

GERLIN PARTICIPATIES ESG FUND REPORT 2024

An overview of the ESG
performance of Gerlin Participaties
portfolio companies in 2023

GERLIN
PARTICIPATIES

TESLIN

 **Holtara**



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1. PREAMBLE TO THE REPORT

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 Financial.

QUICK FIGURES OF TESLIN

33

Years of experience in small- and mid-cap investing

Team of 24

Experienced investment professionals

~€1 billion

Assets under management

>800

Investors in Teslin funds



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 2024, reflecting the fund's ESG performance over the year 2023. 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



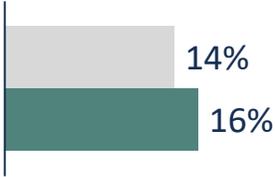
Reports on GHG emissions
(% of companies)



GHG reduction plan in place
(% of companies)



SBTi² targets in place
(% of companies)



Reports on LTIF³
(% of companies)



Reports on absenteeism
(% of companies)



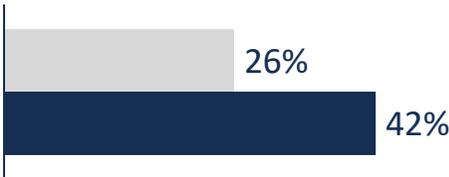
Employee survey in place
(% of companies)



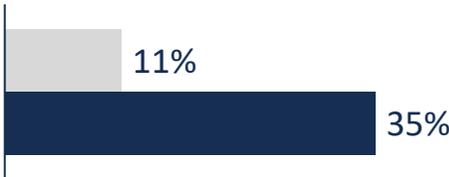
ESG policy in place
(% of companies)



ESG officer in place
(% of companies)



DMA⁴ analysis in place
(% of companies)



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

EXECUTIVE SUMMARY FUND REPORT – GERLIN PARTICIPATIES



CURRENT STATUS

- Teslin strives to invest in companies that are either strategically aligned with a sustainable future or have the potential and ambition to reach that alignment.
- Currently, all companies in the fund are rated as *'Involved'* or above in terms of ESG performance meaning their ESG performance is at least in line with regulations. Five companies are considered *'Committed'* at the moment, which implies that an ESG strategy is in place together with KPI targets.
- All companies expressed the ambition to continuously improve ESG performance. This is further sustained by required CSRD¹ compliance in the short term.
- In 2023, Gerlin Participaties had 7.3% Taxonomy alignment for revenue, 6.7% for CapEx and 6.9% 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 2023, Gerlin Participaties' investments have improved their ESG reporting with new initiatives across environmental, social and governance themes. For example, 100% of the fund monitors and reports on its Scope 1 and 2 carbon footprint, compared to 56% in the ESG review regarding 2021. Additionally, continuous steps have been taken towards emissions reductions and integrating employee well-being practices.
- As part of this year's updated methodology, an in-depth analysis on relevant EGS themes has been performed for companies scoring *'Reactive'* or *'Involved'*. More information on this new methodology can be found in [Annex B](#).
- IVU Traffic Technologies managed to improve its rating from *'Involved'* to *'Committed'* further integrating ESG strategy and formulation of KPIs and targets.



