

verdane

Sustainability Report

2022



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About this report

Verdane's mission is to be the preferred growth partner to ambitious companies that will thrive in a sustainable world.

In this Sustainability Report, we share our approach to achieving this vision. We also showcase key highlights and details of our progress at Verdane and across our portfolio companies.

We are continuously striving to be at the forefront of sustainability and impact, and welcome any feedback or questions you may have.

You can reach us at sustainability@verdane.com, follow us on [LinkedIn](#) or visit [our sustainable growth web page](#).

Verdane at a glance



Idun I: Europe's leading
Article 9 growth fund &
'Future 40 ESG Innovator'



First PE to neutralise all
residual emissions with
permanent carbon removal



#1 European mid-market
PE in HEC-Dow Jones
ranking



Top quartile returns
across all funds



10% of Verdane is owned
by The Verdane
Foundation¹



80+

Portfolio companies

€4.5bn

Aggregate portfolio
revenue '22

130+

Total employees

17

Nationalities

100+

Industry awards
achieved

44%

Female employees

54+

Employee Net Promoter Score

€4.5bn+

Committed capital
across all funds '22

~50%

Capital raised from not-
for-profit sources in the
four most recent funds

7

Offices in Europe:
Denmark, Finland,
Germany, Norway,
Sweden & the UK

Actively partnering with non-profit organisations
advancing social and environmental standards

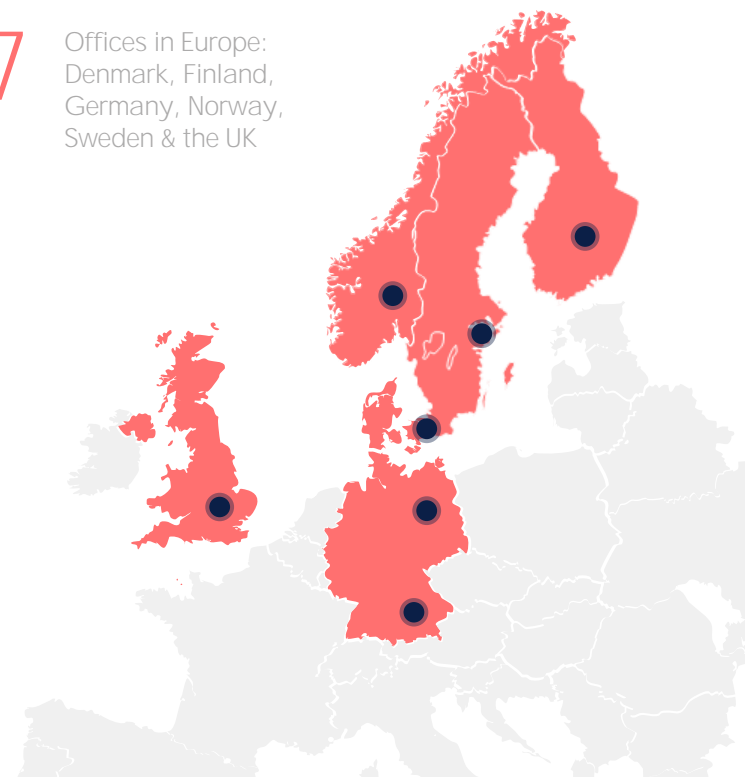


THE GOOD
TALENTS



Kvinder i Finans

OUTPOST NETWORK
INVESTORS



Letter from our Managing Partner

At Verdane, we believe that our core value of respecting people and the planet creates the foundation for delivering superior financial returns.

As investors and active owners, we are proud to champion this win-win approach, fulfilling our moral and fiduciary obligations to our stakeholders. We invest only in companies that we believe will thrive in a more sustainable economy, and aim to always sell a more sustainable company than the one we invested in.

Our consistent, strong returns validate this approach. Verdane's excellent track record has also been recognised by third parties, most recently when the HEC-Dow Jones Private Equity performance ranking named Verdane the top performing investment firm in the European mid-market.

