



E3 Holding AG's ESG Strategy

Shaping the Bigger Future





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ESG Position



Mission Statement

“As business-minded investors, we influence markets and the world we live in. We act with a view to safeguarding generations, steering lifetime achievements sustainably towards the future. To do so, we invest in companies that continue to demonstrate high resilience, even in an ever-changing world, and that have the potential to successfully help shape digital transformation and greening.”

General strategic direction

We believe that economic success in the long term goes hand in hand with sustainable development. That is why proactive management of key sustainability factors is one of our main tasks throughout the entire holding company.

At the heart of this lies systematic consideration of financial risks and opportunities across the social and ecological transformation processes on the journey towards business models that are increasingly more sustainable.

With this in mind, E3 Holding deliberately refrains from acquiring companies whose business models are sustainability-driven per se. Instead, our strategy involves consistently developing 'conventional' business models further, to make them resilient and successful in the long term.

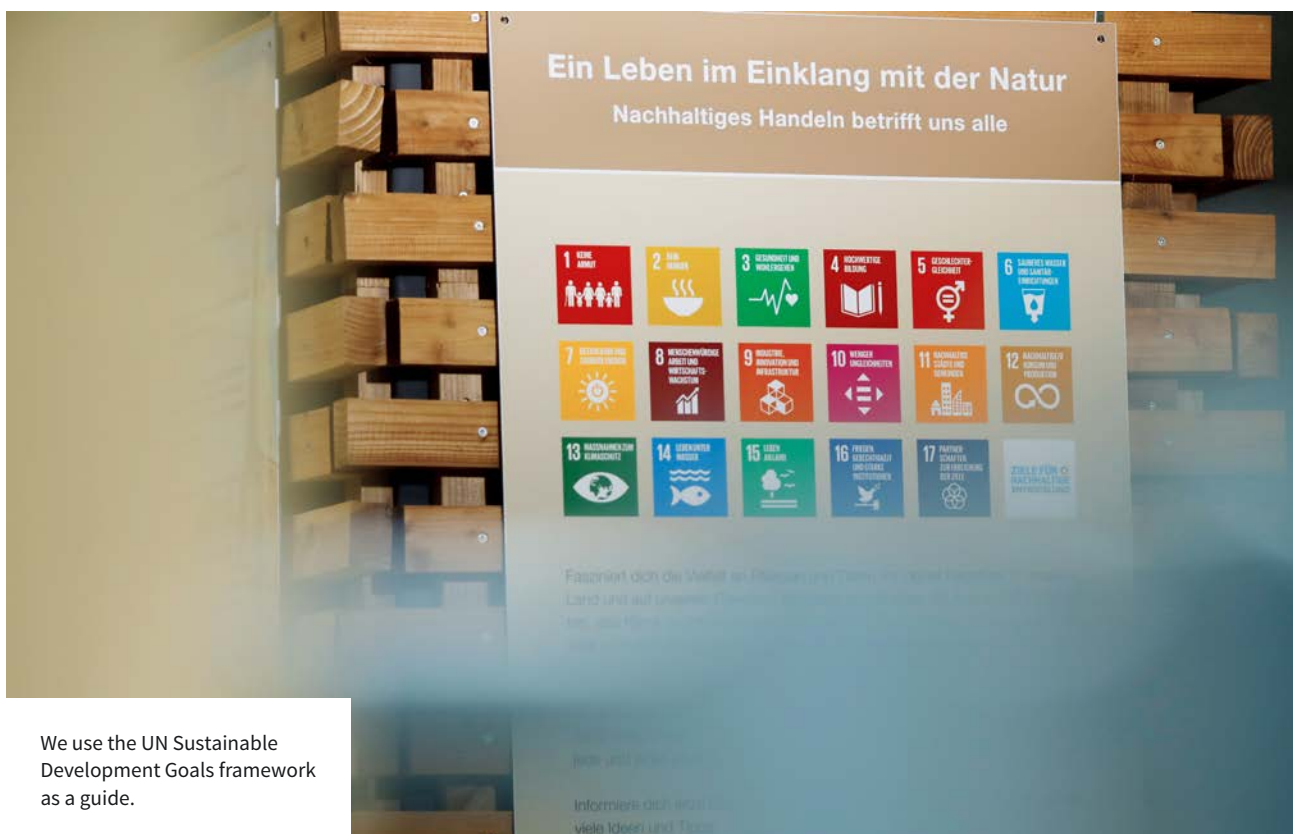
E3 Holding is a transformation investor in this sense, striving equally to

- generate an attractive return for its investors and also

- to allow as positive a social and environmental impact to flourish as possible that revolves around the human element.

We use the UN Sustainable Development Goals framework as a guide in doing so. We also expressly support the United Nations' Principles for Responsible Investment (UN PRI) and the UN Global Compact.

To ensure constant access to broad-ranging sustainability expertise for our work, we have been involved in setting up a consulting firm specialising in sustainability: **fors.earth capital GmbH**, which has been commissioned by E3 Holding and its portfolio companies to accompany us in fully implementing our ESG activities.



We use the UN Sustainable Development Goals framework as a guide.