AMBITION 2025+

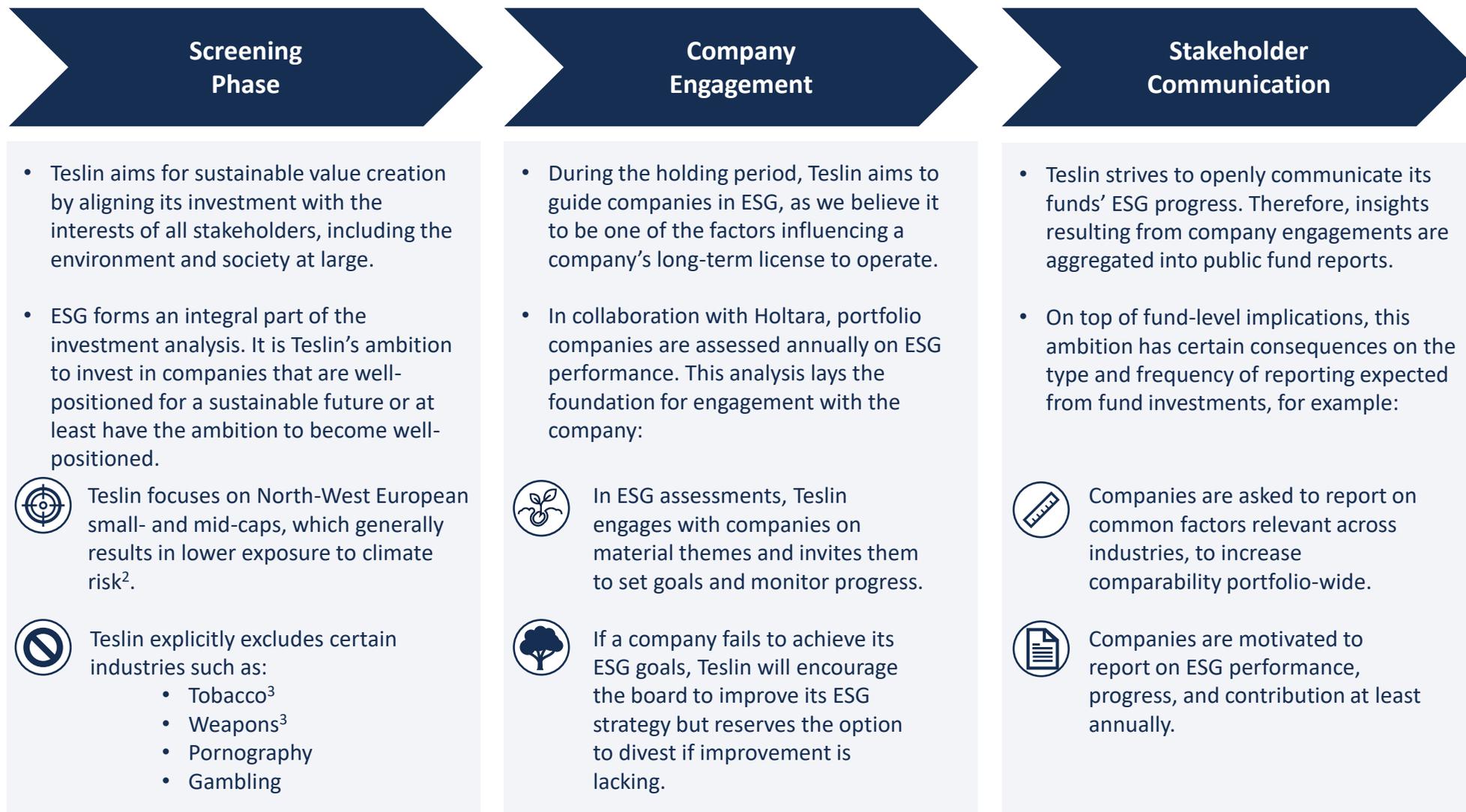
- Teslin remains actively engaged with the Gerlin Participaties portfolio, guiding it towards a sustainable future.
- Teslin's goal is to have all fund companies scoring at least *'Committed'* by 2025.
- Gerlin Participaties will maintain its focus on investments that have a positive societal impact while continuously enhancing its ESG assessment capabilities.

¹ Corporate Sustainability Reporting Directive

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



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

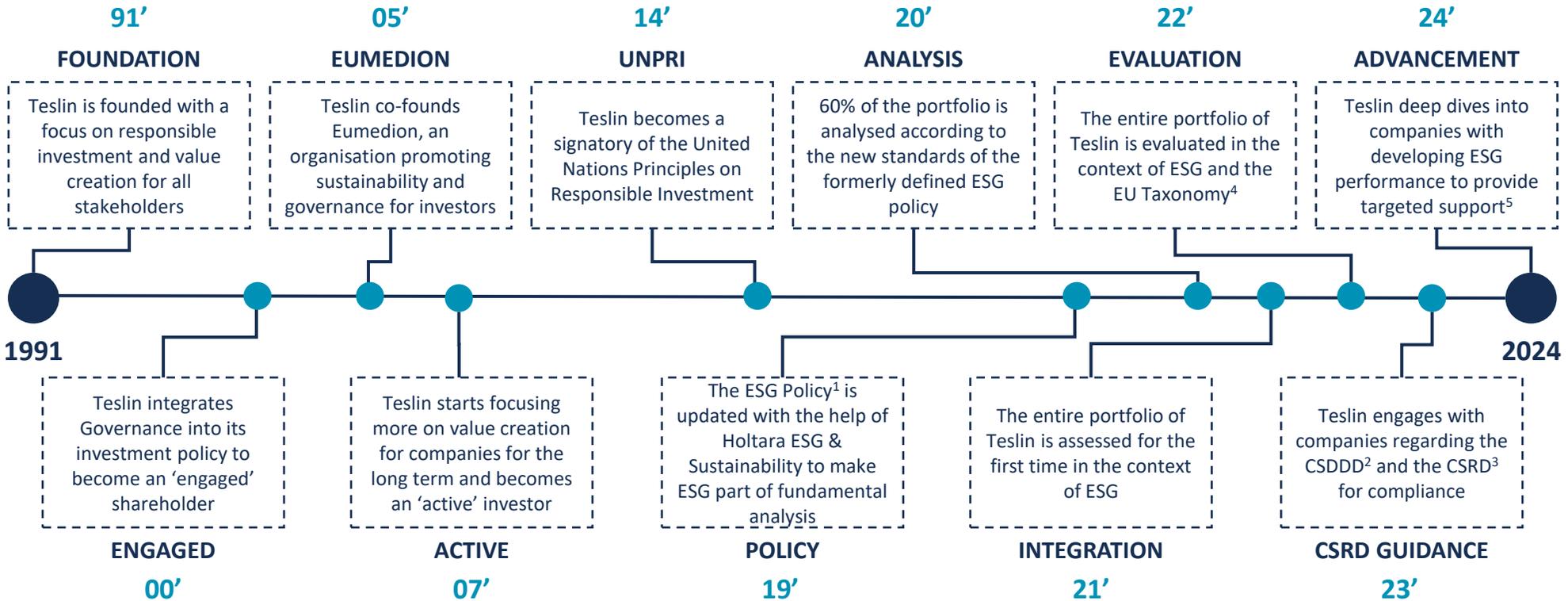
Teslin Capital Management has further developed its own ESG performance through an internal ESG assessment performed in 2022. Some noteworthy initiatives of last years are:

