and management</li></ul>		
<ul style="list-style-type: none"><li>Improvement of supplier auditing and reporting on the topic</li></ul>		





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