Before investing: portfolio strategy and selecting investments

When choosing its investments, E3 portfolio strategy involves selecting only companies operating in business sectors that satisfy basic human needs.

These business sectors primarily cover

- food,
- health,
- energy and
- security.

We support business models serving these timeless needs directly or indirectly to make themselves future-proof and to digitalise. A key element of every acquisition is a targeted ESG due diligence review conducted via our partner fors.earth capital (see figure below).

In conducting ESG due diligence, we aim to do the following:

- Check for potential violations of exclusion criteria defined by us (see list in the Appendix)
- Determine any red flag issues

- Take stock of sustainability activities on the basis of a company-specific materiality analysis
- Identify development potential

Together with the risks and opportunities identified, the ESG due diligence findings are systematically taken into account in our Investment Committee's investment decision. In addition, we use the findings to determine initial recommendations for subsequent active ownership. This also applies to the key topics for the portfolio companies in which the ESG due diligence has found insufficient performance to date.

Following acquisition, we work together with the company to draw up a roadmap to ensure that E3's requirements in these areas are fulfilled within a year of closing.

ESG due diligence process





E3 Holding is committed to active ownership of all investments.

Active ownership

E3 Holding is committed to active ownership of all investments and encourages active steering of sustainability-related growth in the portfolio companies. This is achieved at different levels and through various transmission channels.

ESG strategy and continuous support

All of the companies in our portfolio are advised individually and constantly on their sustainability strategy. They benefit from professional support for implementation of their sustainability roadmap.

E3 Holding AG works together with fors.earth capital GmbH to provide this. All portfolio companies go through a systematic process:

- An initial strategy review including a materiality analysis and preparation of a sustainability mission statement
- Definition of fields of action and ESG targets, including determining and implementing the relevant KPIs and establishing measures to implement targets and anchor them in the organisation
- Set-up of structures for ESG communication within E3 Holding and for external reporting if necessary

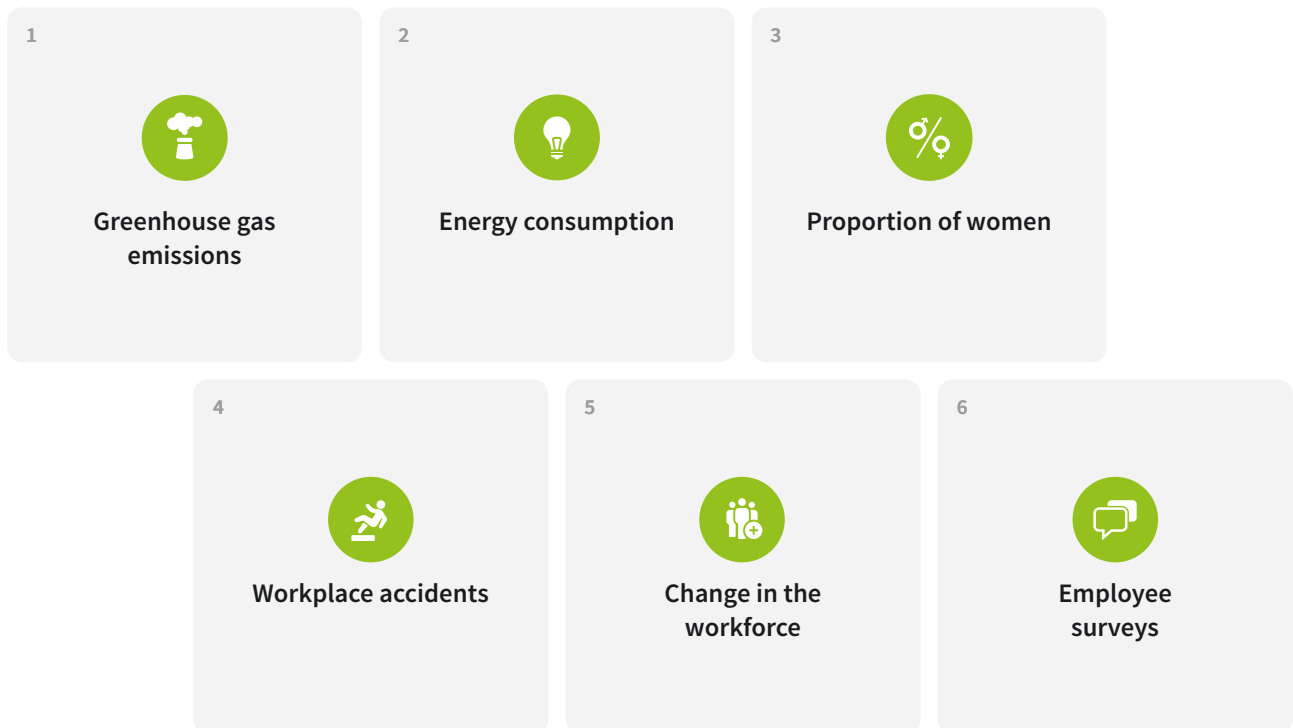
Liaison between portfolio companies

E3 encourages portfolio companies to exchange experiences by establishing regular round-table sessions on various sustainability topics and challenges.