- In 2023, its office has been renovated to include heat pumps, solar panels and an energy management system.
- Other CO₂ emissions reduction opportunities have been identified ranging from commuting to sustainable procurement of materials and services (in cooperation with Coolset).
- 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

Below you can find a visualisation of Teslin's ESG journey from 1991 to 2024



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; ⁵ For further explanation on the 'deep-dive' methodology please refer to Annex B; Source: Holtara



3. ESG PERFORMANCE OF GERLIN PARTICIPATIES

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

FUND HIGHLIGHTS



100% 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 2024, 99% of invested capital has undergone an ESG assessment

Company	Description	Invested capital – 30.09.2024 (%)	ESG company scan	
			FY 23	Type
 Dr. Höhle ¹	Developer and manufacturer of industrial UV technology related products	1%	✘	No scan
 Elmos	Designer, producer, and distributor of mixed-signal semiconductors	26%	✓	In-depth
 EQS	Regulatory technology supplier of compliance and investor relations solutions	9%	✓	Update
 IVU Traffic Technologies	Provider of integrated software products for public transport	7%	✓	In-depth
 Leifheit	Producer and seller of high-quality household equipment	5%	✓	Update
 NFON	Provider of cloud telephony services for businesses	3%	✓	In-depth
 SÜSS Microtec	Designer and manufacturer of semiconductor equipment	33%	✓	In-depth
 Technotrans	Producer of thermal management solutions	5%	✓	Update
 WashTec	Manufacturer of vehicle washing machines and products	12%	✓	Update
Total		100%		

Key figures 2024

8 assessments in total

99% of invested capital

100% of reports discussed with company representatives

¹ No assessment of Dr. Höhle has been performed given the divestment from the company

MATERIAL ESG THEMES

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

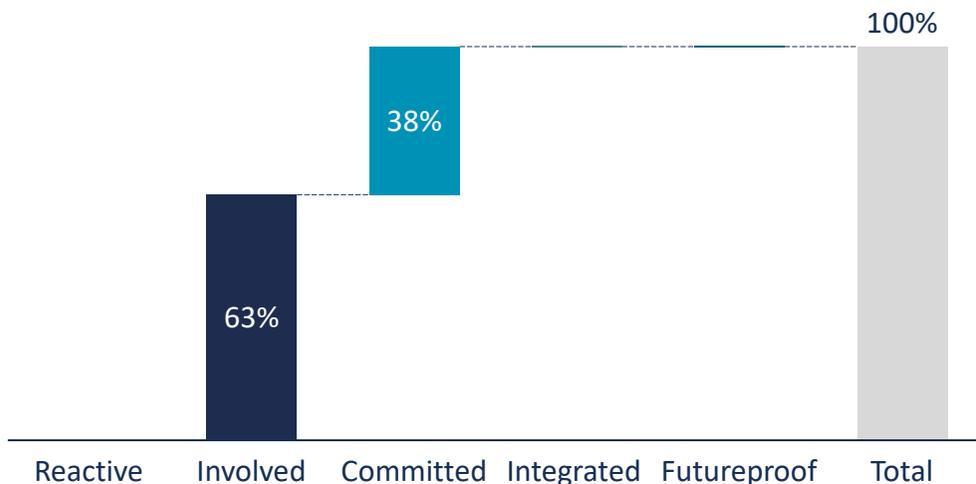
Category	ESG theme	Explanation	Number of companies with ESG theme
 Environmental	Energy & carbon	<ul style="list-style-type: none"> Relates to the carbon footprint caused by, amongst others, energy consumption in operations. 	7
	Product design & lifecycle management	<ul style="list-style-type: none"> Relates to the maximisation of product lifetime and minimisation of product lifecycle impact. 	4
 Social	Product quality & safety	<ul style="list-style-type: none"> Relates to the management of product quality and safety. 	6
	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. 	4

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 at least the formulation of an ESG strategy with targets

Gerlin Participaties ESG performance
(% of invested capital in scope for ESG assessment)



- In 2024, **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

Limited attention to ESG within the company, ESG response only based on compliance to **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, **including KPIs and targets**

