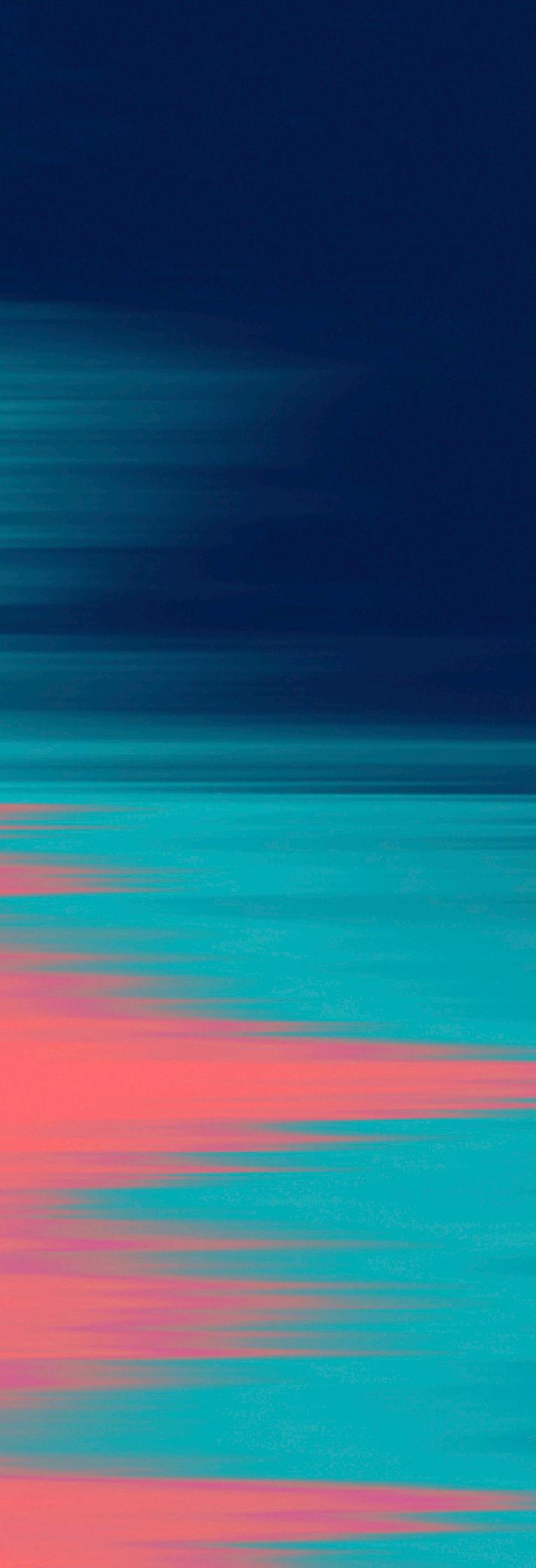


Impact & Sustainability Report 2021

verdane



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About this report

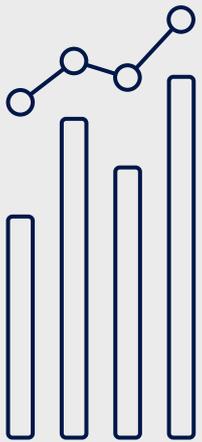
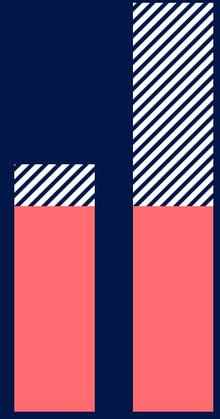
At Verdane, our goal is to be the preferred growth partner to ambitious companies that will thrive in a sustainable world. In this inaugural Impact and Sustainability report, we will present highlights from 2021, our approach to sustainability, and an overview of current developments both at Verdane and in our portfolio.

This is neither a static picture of how we work with sustainability nor necessarily a fixed reporting format. Both will continue to evolve and improve. We therefore greatly encourage you to reach out and share your feedback on the contents of and thinking in this report to sustainability@verdane.com.



€3.4bn

in aggregate
portfolio revenue



140+

investments since 2003

€4bn+

in committed capital
across our funds



100+

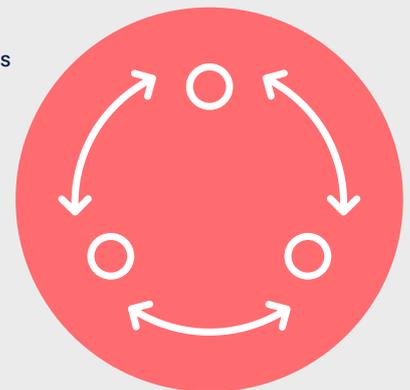
employees
(40% women, 60% men)

+65

eNPS score

65+

portfolio companies



30+

sustainable society
investments since 2006

50%+

of our capital raised since 2018
comes from non-profit institutional
sources supporting public welfare
through pensions and causes like
the rights to education, democracy
and free speech

10%

of Verdane is owned by the
Verdane Foundation, a non-profit
working with global environmental
and local integration challenges

2021 in brief

Strengthening sustainability across our businesses

€300m

Capital raised for Verdane Idun, one of Europe's largest growth impact funds

15 000+

Data points collected for our sustainability reporting process

>30

Sustainability due diligence processes conducted

2

Inaugural winners of Verdane's new Impact Hero prize: Bemz and Polytech

3

Dedicated sustainability professionals on the team

5

Number of impact companies that joined the portfolio in 2021

Letter from our Managing Partner

At Verdane, we believe that our obligations as active owners and investors go beyond optimising financial returns. Unless we change course to create a more sustainable world economy, our grandchildren will inherit a largely uninhabitable planet. In many ways every day is now Earth Day*, and I believe we have a moral and fiduciary duty to act accordingly.

A key tenet of our values is to “respect people and the planet” and that sentiment is at the centre of every business decision we make. We divested from our last core fossil fuel investment in 2015 and have since invested in accordance with what we call the “2040 test”. This means that we strive to invest only in businesses that will ideally contribute to, and at a minimum not be negatively impacted by, a world economy that moves rapidly towards a more sustainable future. Once we have invested, we work hard every day to ensure that we sell a more sustainable business than the one that we invested in. Our ambitions, however, go well beyond the 2040 test. Verdane actively seeks out investments with a material positive impact beyond competitive financial returns. The firm has so far made over 30 impact investments, defined as companies significantly contributing to solving global environmental and social challenges, across our fund platform. Interestingly, our impact investments have in aggregate outperformed our broader programme financially, which only strengthens our conviction of the value of sustainability.