From 2023 onwards, round-table sessions will generally take place three times a year and address topics such as:

- General networking and building structures for sustainability management within the company
- Sustainable development goals (SDGs) and the key areas E3 wants to focus on
- EU sustainability regulations and reporting obligations
- Exchange of best practices for executing sustainability projects
- Reporting on Group-wide KPIs

Core set of KPIs recorded and reported on across the portfolio



Steering using KPIs

We work together with the portfolio companies to create the foundation for managing ESG data and key performance indicators which help to actively manage ESG risks and leverage positive impact potential.

The core set of KPIs recorded and reported on across the portfolio follows the ESG Data Convergence Project standard of the Institutional Limited Partners Association (ILPA). It includes data covering various themes (see figure above).

Data is currently collected on an annual basis. In order to boost the steering impact, the frequency of collection will be increased going forward. Furthermore, we will gradually be adding to the core set of ESG KPIs from 2023. An overview of the KPIs already recorded and/or planned can be found in the Appendix. In order to take into account the respective company-specific context, portfolio companies are encouraged to define and collect additional KPIs relevant to their individual business models.

The data serves internal and external transparency for key sustainability fields of action, corresponding business management at holding entity and investment level, and monitoring target achievement.

The KPIs are an essential part of the business review between the holding entity and the senior management of the investments. Furthermore, we will produce annual progress reports on this basis – starting in 2024 – on the general ESG impact of E3 Holding and its investments as well as on the additional impact that unfolds as a result of the measures we introduce.

Re-evaluating ESG performance

In order to systematically record progress, each portfolio company will also need to re-evaluate its ESG performance every two years. The ESG due diligence stocktake will serve as the starting point. The findings are incorporated into regular review of target definitions and road maps.

The two-year re-evaluation includes the re-examination of adherence to the E3 exclusion criteria – particularly with regard to any controversies in the upstream value chain.

Reporting and continuous improvement

We document our ESG targets, road maps and processes across the holding entity and we train our employees to deepen and stabilise sustainability processes.

We collect the data necessary to fulfil our ESG targets with robust methods and call on specialised partners where necessary (e.g. when calculating corporate carbon footprints).

We provide transparent information to our internal and external stakeholders – such as our employees and investors – through our ESG strategy and our correspond-

ing activities and impacts, progresses and deficits. To this end, we publish an annual ESG report and are gradually increasing our intra-year reporting.

We work together with our partner fors.earth capital to continuously develop our sustainability strategy, targets and measures.



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Topics, Targets & Measures

E3 Holding defines specific areas of action to concentrate on: we identify and focus on the ESG topics on which we can have maximum impact from an economical and sustainability standpoint.

Together with our partner fors.earth capital, we use a materiality analysis to enable us to determine the relevance of ESG topics to E3 Holding. The topics are assessed on two levels (“double materiality”):

- its influence on E3 Holding’s business success and
- E3 Holding’s impact on these topics (i.e. primarily on the environment and society).

The result is a materiality matrix that serves as a guide for us in terms of prioritising various ESG topics and deriving targets and measures.

Owing to the fact that we are still building up our investment portfolio, we have focused to date on overarching sustainability topics.



Over the course of 2023, we will expand them to take account of the specific industry and business prospects of all our investments. Furthermore, we will continually update the materiality analysis to reflect the dynamically changing landscape and our growing investment portfolio.

From 2023 onwards, we will also purposefully highlight our ESG targets and key areas to potential portfolio companies before the acquisition as part of our ESG due diligence process. Any deficits determined will not lead to exclusion – as long as they do not negatively impact our investment strategy.

Instead, we will take this stocktake as starting point for implementing potential improvement, starting straight after any acquisition.

The specific areas of action under our ESG investment strategy are detailed below, along with the targets and measures that we are striving for. An overview of the KPIs recorded in this context for steering and transparency reasons can be found in the appendix.



Gender Equality

Our conviction that diverse teams demonstrate a higher degree of creativity and resilience in management, we encourage complete equality of genders across the portfolio companies and at E3 Holding itself.

When our portfolio companies have to grow their senior management teams or rehire, we strive to fill these positions with the under-represented sex in the respective case (applies to senior management teams with more than one person). In addition, until 2025 all management positions at portfolio company level are to be

largely filled in proportion to the gender distribution across the entire workforce.

In order to boost gender equality beyond management roles, we take the following specific measures throughout E3 Holding.

Specific measures to promote gender equality



Implementation of Group-wide diversity policy

(Applies to every portfolio company)

Calculation of the gender pay gap

by portfolio company

Establishment of organisational structures

e.g. of an equal opportunities officer at group level



Introduction and adoption of continuous development courses on equality



Introduction of a complaints procedure for incidents in connection with gender discrimination and harassment

Growth and high-quality jobs

As an industrial holding company, we enter into long-term relationships with all our portfolio companies. We believe that ensuring stable and high-quality employment drives value for our investments and is more than just a cost. We especially aim to encourage good practice in the following areas:



Occupational health and safety

Occupational health and safety topics are steered systematically within all portfolio companies. The corresponding management systems to this end are in place for all investments or have to be introduced two years after investment. Portfolio companies with high risk exposure have to be certified according to international standards (e.g. ISO 45001). The respective requirements are assessed accurately and appropriately, in light of the risks of the respective business model, such as in relation to aspects like protective equipment, workplace ergonomics or psychological risk factors.