Integrated

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

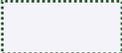
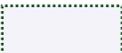
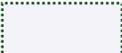
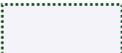
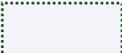
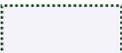
Futureproof

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

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

ESG PERFORMANCE AND FUTURE AMBITIONS

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

ESG performance ¹						
Company	Reactive	Involved	Committed	Integrated	Futureproof	Notable progress initiatives in FY 2023
						<ul style="list-style-type: none"> Calculated Scope, 1, 2 and 3 carbon footprints under new organisational structure
						<ul style="list-style-type: none"> ISO 27001 in place
						<ul style="list-style-type: none"> Increased L&D opportunities for employees and decreased employee turnover
						<ul style="list-style-type: none"> Extended its bike leasing scheme to its Zuzenhausen location and employees
						<ul style="list-style-type: none"> Reduced the number of data security incidents
						<ul style="list-style-type: none"> Appointed a dedicated ESG manager
						<ul style="list-style-type: none"> Developed an energy-efficient thermal system
						<ul style="list-style-type: none"> Introduced a new car policy with the aim to increase the share of electric vehicles

2022  2023  2025 ambition 



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

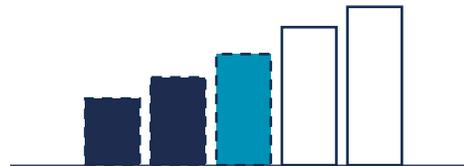
PROGRESS CASE – RATING UPGRADE IVU

IVU managed to upgrade its rating from “Involved” to “Committed” by further integrating ESG strategies and set targets

Performance rating 2022: **Involved**



Performance rating 2023: **Committed**



ESG-related development and targets in 2023 for IVU – Traffic Technologies

1. Progress and targets on environmental themes



- **Progress:** Improved carbon emission figures by introducing a split between scopes 1, 2 and 3 and engagement with data centres on emission reductions.
- **Targets:** Being carbon neutral in scope 1 & 2 emissions by 2025 and introducing various energy reduction measures (e.g. PV systems).

2. Progress and targets on social themes



- **Progress:** Decreased employee turnover from 8.2% in 2022 to 7.2% in 2023 and increased employee training from 34 hours in 2022 to 39 hours.
- **Targets:** Having 15% female managers in the top two management levels and 30% female supervisory board members.

3. Progress and targets on governance themes



- **Progress:** Started reporting on employee participation rates in information security training (99.4%) and data protection training (99.7%).
- **Targets:** Maintaining zero cyber security breaches.

In-depth ESG discussion

This year’s engagement included an additional in-depth analysis of a relevant ESG theme to further assist IVU in improving its ESG performance.

For IVU, this analysis focused on the potential to further solidify its carbon reduction targets by getting them approved by the Science-Based Target Initiative (SBTi).¹ In the analysis, an initial quantitative assessment was made on whether it was feasible to set these targets and to discuss their potential with management.

More information on the methodology for the in-depth analysis can be found in [Annex B – Methodology](#).

¹ Setting Science-Based Targets (SBTs) helps companies strategically reduce greenhouse gas emissions, gain competitive advantages, improve risk management, appeal to investors, and contribute to limiting global warming to 1.5°C in line with the Paris Agreement.

Environmental



Reducing water usage

SÜSS MicroTec improved its **water usage** and **wastewater conditions**:

- Reduced its operations' **water consumption by 19%** worldwide by introducing efficiency measures. Additionally, **water efficiency**, measured in thousands of litres of water per EU million in sales, **improved by 26%**.
- Installed a **neutralisation system for wastewater treatment** in its application laboratory in Garching that adjusts the various chemicals' pH values **to safe levels**.

Social

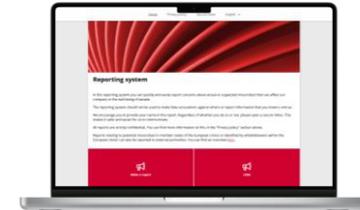


Attracting and developing talent

IVU Traffic Technologies further developed its **talent attraction and development** programmes:

- Extended **partnerships with universities** by providing students with guest lectures and project expertise and offering employees **dual vocational training** opportunities.
- Attended 14 different **career fairs** in person to attract specialists and graduates.
- Inspired an **active knowledge culture** by organising in-house developer conferences and offering employees **annual development meetings** to determine personal training requirements.

Governance



Introducing a whistleblowing system

Leifheit introduced an **independent whistleblowing system**:

- Created an anonymous web-based platform called **Integrity Line** which is open to **employees and third parties**.
- Integrated the whistleblowing system in accordance with the **German Whistleblower Protection Act** and the **German Supply Chain Due Diligence Act**.
- Integrated the system with its internal **control and risk management system**.