I do not believe that the outperformance of our impact investments is accidental. We are structural growth chasers, which means that we aim to invest in well-positioned companies in clusters where it is possible to generate long-term, rapid, organic growth. To solve our global sustainability challenges, existing markets will need to be restructured and massive new ones created. This ‘dislocation’ of the world economy will be driven by a combination of new regulations (including putting a real price on externalities such as CO₂ emissions), changed corporate business practices, and new consumer behaviours. Combined, these forces will and are already generating highly attractive growth opportunities for tech-enabled growth investors such as Verdane. By way of example,



* Earth Day, annual event on April 22 to demonstrate support for environmental protection



our Edda II investment Swappie, a sustainability investment focused on the life extension of smartphones, was recently ranked first on the Financial Times European FT1000 ranking of Europe's fastest tech growing companies. Swappie was the first ever circular economy company to attain the top spot.

At Verdane, we started to underwrite an upcoming carbon transition more than 15 years ago. Our commitment to sustainability forms part of the core fabric of the firm, and I am proud of the significant progress we've made in professionalising and institutionalising this commitment. This includes building a Sustainability team inside Verdane Elevate, launching Idun – our first dedicated impact fund where part of our compensation is tied to reaching impact objectives – and clearly establishing our 2030 targets both as a firm and through our portfolio companies. Transparency in this area is key, which is why we have committed to publicly announce our targets and progress going forward.

What I am perhaps most proud of personally is our commitment to become the world's first private equity firm to neutralise all future residual scope 1–3 emissions with engineered, permanent carbon removals, in effect pulling the equivalent amount of CO₂ caused by our residual emissions out of the atmosphere and storing it deep underground. We have set ambitious targets to reduce the carbon intensity of our scope 1–3 emissions, but are taking it a step further with this commitment. It is a significant financial commitment for the firm, as it involves purchasing thousands of tonnes of removals credits in the several hundred euros per tonne range. Our conviction is however that the world will unfortunately significantly overshoot its remaining CO₂ 'budget', and that we therefore need to help kick-start the engineered carbon removal market.

In this report, you will learn in more detail about our commitment to sustainability and how we are implementing strategies within our portfolio companies to help move them individually and collectively towards a more sustainable business composition. As you will see, sustainability is embedded into our core processes and activities, and the way in which we think about everything we do.

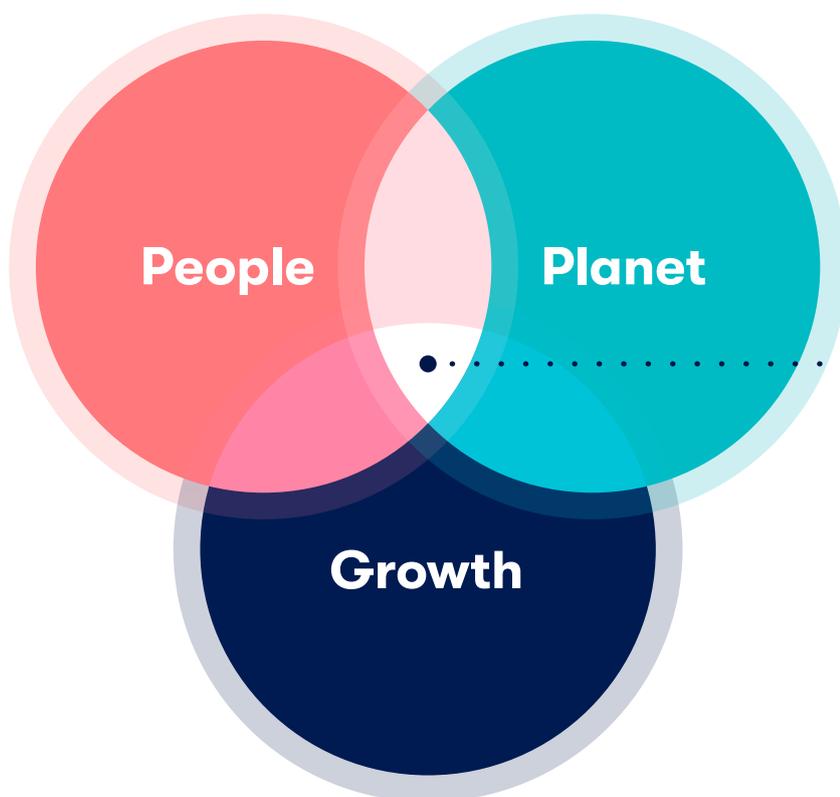
I am proud of Verdane's early mover role in this crucial area. We have achieved a lot, but there is much more to do, and our goal is to continue to raise the bar for ourselves and others, to be a positive force in the drive towards a more sustainable future.

With this report, we are also taking an important step in communicating more actively around what we do in terms of sustainability. We hope that you will enjoy learning about it.

Bjarne Kveim Lie
Managing Partner and
Founder of Verdane

Our approach to sustainability and impact

What is sustainable growth?



Sustainable growth

To generate economic, environmental, and social value by integrating a sustainable mindset into business growth strategies

Sustainable growth is at Verdane's core

At Verdane, we believe that the most successful businesses going forward will be guided by purpose, underpinned by commercial success, and include a broad concept of stakeholder value. Businesses that operate in line with global social and environmental objectives will not only be on the right side of history, but they will also be more likely to generate outsized returns. This has been a core tenet at Verdane ever since we co-sponsored the first Business for Peace Roundtable in Oslo in 2014 based on Michael Porters' seminal shared value paper from Harvard Business Review 2011.*

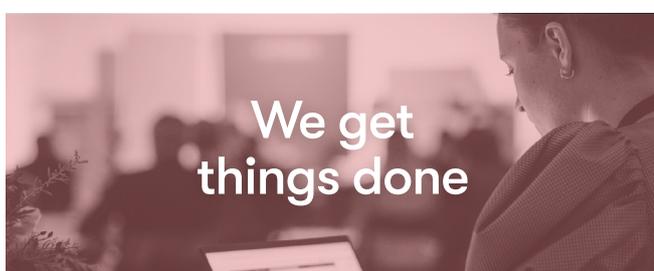
This fundamental belief is why sustainable growth is integrated across our organisation, starting with our investment strategies, our value-based culture, and finally in our operations and how we work with our portfolio companies.

In addition, we have in 2021 specified several SDG targets we aim to achieve by 2030, which will be discussed in more detail later in this report.

* The concept of shared value focusing on the relationships between sustainability progress and the company's strategy and financial results.



A values-driven culture



A key cultural pillar: we respect people and the planet

“We act with integrity and seek to build trust in all relations. We show responsibility and aspire to be on the right side of history, helping to move our industry towards more sustainable, long-term thinking.” These words encapsulate our core tenets of respecting people and the planet. We are committed to harnessing private equity’s power to build a better world that stretches from the capital in our funds to the businesses we invest in. We aim to create value and engage as a stakeholder in our communities.