Employee participation in company success

We see participation in company success as an important means of motivation and strengthening employee loyalty. For this reason, we endeavour to create a company-appropriate employee participation option at all investments within the first two years.



Creating & maintaining high-quality jobs

E3 Holding acquires investments in order to leverage their potential. For us, sustainable growth means contributing to society by fostering robust and long-term working relationships and creating jobs. Furthermore, we are committed to the vocational training model here within E3 Group: to attract qualified employees and purposefully prepare for specific needs at our portfolio companies.

Fair remuneration is a given for us. We also undertake to avoid atypical employment relationships in our portfolio companies and, in cases where this is not possible, we follow the principle of “equal pay for equal work”.



Climate change mitigation

Climate change is one of the greatest challenges of our time. That is why E3 Holding is committed to the targets defined in the Paris Climate Agreement for cutting greenhouse gas emissions.

By 2050, we aim to have reduced our absolute scope 1 and scope 2 emissions across the holding company by at least 90 per cent (based on 2020 levels). Emissions are set to be halved at the very least by 2030. We are seeking to have adapted our climate targets and packages of measures to the requirements of the Science Based Targets initiative by 2024.

Furthermore, we ask all our portfolio companies to switch over to full green electricity for their externally procured power within two years of acquisition. We also encourage investments in the production of renewable energies by the portfolio companies.

90%

**reduction of scope 1
and scope 2 emissions
by 2050**



100%

**use of green electricity for
externally procured power
at all portfolio companies
no later than two years after acquisition**

Resource efficiency and eco-friendly technologies

We believe that protecting our natural habitat and conserving resources are part of our responsibility as a business and also just good economics.



Efficient use of energy, materials and water has become a measure of financial success, which is why we invest in more resource efficiency. Since the relevance of the various fields of action in this area mostly depend on the respective business models, targets and corresponding KPIs are set and monitored according to the company.

We also promote the use of eco-friendly technologies across production processes at our companies. In order to reduce the fragility and environmental impact of upstream value creation chains, we also work with our investments on options to establish supply chains as short and/or as regional as possible.

Good governance

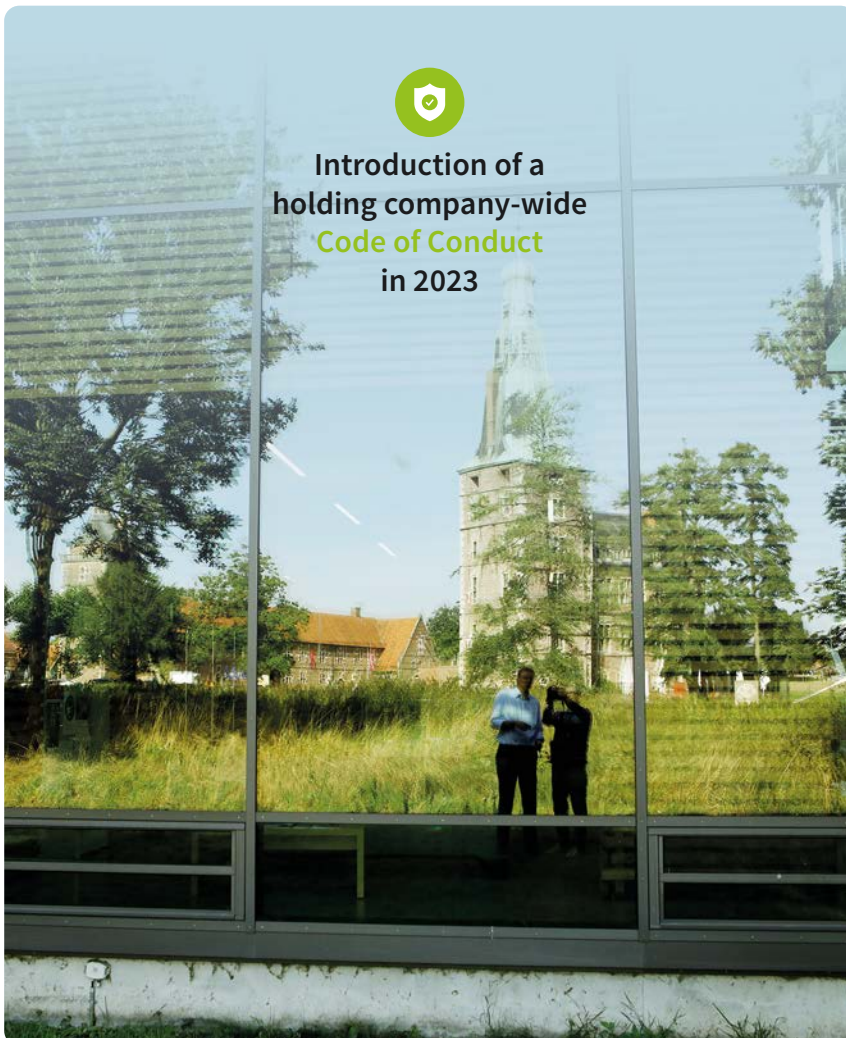
We are convinced that good governance is the foundation for successful business operation in the long term. That is why we are committed to best practices when it comes to our structures and the substance of the obligations we impose upon ourselves.