IDENTIFIED ESG IMPROVEMENT OPPORTUNITIES

The majority of initiatives can be linked to target-setting and metric reporting

Company	ESG Report	ESG rating 2023	Examples of identified improvement opportunity
	Section in annual report	<i>Involved</i>	Quantify the impact of planned carbon reduction measures to attain established reduction goals
	Sustainability report	<i>Committed</i>	Development of transition towards renewable energy, further reducing carbon footprint
	Section in annual report	<i>Committed</i>	Decrease carbon emissions from data centre use through engagement with them on procuring renewable energy
	Sustainability Report	<i>Committed</i>	Reducing waste in operations through organising workstations and workflows according to lean principles
	Non-financial report	<i>Involved</i>	Establish targets for metrics related to talent management & attraction (e.g. absenteeism, gender balance and fluctuation rates)
	Section in annual report	<i>Involved</i>	Expand reporting of ESG-related metrics (e.g. waste volumes and vehicle fleet) to include global operations
	Sustainability report	<i>Committed</i>	Report on employee satisfaction, development and safety
	Sustainability report	<i>Committed</i>	Expand footprint reporting to additional countries and scope 3 categories (e.g. transportation & distribution and use of sold products)

4. NEXT STEPS AT FUND LEVEL

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

Gerlin Participaties identifies several opportunities for further ESG integration at fund level



Targeted company support

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



Internal team development

Further educate the Gerlin Participaties 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.



Methodology revision

Revise the methodology used as Teslin to ensure it will align better with future regulatory obligations linked to ESG and determine targets for the next five years.



ESG engagement at board level

Gerlin Participaties 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

2021 2022 2023

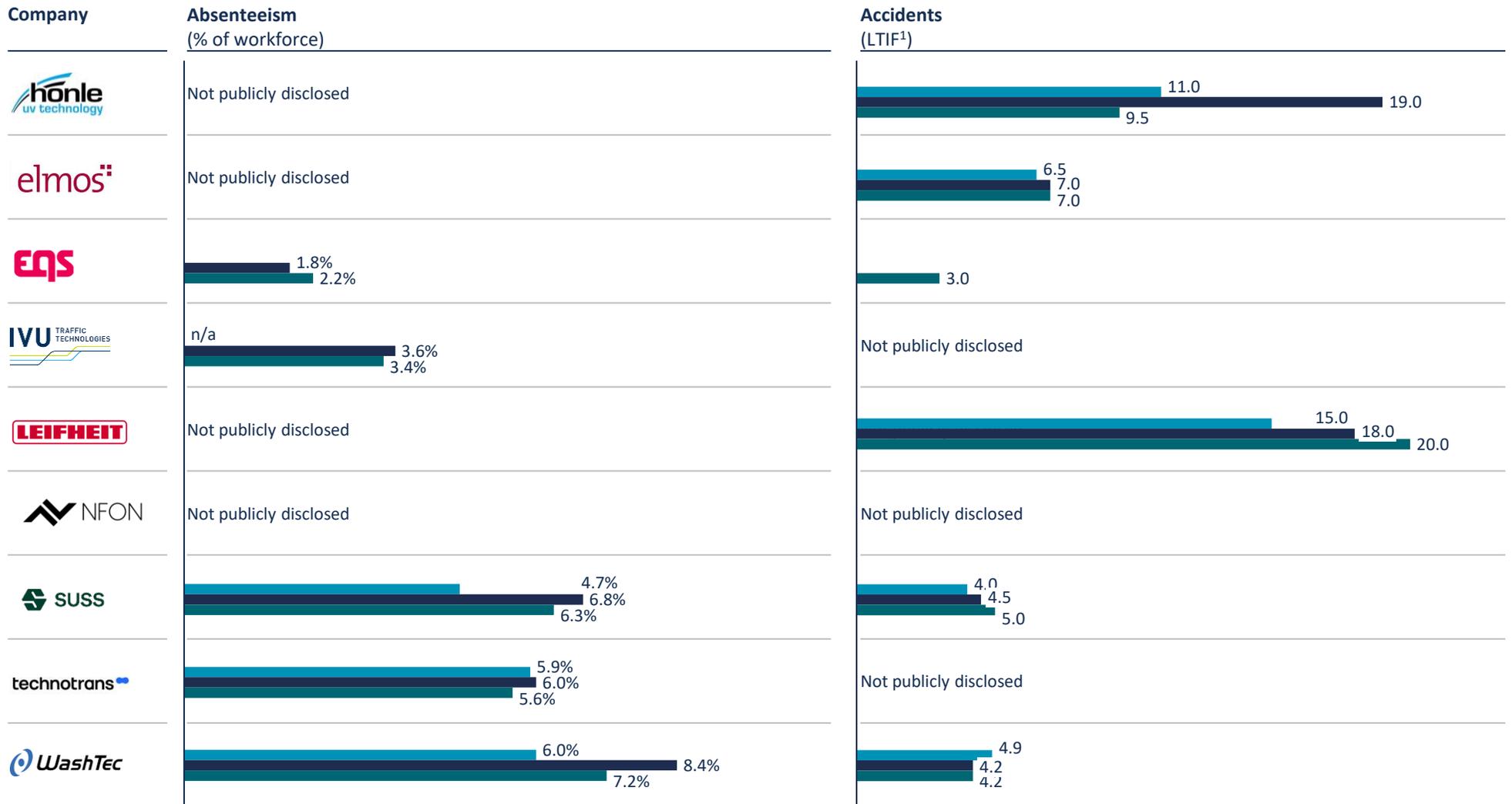
Company	Carbon footprint ¹ Scope 1 + 2 (kt CO ₂ -eq)	Carbon footprint Scope 3 (kt CO ₂ -eq)	Carbon intensity ² Scope 1 + 2 (tCO ₂ -eq/ € m revenue)	Carbon intensity Scope 3 (tCO ₂ -eq/ € m revenue)
 ³	7.3 8.1 1.1	Not publicly disclosed	64.4 63.8 10.6	Not publicly disclosed
 ⁴	18.1 7.8 7.0	n/a 103.5 151.2	56.2 17.4 12.2	n/a 231.5 263.0
	0.3 0.4 0.4	0.3 0.3 0.4	8.4 7.0 5.0	5.9 4.9 5.6
	0.7 0.7 0.7	1.3 2.1 2.1	6.7 6.2 5.6	12.6 18.3 17.4
	11.9 10.1 10.3	Not publicly disclosed	41.3 40.1 39.9	Not publicly disclosed
	n/a 7.4 n/a	n/a n/a n/a	n/a 91.8 n/a	n/a n/a n/a
	4.7 4.5 4.1	132.8 158.0 189.1	17.9 15.1 12.5	504 n 528.4 578.3
	4.3 4.4 4.0	Not publicly disclosed	20.4 18.5 15.3	Not publicly disclosed
	7.2 7.0 5.8	0.0 0.1 0.3	16.8 14.5 11.8	0.2 0.5 0.8