Over 50% of the capital in our funds raised since 2018 comes from not-for-profit organisations. We have consciously built our investor base so that when we deliver strong returns in our funds, it benefits causes like education, climate impact mitigation, pensions and free speech. Since 2006, we have partnered with more than 30 sustainable society businesses, each of which contributes to at least one of the UN Sustainable Development Goals (SDGs).

Our drive to move the private equity industry towards more sustainable, long-term thinking begins and ends with the people working on our team. Our people’s conviction and contributions are demonstrated through our internal sustainability workshops, Impact Hero Awards and the Verdane Talent Awards.

Inclusion and diversity are key components of the long-term success at a company, and we strive to ensure that all our employees – and those in our portfolio companies – feel empowered to fully participate and bring their uniqueness to work every day.

Put together, we believe that the passion with which we pursue respect for people and the planet across all levels of our organisation contributes to moving us toward our vision of becoming the preferred growth partner to tech-enabled and sustainable businesses in Europe.

A sustainable investment thesis

Our approach to sustainability and impact

Innovative use of technology will be the single most important component in reducing the resource intensity of our economies. At Verdane, we believe growth equity has a critical role to play in scaling the technologies and business models of companies that will help enable that transition.

Building on the three megatrends Verdane invests behind, our investment team specialises in eight clusters that we believe will grow faster than the economy at large. Of these, three are particularly aligned with the sustainable society megatrend: sustainable consumption, energy transition and resilient communities.

However, we work according to the premise that all Verdane companies have the capacity, to different degrees, to integrate sustainability into their business. Our goal is to always sell a more sustainable business than the one we invested in.

“Building on the three megatrends Verdane invests behind, our investment team specialises in eight clusters that we believe will grow faster than the economy at large. Of these, three are particularly aligned with the sustainable society megatrend: sustainable consumption, energy transition and resilient communities.”

A sustainable investment thesis ...



The Digital Consumer

Powered by the migration from offline to online and offline-online interfaces becoming increasingly complementary, solutions for the digital consumer will make everyday life, business and good choices easier.

We focus on apps, digital services, digitally native vertical brands, e-commerce, marketplaces and sustainable consumption.



Software Everywhere

In addition to top talent and streamlined operations, achieving great business results requires optimised tools to drive productivity, efficiency and resilience.

We focus on enterprise software that improves customer experience and generates revenue, improves operations and efficiency, or supports IT and infrastructure processes.



Sustainable Society

To create a sustainable global society and economy we need new thinking and disruptive, tech-enabled business models.

We focus on sustainable society solutions within energy transition, sustainable consumption and resilient communities.

Dedicated investment clusters within sustainable societies megatrend

Energy Transition



Sustainable Consumption

asgoodasnew



teknikdelar.se
RESERVDELAR & TILLBEHÖR

Resilient Communities

AUNTIE

evondos



SDG focus



... built on a long history of sustainable investing

Innovative use of technology is the single most important component in reducing the resource intensity of our economies. As investors in fast-growing, tech-enabled companies, our strategy has been built around this theme since inception.

2006



First sustainable investment made



Commencement of annual carbon offsetting

2008



Realised

2012



Responsible Investment and ESG Policy

2013



Realised

2014



OVF rank Verdane #1 ESG manager



Sponsor of Business for Peace

2015



Water for Syria initiative with UNICEF

2016

Verdane Foundation established – 10% of Verdane’s operational profits donated annually



Realised

2017



Realised

2018



Invested in

2019



Verdane Sustainability Taskforce and Idea’s bank

2020

Sustainability projects in all core companies

2021



Idun impact fund

Elevate team

In 2021 we launched one of the largest growth impact funds in Europe

Idun I, our €300m inaugural dedicated impact fund, closed in December 2021. A natural extension of the near-30 sustainable society investments Verdane has made since 2006, Idun builds on our team's long-term technology and sustainability excellence and the proven financial outperformance and impact delivery of those businesses.

Uniquely, Verdane's returns from Idun are linked to how well the portfolio companies achieve their impact KPIs, with impact defined as addressing at least one SDG on environmental or social issues. All Idun investments also need to qualify inside our proprietary impact framework, built on the Impact Management Project together with Bridgespan Social Impact.

In addition, Idun will develop leading-edge, best practice frameworks and toolkits within the impact space that will help Verdane's teams drive value across all our fund strategies.

We believe Verdane is ideally positioned as one of Europe's leading investors in sustainable, tech-enabled businesses.

IDUN I Achievements 2021

Best-in-class impact methodology

Based on a proprietary approach building on the Impact Management Project

€300 million

From world-class institutional investors including Adams Street Partners, AP3, Argentum, Nysnö and TESI

5 investments to date

Auntie, EVA Global, Scanbio, Spond, ToPro

Article 9

Verdane Idun is classified as an Article 9 fund in the SFDR

Impact linked

Verdane compensation linked to achieving portfolio company impact goals

Impact according to Verdane

Together with Bridgespan Social Impact we developed a framework that is tailored to Verdane and Idun, based on world leading impact thinking from the Impact Management Project.

The framework is based on four dimensions: intentionality, measurability, scalability, and risk. For each dimension we have defined concrete criteria, and we evaluate all potential impact investments against them, resulting in an aggregate score from 0–100%.

There is no perfect way of measuring impact, but we see this is an important start and one on which we are continuously looking to improve. Therefore, we encourage all members of the impact community to collaborate on how to better quantify and evaluate impact and are doing our part in sharing learnings through joining various networks, conferences, and discussion fora which aim to promote greater standardisation in the industry.

Intentional



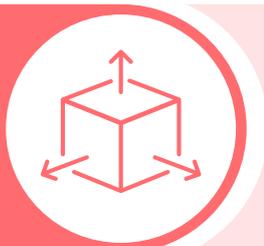
- Management is aligned on prioritising and growing the (SDG) impact of the business

Measurable



- There is clear SDG impact from the company's business model/product
- The impact is reliably measurable
- It would not have occurred otherwise*

Scalable



- SDG impact scales colinearly with business growth and financial performance

Risk



- Potential negative impacts are limited, clearly outweighed by the positive impact and/or can be mitigated

* The counterfactual must be considered, i.e. what would have happened if the company/its products or services didn't exist. E.g. in wind power, the counterfactual on emissions would be the average emission factor of the electricity system.

Idun impact investment: EVA Global

Enabling the transition to electric vehicles



Key highlights



EVA Global provides an end-to-end customer service solution for electric vehicle (“EV”) charging networks, serving **>180k charging points** across **32 countries** in **27 languages**, including brand names such as Lonity and Allego.

EVA Global’s core service is 1st and 2nd line EV driver assistance, with other offerings being developed within infrastructure monitoring, Social Media Management, eMobility Training programmes, and field service management.