In 2023, we will introduce a Code of Conduct across the entire holding company which will set clear standards primarily concerning corruption, fair competition, conflicts of interest, handling gifts and invitations and fair taxation practices.

We will monitor adherence to the standards by introducing ambitious compliance tools. This will include introducing a whistle-blower tool that allows tip-offs to be made anonymously about any matters.

We are also committed to best practices for our organisation and remuneration structures, e.g. in terms of:

- Independent supervisory structures
- Appropriate remuneration structures in the sense of:
 - No excessive payment of the senior management compared with the workforce salary trend
 - Inclusion of sustainability incentives in the flexible remuneration components of higher management



Introduction of **compliance tools** to monitor adherence to standards

Establishment of a **whistle-blower tool**

Commitment to **best practice** in organisation and remuneration structures

Partnerships

A crucial part of the impact that E3 can have arises outside of the individual portfolio companies – chiefly for the customers of our investments and in cooperation with our portfolio companies amongst each other and along the value chains.



We encourage our companies to speak to their customers through structured communication channels.

That is why we encourage our companies to speak to their customers through structured communication channels. The aim is to develop and broaden more sustainable product solutions via active cooperation.

We also create synergies between our portfolio companies along the value chains and encourage deepening of sustainability principles along the supply chains of our companies.

With this in mind, we strive for all participants to apply a supplier code of conduct that includes commitments to the core labour standards of the ILO and internationally recognised human rights. It also addresses other main ecological and social core topics for the respective business models of our investments.



Appendix



Overview of the Key Performance Indicators (KPIs) We Record

The following overview lists all the KPIs that we record across the holding company or will introduce in 2023. They are presented according to the central fields of impact in chapter 2.

Key performance indicator	Data available	Framework	
		ESG Data Convergence Project ¹	PAI ²
1 Gender equality			
1.1 Percentage of women in the overall workforce	✓		
1.2 Number of senior management / Management Board members	✓	✓	
1.3 Number of women Managing Directors / Management Board members	✓	✓	
1.4 Percentage of women on senior management teams / on the Management Board	✓	✓	✓ ³
1.5 Percentage of women on the Supervisory Board of E3 Holding AG	From 2023		✓ ³
1.6 Number of leadership positions	From 2023		
1.7 Number of women in leadership positions	From 2023		
1.8 Percentage of women in leadership positions	From 2023		
1.9 Gender pay gap (unadjusted, as a %)	From 2023		✓
2 Growth and high-quality jobs			
2.1 Number of net new hires (organic growth, as FTE)	✓	✓	
2.2 Number of net new hires (total, as FTE)	✓	✓	
2.3 Employee turnover (as a %)	✓	✓	
2.4 Number of existing apprenticeships	From 2023		
2.5 Ratio of atypical employment relationships to total number of employees (as a %)	From 2023		
2.6 Percentage of workforce covered by an employee participation programme	From 2023		
2.7 Conduct of annual employee surveys (y/n)	✓	✓	
2.8 Number of reportable workplace accidents	✓	✓	✓ ³
2.9 Number of fatal workplace accidents	✓	✓	✓ ³
2.10 Number of lost days due to reportable workplace accidents	✓	✓	✓ ³
2.11 Percentage of portfolio companies with an occupational safety and health management system	From 2023		
2.12 Percentage of exposed portfolio companies with a certified occupational safety and health management system	From 2023		

3 Climate change mitigation			
3.1	Greenhouse gas emissions: scope 1 (tCO ₂ e)	✓	✓
3.2	Greenhouse gas emissions: scope 2 (tCO ₂ e)	✓	✓
3.3	Greenhouse gas emissions: scope 3 (tCO ₂ e)	From 2023	✓
3.4	Total greenhouse gas emissions (tCO ₂ e)	From 2023	✓
3.5	Greenhouse gas intensity (tCO ₂ e / revenue (€ million))	From 2023	✓ ³
3.6	Total consumption of renewable energies (kWh)	✓	✓
3.7	Percentage of renewable energies of total energy consumption	✓	✓
3.8	Percentage of revenue based on activities in fossil fuels	From 2023	✓
4 Resource efficiency and eco-friendly technologies			
4.1	Total energy consumption (kWh)	✓	✓
4.2	Energy intensity (kWh / revenue (€))		✓
4.3	Capital expenditure of the portfolio companies (€ thou.)	From 2023	
4.4	Percentage of EU taxonomy-eligible capital expenditure	From 2023	
4.5	Percentage of EU taxonomy-aligned capital expenditure	From 2023	
4.6	Emissions to water (t)	From 2023	✓
4.7	Production of hazardous and radioactive waste (t)	From 2023	✓
5 Good governance			
5.1	Percentage of independent Supervisory Board members at holding company level	From 2023	
5.2	CEO-to-worker pay ratio	From 2023	✓ ³
5.3	Number of complaints via the whistle-blower channel	From 2023	
6 Partnerships			
n/a			
7 Other			
7.1	Existence of sites/establishments in or around biodiversity-sensitive areas, if the operations negatively impact these areas (y/n)	From 2023	✓
7.2	Involvement in violations of the UN Global Compact principles or against the OECD Guidelines for Multinational Enterprises (y/n)	From 2023	✓
7.3	Percentage of revenue based on production or sale of controversial weapons	From 2023	✓

¹ ESG Data Convergence Project standard of the Institutional Limited Partners Association (ILPA)

² Principal Adverse Impacts (PAI) according to the EU Sustainable Finance Disclosure Regulation

³ The content of these KPIs are based on the PAI but have been modified to be more informative within the context of E3 Holding AG and/or its operationalisation process.