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; ³ Dr. Höhle's ESG performance has not been assessed this year. Information is retrieved from its Annual Report; ⁴ As a result of transitioning to a fabless company, Elmos' carbon footprint for 2022 and 2023 has been recalculated in 2023

SOCIAL METRICS

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

2021 2022 2023



¹ 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

- ✓ 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

ESG POLICY (1/2)

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.

ESG POLICY (2/2)

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

Source: Teslin, Holtara



This year Teslin has expanded upon its in-depth assessment methodology for companies



1. In-depth ESG assessments

- For companies scoring **reactive** or **involved** on the ESG performance scale in the previous year, an in-depth assessment was conducted next to the ESG assessment by Teslin and Holtara.
- As part of the in-depth assessment, a **tailored analysis** was performed on an identified ESG theme to **further boost performance** and improve **overall ESG maturity**.
- The analyses were added to the ESG discussion document and served to **guide the discussion** with companies.

2. ESG assessments

- For companies **scoring committed, integrated or futureproof**, an ESG performance assessment was conducted by Teslin using Holtara's proprietary ESG framework.
- Analyses were performed based on publicly available data, non-publicly available data, and discussions with the Teslin team.
- The **ESG assessments** were used as a **discussion document** by Teslin to discuss ESG with company management.
- The company's **5-year performance goals and key monitoring topics** are discussed, with results summarized in Annex C's one-pagers.

ESG performance scale



ESG METHODOLOGY – IN-DEPTH ASSESSMENTS

In-depth assessments enabled a tailored approach for companies at the early stages of their ESG journey

In-depth assessment process steps



Theme identification

One of the material themes is selected for which an opportunity for progression is identified in the short, medium, and long term



Competitor analysis

Competitors are investigated and industry best practices are researched to determine logical next steps



Feasibility of initiatives

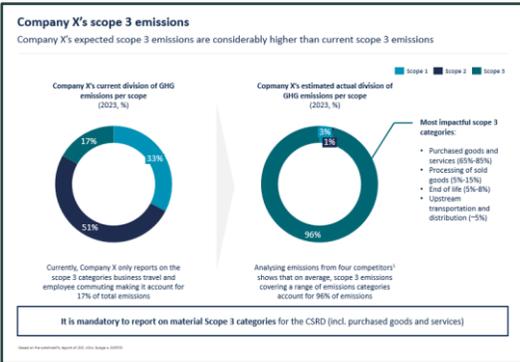
A (quantitative) analysis is performed to suggest feasible improvement initiatives and demonstrate value creation



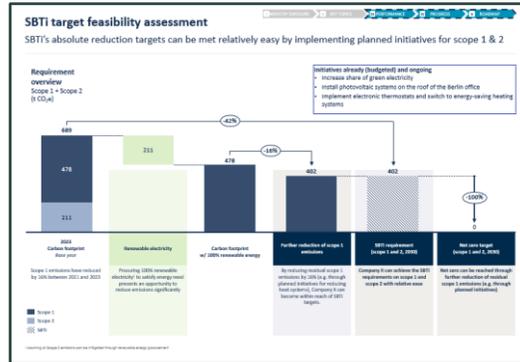
Discussion with company

Findings of the analysis and the potential initiatives are discussed with the company to further assess feasibility and encourage action