Investment overview

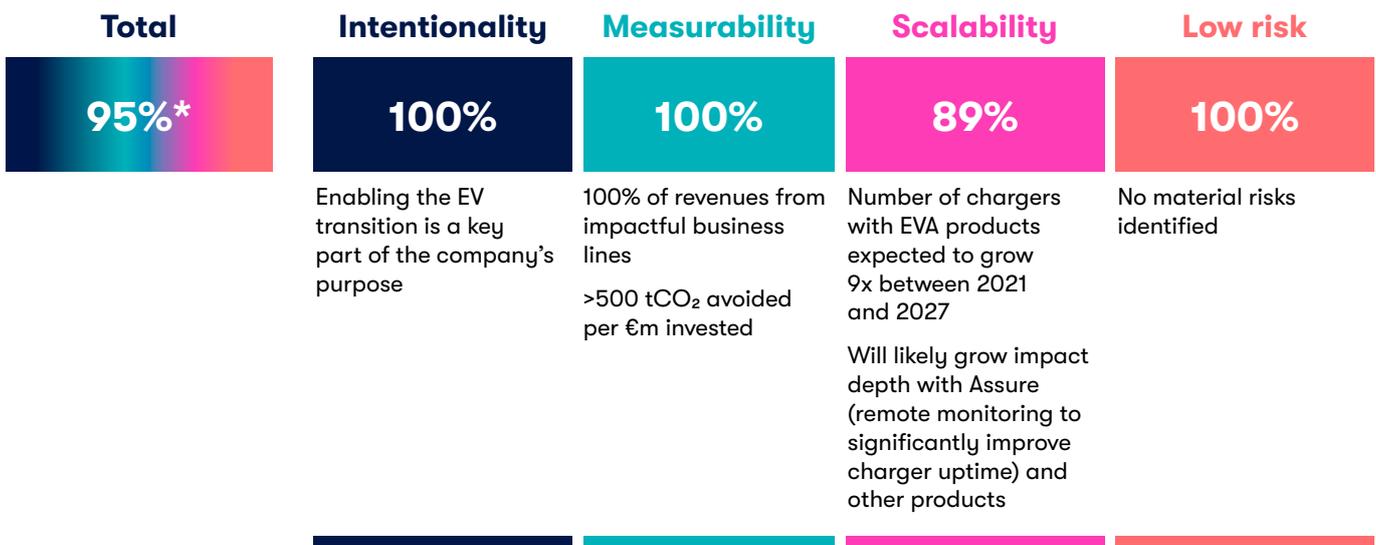


Theme	Energy Transition
HQ	Tampere, Finland
Markets	32, across Europe, N. America and Asia
CEO	Niina Suuriniemi Hopper

Key impact driver Serves end-users and EV charging networks, facilitating the usage of EV charging, ultimately supporting the migration to e-vehicle usage and more sustainable transportation.

First mover advantage The only fully specialised player with international scale in an attractive, underpenetrated high-growth market.

Impact assessment



* Weighted average of impact intentionality, current impact, impact potential, impact risks.

Idun impact investment: EVA Global

Enabling the transition to electric vehicles



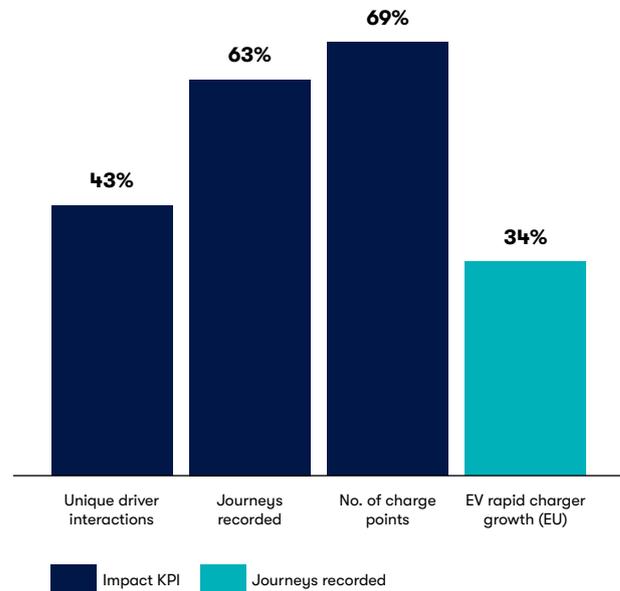
Impact KPI rationale

182 000 unique driver interactions More driver interactions increase the potential spread of information that chargers are reliable to a broader audience

178 000 journeys recovered As above, more journeys recovered increase the potential spread of information

29 500 charge points (Assure) Greater uptime monitoring volume means EVA contributes with preventative measures, which is likely more impactful than correcting errors

2022 impact KPIs growth rate vs industry benchmark growth (% v previous period)

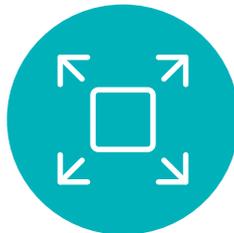


Verdane value creation



Management augmentation and operations optimisation

- Develop management team, increase governance and organisational maturity
- Hire CFO, COO, CTO, Head of Talent/Recruiting
- Professionalise and expand operations in finance, tech, HR, and sales and marketing departments
- In-house key functions, as outsourcing services and tech solutions has historically suppressed gross margins



Product expansion and internationalisation

- Continue rapid international expansion: scalable model proven by expansion from 10 to 31 countries 2019–2021
- Strengthen in-house tech development
- Develop comprehensive pricing strategy, including upsell of Assure and other services



Supercharging impact

- Calculate CO₂ footprint, set reduction plan and target
- Develop plan for increasing transparency, internally and externally, on the impact EVA enables and its sustainability efforts
- Conduct B-Corp Impact Assessment, identify operational improvements and develop implementation plan

An integrated approach

From sourcing through investment, value creation and exit, elevating sustainability is a key and integrated part of Verdane's investment approach

Sustainability is integrated across the investment lifecycle

Evaluating sustainability is a key and integrated part of Verdane's investment approach. It follows a structured process with several supporting tools.