E3 Holding's Exclusion Criteria

Companies excluded from investment in principle are companies that...

- ⊘ ... grossly neglect fundamental labour and human rights (including key suppliers).
- ⊘ ... contribute significantly to destroying the environment and/or consistently breach environmental standards (including key suppliers).
- ⊘ ... are involved in serious cases of corruption.
- ⊘ ... have their headquarters or subsidiaries in locations that are on the EU list of non-cooperative countries and jurisdictions for tax purposes.
- ⊘ ... produce banned or otherwise particularly controversial weapons and/or their core components.
- ⊘ ... operate nuclear power plants, produce core components for nuclear power plants or mine uranium.
- ⊘ ... mine coal, extract or process oil sands, operate coal power stations or produce or use fracking technologies.
- ⊘ ... operate in the gambling, pornography or tobacco industries.
- ⊘ ... have the production of conventional weapons or armament goods (including their core components) as a core business activity (> 20% of total revenue).

Glossary

A

Activities in the fossil fuel sector	Activities in the fossil fuel sector are defined as follows in the PAI regime: exploration, mining, extraction, production, processing, storage, refining or distribution (including transportation, storage and trade) of fossil fuels.
Labour and human rights, fundamental	<p>The term “fundamental labour rights” is based on the ILO core labour standards, as they are known, of the International Labour Organization (ILO), the United Nation’s oldest specialised agency. They cover the following four principles:</p> <ul style="list-style-type: none"> — Freedom of association and collective bargaining — Elimination of forced labour — Abolition of child labour — Elimination of discrimination in employment and occupation <p>Fundamental human rights are primarily based on the United Nations’ Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises and the United Nations’ Guiding Principles on Business and Human Rights. In line with the E3 exclusion criteria, they relate to the rights of individuals and groups affected by the activities of the respective companies.</p>
Atypical employment relationships	Atypical employment relationships within the context of E3’s KPIs include temporary work, fixed-term employment relationships, employees in marginal employment and the self-employed. Part-time employment is not included here.
Supervisory Board member, independent	<p>Within the context of E3’s KPIs, Supervisory Board members (in line with the German Corporate Governance Code) are considered independent from the Company and its Management Board if they have no personal or business relationship with the Company or its Management Board that may cause a substantial – and not merely temporary – conflict of interest.</p> <p>Independence might be compromised, for example, if the Supervisory Board members themselves or their close family members:</p> <ul style="list-style-type: none"> — hold $\geq 10\%$ of the company’s shares; — were members of the company’s Management Board in the two years prior to appointment; — currently maintain or maintained in the year up to their appointment, directly or as shareholders, or in a leading position of a non-Group entity, a material business relationship with the company — or one of the entities dependent upon the company (e.g. as customer, supplier, lender or advisor); — are a close family member of an Management Board member; or — have been a member of the Supervisory Board for more than twelve years.

C

CEO-to-worker pay ratio	Denotes the proportion of the annual overall remuneration of the highest paid employees to the median of the annual overall remuneration of all employees (excluding the highest paid employees).
CO₂e	CO ₂ equivalents are used as a measure for standardising the climate impact of various greenhouse gases.
Corporate carbon footprint	Denotes the quantity of greenhouse gas emissions that a company directly or indirectly produces through its activities and is based on the aggregated emissions under scope 1, 2 and 3.

E

Energy intensity	Calculation of the relative energy consumption, based on an output indicator (in this case: revenue).
ESG	ESG (environmental, social and governance) denotes the three main factors that investors take into account in their sustainability-related risk and opportunity assessments of companies. While the term “sustainability” describes the long-term viability of global systems, ESG refers to the organisational structures, processes and strategies of companies to steer environmental, social and governance-related topics within a business context.
ESG Data Convergence Project	The ESG Data Convergence Project of the Institutional Limited Partners Association (ILPA) is an initiative led by major general partners and limited partners aimed at establishing a basic set of standard and more meaningful ESG KPIs on the private equity market.
EU list of non-cooperative countries and jurisdictions for tax purposes	The EU list of non-cooperative countries and jurisdictions for tax purposes (“black list”) was created to fight tax fraud, tax evasion, tax avoidance and money laundering. It features non-EU countries that encourage abusive tax practices to undercut member state income from corporation taxes. The list is regularly updated and in January 2023 it included the following countries and jurisdictions: US Virgin Islands, American Samoa, Fiji, Guam, Palau, Panama, Samoa, Trinidad and Tobago, and Vanuatu.
EU Disclosure Regulation	Regulation (EU) No. 2019/2088 (also known as the “Sustainable Finance Disclosure Regulation” (SFDR)) defines sustainability related disclosures in the financial services sector in the sense of transparency obligations and/or taking into account sustainability topics in the strategies, processes and products of financial market participants.