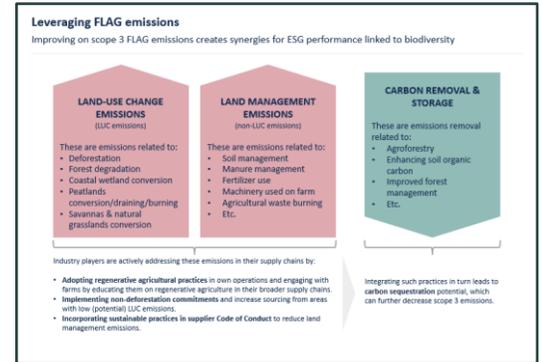
Examples of deep-dives support slides



Scope 3 assessment (incl. material subcategories) to improve measurement



SBTi target feasibility assessment for companies that have not committed yet



FLAG emissions expertise sharing for companies in the food sector to ensure compliance

CARBON FOOTPRINT SCOPES EXPLAINED

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

Summary

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

GHG Protocol categories

UPSTREAM	COMPANY OPERATIONS	DOWNSTREAM
Scope 3	Scope 1	Scope 3
 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	Scope 2	 Downstream leased assets
 Business travel	 Purchased electricity (facility use)	 Franchises
 Employee commuting (incl. work-from-home)	 Purchased electricity (vehicle use)	 Investments
 Upstream leased assets	 Purchased heat and steam	

Source: Greenhouse Gas Protocol

Some companies of Gerlin Participaties 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 requirement

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 PARTICIPATIES

Gerlin Participaties had around 7% Taxonomy alignment for revenue, CapEx, and OpEx in 2023

Company ¹	Eligibility in 2023 ² (% of revenue, CapEx, and OpEx)			Alignment in 2023 ³ (% of revenue, CapEx, and OpEx)		
	Revenue	CapEx	OpEx	Revenue	CapEx	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%
	3.1%	19.1%	0.0%	Not publicly disclosed		
	Not publicly disclosed			Not publicly disclosed		
	6.2%	26.2%	0.9%	0.0%	0.0%	0.0%
	4.4%	22.5%	5.7%	13.5%	2.5%	5.1%
	2.5%	2.0%	0.0%	0.0%	0.0%	0.0%



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 Participaties can report for 2023:

- Revenue alignment: 7.3%
- CapEx alignment: 6.7%
- OpEx alignment: 6.9%
- Transitional activities: 0%
- Enabling activities: 0%

¹ Honle Tehnology was not assessed in 2023, 2022 figure were used. ² An eligible activity means that an activity is included in the EU Taxonomy but says nothing about alignment; ³ 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

Elmos & EQS group

Company	ESG rating in 2023	Ambition for 2025
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Involved

Integrated

Summary of performance

Elmos has various ISO-certifications and a sustainability strategy published on their website. Elmos provides insight a wide range of ESG metrics and published Energy & carbon related targets. Elmos needs to define more targets (water consumption, waste, H&S targets) on their ESG metrics to become 'Committed'.

Topic	Initiatives
-------	-------------

Environmental

- Reduce Scope I & II emissions by 40% in 2026 and 100% in 2035
- Reports an ESG-related product matrix
- Optimization of water treatment processes

Social

- ISO 45001. Reports selected H&S related KPIs

- REACH, RoHS, internal/external audits, Supplier CoC

Governance

- Insight into key ESG metrics. Only Energy related targets

Next steps to monitor

- Further progress in ESG reporting, publish targets on water consumption and waste
- Improve reporting on H&S related KPIs (absenteeism, employee satisfaction) and set targets
- Improve ESG rating at external rating agencies
- Compliance with the Corporate Sustainability Reporting Directive

Company	ESG rating in 2023	Ambition for 2025
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Committed

Integrated

Summary of performance

EQS has made good ESG progress by advancing towards climate neutrality by 2025, and securing strong Ecovadis (Silver) and Ethifinance (55/100) ratings. The company could further improve its rating by communicating more precise methodologies to measure and report further progress on ESG KPIs.