Sourcing

Impact screen In an assessment of impact potential, Verdane uses an early screening tool to facilitate decision making

2040 test Only invest in businesses that will not be left behind by a world moving rapidly towards a more sustainable future

Exclusion list Types of sectors to be avoided or that are prohibited; more details on this can be found in our ESG policy

Due diligence

Material opportunity and risk assessment Verdane evaluates material sustainability opportunities and risks for the company

Impact scorecard Verdane evaluates companies against its impact framework using a scorecard combining qualitative and quantitative dimensions

Value creation planning Verdane identifies the most important actions to incorporate into value creation plan

Investment committee

Sustainability a dedicated section Decision making material for new investments include a dedicated section on sustainability, highlighting potential red flags, significant opportunities and key actions to implement

Impact IC For all investments from Verdane's impact fund Idun, we also have a separate Impact IC that must approve the impact case independently of the financial attractiveness of the company



Build

Exit

Value creation plan and ownership

Onboarding Verdane introduce findings from due diligence and suggested actions to address material opportunities, risks and plans to improve SDG impact in the value creation planning for the company

Ongoing sustainability reporting A set of cross-portfolio KPIs (e.g., eNPS, CO₂ footprint), will be tracked during the ownership of the companies – in addition, where relevant, company-specific KPIs, and for Idun impact KPIs, will be tracked

Elevate sustainability support The Elevate Sustainability team is available to all portfolio companies and supports throughout the entire sustainability journey, from understanding its importance to implementation

Exit

Sustainable position When exiting an investment, we ensure that each company leaves us with a more attractive, competitive and sustainable position

Sustainability impact, progress and KPIs To ensure that the full potential of sustainability-related value is captured at exit, Verdane highlights both the development during ownership and identifies further opportunities for the next owner to leverage; we also ensure that sustainability information is part of any information pertaining to the company sale

The Elevate Sustainability toolbox

The Elevate Sustainability team was established in 2021 and helps our portfolio companies across the entire sustainability journey, from understanding its importance to implementation.

It is a centre of excellence within Verdane that is developing scalable solutions and frameworks that can be leveraged by the entire portfolio in their sustainability work, from standardised strategy blueprints through to negotiated partnerships with key sustainability software tools called Planetly.

This support can take many forms, and over the course of 2021 the team has had over 100 interactions and projects with portfolio companies on a wide range of topics, a small subset of which can be seen here.

A group of experts brought onboard to establish Elevate sustainability



Axel Elmqvist
Sustainability Lead



Lisa Belvén
Sustainability Business Developer



Iben Jørgensen
Sustainable Logistics and Sourcing Manager

Continued team growth in 2022

We help our companies throughout their sustainability journey



2030 SDG targets

Three especially important SDG targets for Verdane until 2030

2030 SDG targets

Through engagement with stakeholders including investors, portfolio companies, Verdane employees and others, an external review of current regulations, and the latest expert thinking on sustainable investing we have identified three especially important SDG targets for Verdane until 2030:

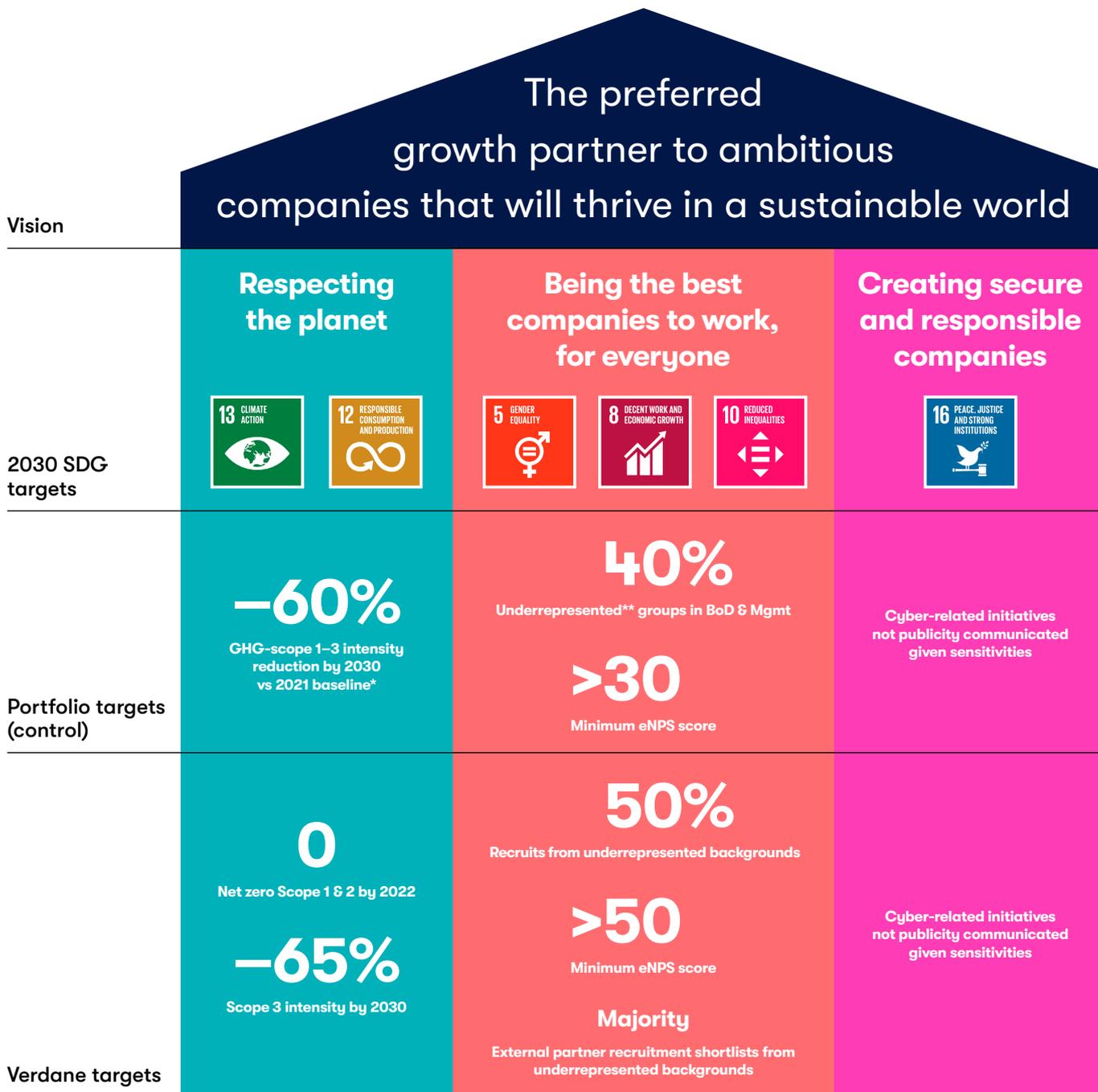
Respecting the planet The next decade is crucial if we are to limit the disastrous effects of global warming, with the scientific community unanimously agreed on the need to reduce global carbon emissions by 50% before 2030. We believe carbon and other externalities will be increasingly priced in going forward, and businesses minimising these externalities or innovating to define new business models with inherently fewer externalities will be the winning businesses of the future.