EU Taxonomy

Regulation (EU) 2020/852 lays down the economic activities that play a major positive role in achieving the EU's environmental targets. It constitutes the basis for the corresponding reporting obligations for companies in the EU and for determining the degree of environmental sustainability of investments. Going forward, the taxonomy will be expanded to include social criteria. Under the regulation, financial market participants, e.g. investment funds seeking to market a financial product as a green one, have an obligation to report on the share of environmentally sustainable investments within the meaning of the Regulation in its portfolio.

“Taxonomy-eligible” in this context are economic activities that are covered by the taxonomy (but that do not necessarily fulfil the criteria in substance). By contrast, “taxonomy-aligned” are all those activities that are covered by the taxonomy and fulfil the minimum criteria required: making a substantial contribution to at least one of the defined sustainability objectives, while also having no substantial negative impact on the remaining objectives and meeting minimum standards on human rights and occupational safety.

F**Fracking technologies**

Hydraulic fracturing (fracking for short) is used among other things to extract what is known as “unconventional” oil and gas. It involves creating fractures in rocks deep underground using high pressure to improve the permeability of the rock layers. The fracking liquid used generally contains added chemicals to yield the desired change to the rock. Together with the often very high frequency and density of drilling, this results in a significantly higher risk, among other things, of contaminating the groundwater. Relevant activities within the meaning of the E3 exclusion criteria are primarily the extraction of fossil fuels through high-volume fracking and the production of fracking liquids and drill rods. This does not include dual-use products.

FTE

The number of full-time equivalents (= full-time positions)

G**Biodiversity-sensitive areas**

Definition under the PAI regime: “Biodiversity-sensitive areas” means the Natura 2000 network of protected areas, UNESCO World Heritage sites and key biodiversity areas (“KBAs”), as well as other protected areas, as referred to in Appendix D of Annex II to Commission Delegated Regulation (EU) 2021/2139. “Activities negatively affecting biodiversity-sensitive areas” means activities that are characterised by all of the following:

- a) Those activities leading to the deterioration of natural habitats and the habitats of species and disturbing the species for which a protected area has been designated.
- b) For these activities, none of the required mitigation measures or environmental impact assessments or similar have been implemented.

Hazardous and radioactive waste	Hazardous and radioactive waste are defined as follows under the PAI regime: "Hazardous waste" means hazardous waste as defined in Article 3 (2) of Directive 2008/98/EC of the European Parliament and of the Council (waste featuring one or more of the hazardous characteristics listed under Appendix III). "Radioactive waste" means radioactive waste as defined in Article 3 (7) of Council Directive 2011/70/Euratom.
Gender pay gap, unadjusted	This KPPI means the difference between average gross hourly earnings of male paid employees and of female paid employees as a percentage of average gross hourly earnings of male paid employees. Unadjusted means that the portion of the difference in earnings attributable to structural differences like the level of education, role in the company, etc. is not deducted.
GHG Protocol Corporate Standard	The most widely used standard worldwide by companies for reporting their greenhouse gas emissions.
Gambling	Relevant activities within the meaning of the E3 exclusion criteria primarily include (online) casinos, sports betting offerings and the production and operation of gaming machines.

I

ILO core labour standards	See "labour and human rights, fundamental"
Institutional Limited Partners Association (ILPA)	The Institutional Limited Partners Association is an umbrella association under which institutional investors in the private equity sector (limited partners) have joined forces.

K

Core components	Within the context of the E3 exclusion criteria, "core components" refers to construction components and parts that are essential for a product to function. This does not include dual-use products.
Corruption	Corruption within the meaning of the E3 exclusion criteria primarily means bribery and/or corruption to restrict competition (e.g. in the course of tenders) and to gain other advantages (bribery of officials and politicians).

N

Sustainability	The term "sustainability" describes the long-term viability of global systems – in terms of economic, social and environmental aspects and the long-term well-being of the company and the planet.
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O

OECD Guidelines for Multinational Enterprises

In addition to the ILO core labour standards and the UN Global Compact worldwide, the OECD Guidelines are the most important tool for encouraging good governance. They describe expectations of companies operating worldwide when dealing with trade unions, human rights, environmental protection, anti-corruption or the protection of consumer interests.

P

Paris Climate Agreement

The “Paris Agreement” was adopted on 12 December 2015 at the World Climate Conference in the French capital. Against the backdrop of the 2030 Agenda for Sustainable Development adopted shortly before, 195 nations signed up to this Agreement to mitigate climate change and make the global economy more climate-friendly. To be more specific, the Agreement states that global warming should be limited to well below 2 degrees Celsius, preferably to 1.5 degrees Celsius (compared to pre-industrial levels).