Topics	Initiatives
--------	-------------

Environmental

- Climate neutral operations by 2025

Social

- Employee satisfaction score of 4.0/5.0 in 2023

- Annual NPS survey for clients

- ISO 27001 in place

Governance

- EQS Business Partner Code of Conduct

- EcoVadis and Ethifinance ESG ratings

Next steps to monitor

- Preparation of the ESRS report (as part of the CSRD)
- Development of new Compliance & Ethics and Sustainability solutions
- Development of transition towards renewable energy, further reducing carbon footprint
- Development of Employee (engagement score) and Customer satisfaction (NPS)

IVU Traffic Technologies & Leifheit

Company	ESG rating in 2023	Ambition for 2025
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Committed

Integrated

Summary of performance

IVU has made several steps in incorporating the ESG strategy in its operations by e.g. formulating environmental objectives, engaging with its suppliers about sustainability and improving the engagement of employees and customers. The company has expanded its transparency by more extended reporting & metrics

Topic	Initiatives
-------	-------------

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

Next steps to monitor

- Improve calculation of Scope 3 emissions (across value chain and most notably data centers)
- 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 2023	Ambition for 2025
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Committed

Integrated

Summary of performance

Leifheit has a comprehensive sustainability strategy outlining various KPIs and targets (2030). Maintaining and improving the current rating can be achieved through CSRD compliance and meaningful progress on key themes, especially in the context of 'Energy & Carbon' and 'Employee H&S'.

Topic	Initiatives
-------	-------------

- | | |
|----------------------|--|
| Environmental | <ul style="list-style-type: none"> Reported target for climate neutrality in 2030 Target set for waste reduction and recyclability |
| Social | <ul style="list-style-type: none"> Extensive testing by independent institutes German best vocational training award |
| Governance | <ul style="list-style-type: none"> 100% compliance with Social CoC/BSCI as target Active marketing of sustainable product lines |

Next steps to monitor

- Next steps to monitor (2024)
- Formulation of a Climate Strategy to reduce Scope 3 emissions (incl. science-based targets)
- Development of the share (%) of in-house European production
- Extension of reporting with social metrics such as employee satisfaction
- Progress towards CSRD readiness

NFON & Technotrans

Company	ESG rating in 2023	Ambition for 2025
	Involved	Committed

Summary of performance

NFON published its first separate non-financial report in 2022, including CO2 footprint results, and has made progress in data collection, ESG strategy, and setting targets. The company should add targets for customer satisfaction, data security, and demonstrate progress toward CSRD compliance.

Topic	Initiatives
Environmental	<ul style="list-style-type: none"> Travel, energy and commute policies Employee well-being report in 2022
Social	<ul style="list-style-type: none"> Low gross churn rate of 0.5% per month IT Security / Data Protection Officers in place
Governance	<ul style="list-style-type: none"> Partnership with SOS-Kinderdörfer e.V

Next steps to monitor

- Closing the time lag in calculation of carbon footprint (Scope 1, 2 & 3)
- Submission of a SBTi commitment letter with respect to carbon emissions
- Progress towards CSRD compliance
- Progress towards obtaining the ISO 50001 certification

Company	ESG rating in 2023	Ambition for 2025
	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 refrigerant Development of energy-efficient thermal systems
Social	<ul style="list-style-type: none"> Personnel training Advanced Quality Management System
Governance	<ul style="list-style-type: none"> Sustainability report Reporting of average GWP per refrigerant

Next steps to monitor

- Employee satisfaction, development and safety
- Calculation of Scope 3 emissions
- Aligning ESG reporting according to relevant regulations such as EU taxonomy and CSRD
- New ESG targets after 2025

SUSS & WashTec

Company	ESG rating in 2023	Ambition for 2025
	<i>Involved</i>	<i>Integrated</i>

Summary of performance

SUSS 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, SUSS needs to formulate concrete targets on the ESG KPIs, such as scope 3 emissions targets, material use targets and H&S targets.

Topic	Initiatives
Environmental	<ul style="list-style-type: none"> Climate neutrality by 2030 UV LED light source instead of mercury vapor
Social	<ul style="list-style-type: none"> Ambition for zero incidents, >8% fluctuation ISO 9001 and 14001 certificates
Governance	<ul style="list-style-type: none"> Supplier Code of Conduct Insight into key ESG metrics

Next steps to monitor

- Define Scope III emission targets in 2024
- Improve H&S metrics by reporting on employee satisfaction
- Set up a process for Strategic Supplier Management
- Set targets on material use and H&S related KPIs

Company	ESG rating in 2023	Ambition for 2025
	<i>Committed</i>	<i>Integrated</i>

Summary of performance

WashTec shows commitment to key ESG themes and transparency in its initiatives. In 2023, it made progress in supply chain control reporting. To achieve “Integrated” status, WashTec should expand group-wide KPIs and enhance transparency on targets, particularly for “energy & carbon” and “product lifecycle management”.

Topic	Initiatives
Environmental	<ul style="list-style-type: none"> Environment and Energy Roadmap 2025 End-of-life equipment recovery and recycling Eco-friendly chemicals and cold-water washing
Social	<ul style="list-style-type: none"> Extensive safety training program Supplier Code of Conduct
Governance	<ul style="list-style-type: none"> New sustainability program with targets

Next steps to monitor

- Expansion of reporting of the carbon footprint to additional countries and scope 3 categories
- Improvement of disclosure of targets and initiatives related to water and chemicals
- Introduction of targets and expansion of reporting related to product lifecycle management
- Improvement of supplier auditing and reporting on the topic



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