Being the best companies to work, for everyone Inequality and the fight for fair working conditions present a massive global challenge. At the same time, attracting and retaining top talent is a huge opportunity and prerequisite for success, not least for tech-enabled and sustainable businesses amongst which the competition for talent is especially high.

Creating secure and responsible companies Cyber crime is on the rise and protecting ourselves from its potentially disastrous consequences is becoming a prerequisite for the ability to conduct business. The probability of cyber attacks has increased, and the costs of such attacks increase with the digitalisation of all areas of the enterprise.

For each of these SDG challenges, we have set targets for both Verdane and for the portfolio, as can be seen on page 23.

Verdane's 2030 commitments



* In case 2021 data doesn't exist then a target reduction will be needed that fits the same annual speed, i.e. ~7% annual reduction.

** Includes minority gender, LGBTQ+, ethnic minorities, socioeconomic background, etc. To be determined by voluntary survey. Alternatively, to have a separate specific target on gender apart from the other groups.

Respecting the planet

GHG reporting

During 2021, we signed a partnership with Planetly, a carbon management software provider offering an online platform to calculate GHG emissions identify mitigation options, and support the path to net zero. This has helped our portfolio companies develop the capabilities to start measuring and reporting on their own carbon footprint, one of the first steps in any net zero journey. As of 2021, 55% of our portfolio companies use Planetly or another provider to measure and report on their carbon footprint.

Nudging our companies to take action by celebrating achievements

During the year, we also launched our Impact Heroes prize, which celebrates concrete initiatives undertaken by portfolio companies. In addition to public recognition, the winning team receives €5,000 to donate to their charity of choice.

The first two Impact Heroes announced in 2021 were Bemz and Polytech. We chose Bemz for its conscious collection line made with recycled fibres, which in only 12 months has come to represent close to 10% of all sales. Polytech was chosen for its Logistics Monitoring System, a solution aiming to significantly reduce the CO₂ footprint for transporting wind turbine components by optimising equipment usage and logistics flows.

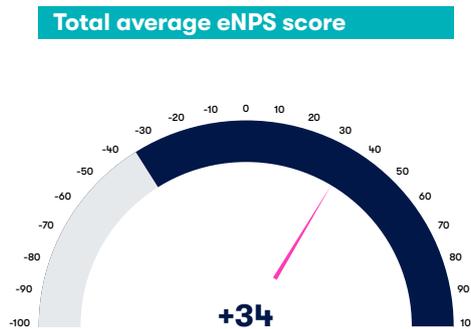


Being the best companies to work, for everyone

Employee satisfaction

We continue to report on Employee Net Promoter score* (eNPS) to monitor employee satisfaction. We have collected the eNPS results in an effort to provide more reliable and comparable benchmarks to be shared across our portfolio companies. The data has also been used to enable best practice with qualitative input into how portfolio companies should think around following up their results to improve employee satisfaction.

eNPS Benchmarking for portfolio companies



Average per investment team

The Digital Consumer	+39
Software Engineer	+35
Sustainable Society	+27

Average per country

Denmark	+39
Finland	+40
Germany	+30
Norway	+33
Sweden	+30
UK	+57
US	+6

Gender and underrepresented group balance

Beyond the internal work we do, we actively engage in our industry and local communities to help drive the change we wish to see. Verdane is a founding partner of the Nordic chapter of Level20, a not-for-profit organisation dedicated to improving gender diversity in the European private equity industry; the Women in Finance Charter Norway, a finance industry commitment to increase the proportion of women in leadership positions in Norway; and Out Investors, a not-for-profit organisation dedicated to making the direct investing industry more welcoming to LGBT+ individuals.

Our team has further helped mentor, inspire and promote diverse talent in partnership with The Good Talents, an organisation with the vision of helping young talent reach their full potential irrespective of socioeconomic background, since 2016. In 2021, two full-time Good Talents interns were engaged by Verdane's marketing and sustainability teams. Verdane portfolio companies Mathem and Bellman Group also hosted interns as part of the programme.



Karin Kans, Principal at Verdane, is a co-founder of the Nordic chapter of Lvl20, a non-profit organisation dedicated to improving gender diversity in private equity. She currently serves on the Swedish committee together with her Verdane colleague Johanna Rydén.

* eNPS is a derivative of the broader net promoter score methodology, whereby employees answer a survey question about the willingness to recommend a company as a place to work to others. Based on the rating of the surveyed employee, they are classified into three categories; Promoters, Passives and Detractors.

Creating secure and responsible companies

Behave in the right way

We mapped the current state of portfolio companies with sustainability policies in place (prioritised a Code of Conduct (CoC)), a whistleblowing system, and made sure that sustainability was on the agenda in Board of Directors meetings to keep the momentum behind key sustainability topics.

Going forward, we will develop templates and best practices on how to develop a best-in-class CoC and provide a whistleblowing system for portfolio companies to sign.

Verdane's CoC was updated throughout the year, outlining our values, norms, rules and responsibilities in our daily work.



Cyber security

We established cyber security as a prioritised area for our portfolio companies and Verdane internally. We created a list of activities and checkpoints for our portfolio companies to use as a baseline together with webinars to increase awareness and stress the importance of cyber security.

We are now hiring a Cyber Security Director with four responsibilities: to improve our Cyber Security DD Framework, support our portfolio companies on security best practices and build a community for our CISOs, and take overall responsibility for cyber security at Verdane as a company. We will also improve best practices and checklists for our portfolio companies and for our Due Diligence processes for new investments. The ambition is that the best practices for cyber security should be known by all portfolio companies, and we intend to measure the compliance of these practices across the portfolio.



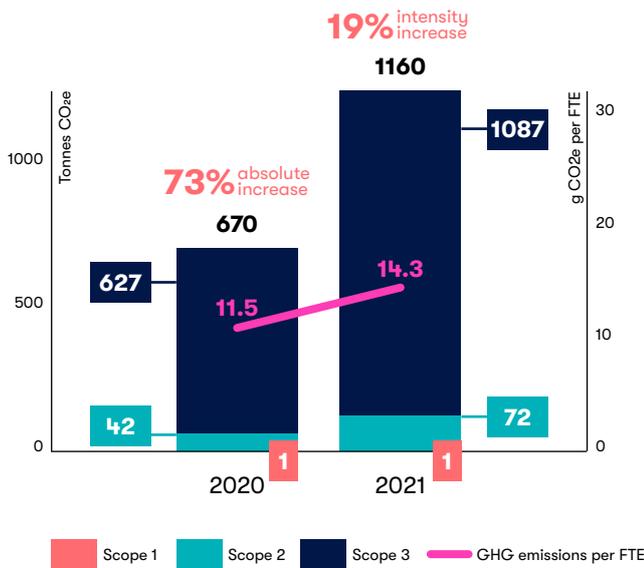
Current status of Verdane and portfolio

Key developments across environment, social, governance, and strategy development KPIs