Pornography

Relevant activities within the meaning of the E3 exclusion criteria are primarily the production of pornographic content (films, online content, photos etc.) and delivery of it (e.g. via retail, media and telecommunications companies and operators of online platforms). The term “pornography” is based on the definition of the German Federal Court of Justice (Bundesgerichtshof, BGH): “A portrayal is to be considered pornographic if it excludes all other human connections to highlight sexual acts in a crude and intrusive manner and overall it generally aims to solely or primarily awaken the lascivious interest of the onlooker in sexual things”.

Principal Adverse Impacts (PAI)

The Principal Adverse Impacts constitute the “most important negative impact” of investment decisions on sustainability factors”. They are part of the EU Disclosure Regulation and as a result part of the transparency obligations for financial market participants.

S

Emissions to water

Emissions to water are defined within the PAI framework as follows: direct emissions of priority substances as defined in Article 2 (30) of Directive 2000/60/EC of the European Parliament and of the Council (listed in Annex X) and direct emissions of nitrates, phosphates and pesticides.

Key suppliers

Key suppliers within the meaning of the E3 exclusion criteria are primarily direct suppliers (tier 1) from whom goods or services are procured that are essential to the core business of the procuring company. In the event of these suppliers being accountable for controversial acts, the extent to which the procuring company can influence the supplier and/or switch to alternative suppliers is also taken into consideration.

Science Based Targets initiative The Science Based Targets initiative (SBTi) offers companies a scientifically backed method for setting greenhouse gas reduction targets which are in line with the Paris Climate Agreement targets.

T

Tobacco Relevant activities within the meaning of the E3 exclusion criteria are primarily the growing of tobacco and the production of tobacco products and accessories (e.g. cigarette filters). This does not include dual-use products.

Greenhouse gas emissions, scope 1 Scope 1 emissions are direct emissions that are produced within organisation borders – e.g. through own power plants, own gas / oil heating, own vehicles. Calculation is based on the GHG Protocol Corporate Standard.

Greenhouse gas emissions, scope 2 Scope 2 emissions are specific indirect emissions that are produced outside the organisation borders – e.g. through the production and purchase of electricity, steam, heating and cooling from outside organisation borders. Calculation is based on the GHG Protocol Corporate Standard.

Greenhouse gas emissions, scope 3 Scope 3 emissions are other indirect emissions that are related to the company's activities but originate from other sources that are outside the organisation borders and not monitored by the company, e.g. through collecting and processing purchased material and fuels, transport-related activities (purchased and sold goods, business trips and employee mobility, etc.), use of the sold products and waste disposal. Calculation is based on the GHG Protocol Corporate Standard.

Greenhouse gas intensity Calculation of the relative greenhouse gas emissions, based on an output indicator (in this case: revenue).

U

Environmental destruction/ violations of environmental standards The E3 exclusion criteria are based on the classification of environmental controversies under the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the Sustainable Development Goals of the United Nations. Business activities are considered relevant within this context if they fundamentally contradict the principles of these frameworks.

UN Global Compact The UN Global Compact is the world's largest and most important initiative for sustainable and responsible governance. It helps companies to strategically anchor their sustainability on the basis of 10 universal principles and to implement sustainable development goals.

UN Principles for Responsible Investment The UN Principles for Responsible Investment are an investor initiative in partnership with the United Nations, dedicated to the practical implementation of six defined principles for responsible investment.

UN Sustainable Development Goals

In 2015, the United Nations defined 17 global sustainable development goals (SDGs). They form the basis of a global plan to encourage sustainable peace and prosperity and to protect our planet. The SDGs are one of the most important international references for structuring sustainability targets at state and company level.

W

Weapons and/or armament goods, conventional

Relevant products within the meaning of the E3 exclusion criteria are primarily the weapons and armament goods listed in the annex to the Federal Republic of Germany's Weapons Control Act (Gesetz über die Kontrolle von Kriegswaffen, KWKG), referred to as the "War weapons list", provided that they are not classified as banned or otherwise controversial. Examples of key product categories are missiles, fighter jets and helicopters, war ships, combat vehicles, guns and ammunition. This list has been expanded to include weapons that are not covered by the Act, such as specific types of firearms (e.g. handguns). This does not include dual-use products.

Weapons, banned or particularly controversial

Relevant products within the meaning of the E3 exclusion criteria are those weapons that are banned by international conventions, in particular by the Nuclear Non-Proliferation Treaty, the Biological Weapons Convention, the Chemical Weapons Convention, the Convention on Prohibitions or Restrictions on the Use of Certain Conventional Weapons, the Anti-Personnel Mine Ban Treaty (also known as the Ottawa Convention) and the Oslo Declaration on Cluster Munitions. Weapons considered highly controversial but not covered by international agreements or their bans are also covered.

Weapons, controversial

The term used within the PAI regime refers to anti-personnel mines, cluster munition, chemical and biological weapons. The relevant KPIs take into account revenue generated in the reporting year from production or sale of the corresponding weapons.

Materiality analysis

The materiality analysis looks at the influence that sustainability topics have on the success of a company and the impact that the company has on these issues, i.e. primarily environment and society ("double materiality").

We do what we say

This also means continuing to work on our ESG report so that it provides readers with meaningful and sound information.

Do you have any comments, wishes or feedback?
We would love to hear it all from you. Please contact
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E3 Holding AG's ESG Strategy

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