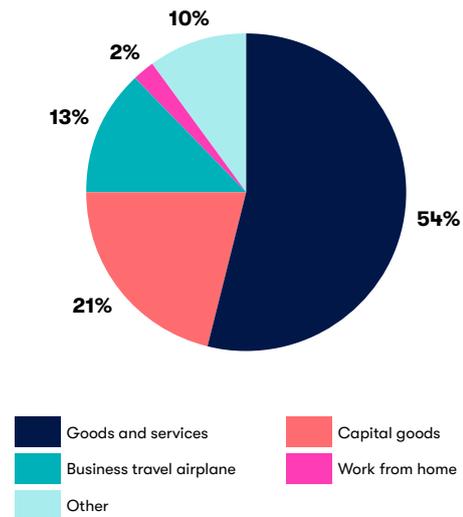
Progress at Verdane

Respecting the planet

Total greenhouse gas emissions from Verdane's own operations*



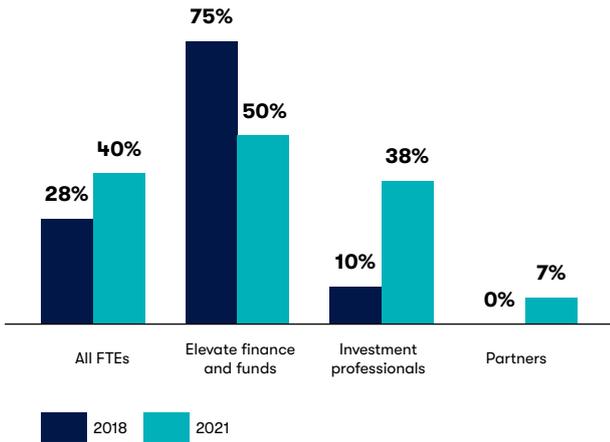
Greenhouse gas emissions by activity



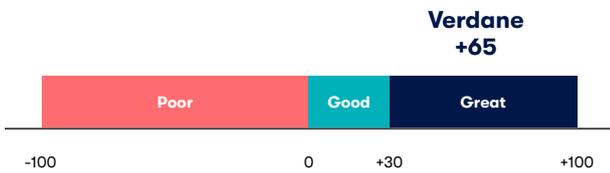
* The table details Verdane's greenhouse gas emissions by Scope in accordance with the Greenhouse Gas Protocol (see appendix for detailed greenhouse gas emission calculations). Verdane's CO₂ emissions for electricity consumption by geographical valuation (location based): 5 tonnes CO_{2e} in 2020 and 3 tonnes CO_{2e} in 2021.

Being the best companies to work, for everyone

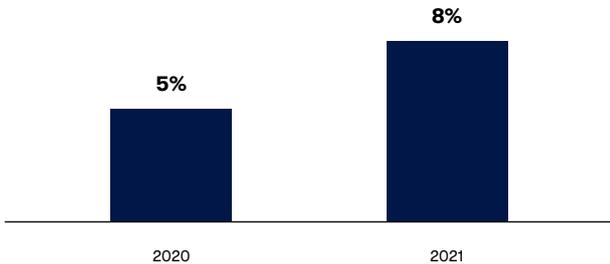
Female share, %



eNPS



Employee turnover*



Creating secure and responsible companies



* Employee turnover (the number of FTE leaving Verdane) over the course of the year divided by average FTEs in previous year multiplied by 100.

Key developments in 2021

Absolute GHG emissions increased in 2021 especially due to organic growth and eased COVID-19 travel restrictions (in the case of carbon intensity). From 2021 we will increase our efforts to achieve our reduction targets by implementing reduction initiatives, such as to encourage limited travel or increase pressure on our suppliers.

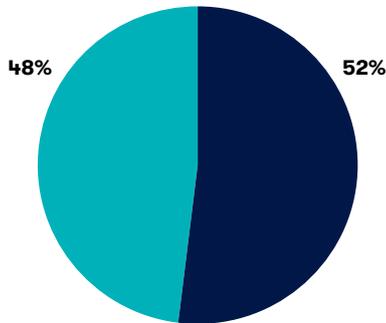
This was a year of progress towards increased diversity at Verdane. In addition to external recruitments there has also been a series of internal promotions among underrepresented groups, boding well for the future. Though gender diversity has improved significantly, there is much more progress to be made, particularly at the most senior level of investment professionals in our organisation.

We have delivered on our internal target of higher than +50 eNPS score. Going forward we will continue to work for a positive work environment, clear vision, mission, strong value-driven culture, good and transparent leadership, and professional development opportunities. To safeguard a company culture based on our vision and core values, we expect all employees to understand and act in accordance with our Code of Conduct.

Progress in portfolio*

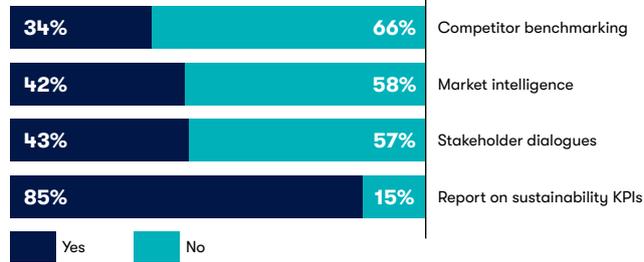
Strategy development

Designated sustainability champions in the organisation

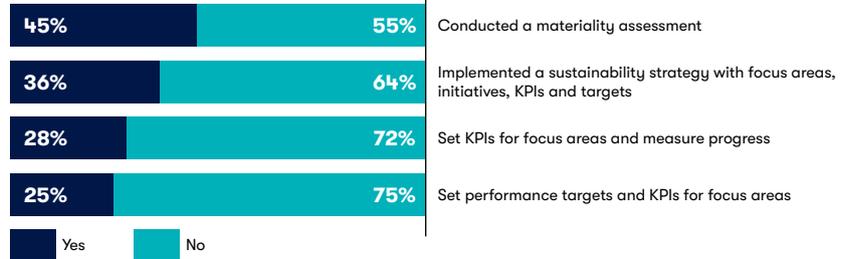


Yes No

Actions to understand baseline on the current state of portfolio companies sustainability work



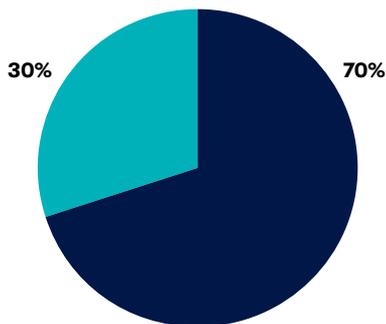
Materiality assessment



Yes No

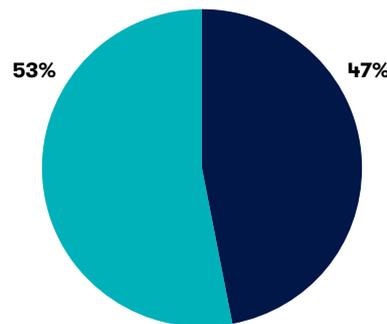
Creating secure and responsible companies

Have a Code of Conduct (CoC)



Yes No

Whistleblowing system in place

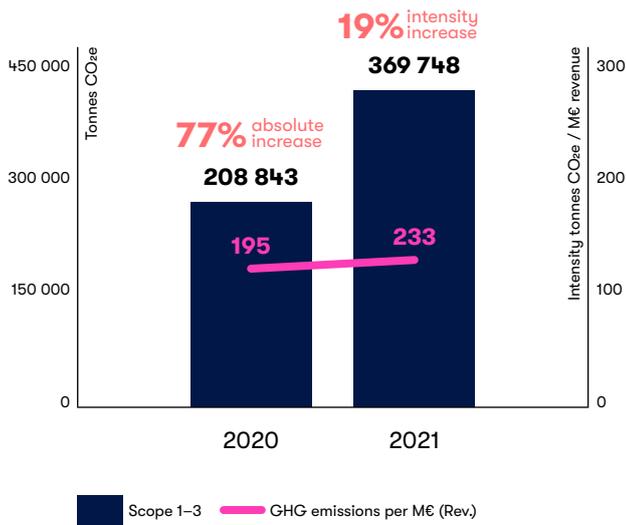


Yes No

* GHG emission data is based on 47 core portfolio companies in 2020 and 63 core portfolio companies in 2021. The GHG emissions data is a mix of actual and estimates using revenue and industry proxy data (see appendix for detailed GHG emission calculations). eNPS data is based on 40 core portfolio companies. Rest of the data is based on 75 percent of core portfolio companies.

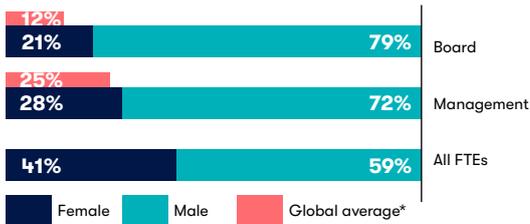
Respecting the planet

Total GHG emissions

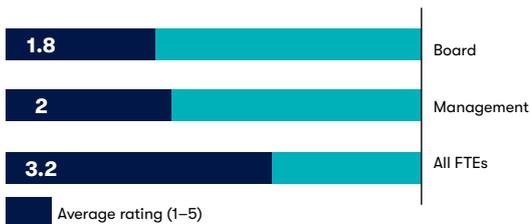


Being the best companies to work, for everyone

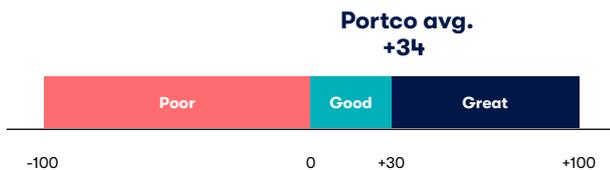
Gender



Underrepresented groups**



eNPS



* ESG Data Convergence Project; Eikon; BCG analysis from 2020.

** Representation of underrepresented groups such as ethnic minorities, disabilities, LGBTQ+, religion, and/or socioeconomic background (1 “not diverse at all”, 3 “diverse but needing improvements” and 5 “Sufficiently diverse”).

Key developments in 2021

Throughout 2021, we have strengthened our portfolio companies’ ESG data gathering process and assisted the integration of key sustainability topics in both strategy and operations.

Going forward, we will work with each core portfolio company to name a designated sustainability champion and devise a sustainability strategy. Verdane will support the work to identify, measure and manage the most material sustainability issues by continuing to combine our standardised sustainability development framework with individual, tailored support. The output will be defined focus areas with clear ambitions, KPIs, targets, and action plans.

All portfolio companies should have a CoC and whistleblowing system in place. During 2022 we will support our portfolio with best practice and templates on CoC development and provide a solution/partnership to implement whistleblowing system.

GHG emissions intensity have increased mostly due to eased COVID-19 restrictions. Our goal for 2022 is to ensure all core portfolio companies calculate their GHG emissions.

It is evident that diversity is generally too low across our boards and management teams. We will continue our efforts to improve this through various efforts such as targeted network building.

Our portfolio companies have delivered on Verdane’s target of higher than +30 eNPS score, a noteworthy result.

Appendix

Boundaries & Approaches

The carbon footprint analysis covers Verdane's scope 1, 2 and all scope 3 categories, including Verdane's portfolio companies (scope 3, category 15: Investments).

Depending on data availability, different approaches for the emissions analysis of the individual portfolio companies have been followed. These different approaches lead to emissions results of differing completeness and accuracy, which are described in more detail below.

Approach 1: Carbon Footprint Calculation

The carbon footprint of the portfolio company has been analysed in-depth by Planetly. The analysis includes energy, waste, water, employee commuting and business trips, equipment (capital goods) and consumables as well as the company's fleet and external service providers, cloud-based servers, and the usage of the websites and, if applicable, supply chain and logistics.

This approach has also been followed for the analysis of the carbon footprint of all internal activities of Verdane itself.

This approach results in the company's overall emissions results that can be attributed to the individual emission scopes and categories as defined by the GHG Protocol.

Approach 2: Carbon Footprint Estimation

For portfolio companies that haven't calculated their corporate carbon footprint with Planetly an estimation approach was taken. If the portfolio company's revenue is available, emissions were estimated based on revenue and the industry specific emission's factor from Exiobase and the equity investment share of Verdane.

If the revenue is not available, emissions were calculated using the total investment volume of the reporting year and applying the Exiobase emission factor for financial mediation.

A breakdown of emissions into the different scopes is not possible.

Approach 3: Carbon Footprint Collection

The carbon footprint of the portfolio company has been reported by the portfolio company using a questionnaire provided by Planetly. This approach has been followed if the portfolio company determines its carbon footprint by itself or with a third party.

The scopes covered and whether or not a breakdown into the different scopes is possible depends on the data provided by the portfolio company.

Approach 4: Carbon Footprint Extrapolation

The carbon footprint of the portfolio company for one year has been extrapolated from another year based on the company revenues as provided by Verdane. This approach has been followed if the carbon footprint of one year has been obtained by following approach 1 or approach 3.

This approach results in the company's overall emissions results covering the same scopes as the approach that was followed for the analysis of the year that was extrapolated from. A breakdown into the different scopes is not possible.

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