We only pursue investments that pass our proprietary 2040 Test. As structural growth chasers, we invest in companies positioned to succeed in the long term, in a more sustainable economy, when externalities are priced, regulations tightened, and consumer preferences changed. The 2040 Test ensures we only partner with companies with future-proof business models and sustainable operations. With our knowledge of the sustainability, impact and ESG space growing every year, we are excited to share our updated 2040 Test methodology in this report.

Today, 9 out of 10 investors consider ESG issues in some aspect of their investment approach. While the importance of adopting sustainable practices is becoming more widely accepted, our goal is to remain an industry leader in this area. For example, at Verdane we have been buying carbon quotas since 2007. The firm has also been 10% held by The Verdane Foundation, which is dedicated to sustainability globally and inclusion locally, since 2016. The Foundation has donated **€1,500,000 towards these causes in 2022 alone.**





Over the last 18 months, we have made progress towards our sustainability goals. It is worth highlighting several noteworthy initiatives. Verdane was the first, and to our knowledge the only, private equity firm globally that has committed to neutralise all future residual scope 1, 2 and 3 emissions with engineered, permanent carbon removal. Verdane now ranks in the top ten purchasers of carbon offsets globally (sadly, even when counted across all industries).

Verdane is also now one of a small number of private equity investors globally with B Corp Certification. The B Corp is the world's most ambitious certification for social and environmental performance, transparency and accountability. Certification requires rigorous assessment by the non-profit B Lab. We want our B Corp certification to serve as a strong statement of intent and hope to convince more of the industry to follow suit.

Verdane launched Njord Carbon alongside globally leading forest industry group, Södra. Njord Carbon aims to sustainably remove and permanently store biogenic carbon emissions. The initiative was launched to scale the carbon removals value chain in a much more cost-efficient way than currently available solutions for engineered, permanent carbon removal.

Sustainability is deeply embedded in everything we do and informs every aspect of our work. Our successful track record shows that this strategy works. I am immensely proud of Verdane's pioneering role in aligning impact with financial success, but to accelerate progress towards a better future we must increase collaboration and cooperation. We have developed deep relationships with other leaders in this space, leading to initiatives like Njord Carbon and our advanced carbon avoidance methodology. We invite collaboration and recognise that global issues simply cannot be solved in isolation.

We will continue to raise the bar for ourselves and others in the pursuit of a more sustainable and profitable future. We invite you to explore this report, which we hope will serve to inspire accountability and action. We have made significant progress, but we are only just getting started.

Bjarne Kveim Lie
Managing Partner and Co-founder, Verdane

Verdandi

*/ˈvɛrdəndi/; Old Norse Verðandi
Verðandi*

**“Looking into the future”
“Weaving the destiny of people”**

Verdant

/ˈvɜːdənt/; Old French

**“Green with vegetation;
covered with green”**

Our approach to sustainability



Sustainable growth sits at the core of our operations

We believe the most successful businesses integrate three foundational principles:

- They are guided by purpose
- They have incorporated a broad concept of stakeholder value
- They are underpinned by commercial success

We partner with businesses that embody these fundamentals. As active investors, we support companies to become market leaders that also create a better future. Our vision is to be the preferred growth partner to ambitious companies that will thrive in a sustainable world.

Our thematic investment strategy leverages our values-based culture. We have three underlying sustainability goals designed to scale growth businesses and create a better future.



Our purpose

Growth for a better future



Our vision

We are the preferred growth partner to ambitious companies that will thrive in a sustainable world



Our aspiration

With a sustainable mindset and a values-based culture, we use thematic investment strategies, operational expertise, proprietary data and an unrivalled ecosystem to scale growth businesses



Sustainability goals

- Respect the planet
- Be the best place to work, for everyone
- Create secure and responsible companies



Our values

- We dare to be different
- We love what we do
- We get things done
- We respect people and the planet

Our 2030 commitments | Verdane portfolio companies

Goals	2030 targets	Progress in 2022 ¹																
<div><div></div><div><h3>Respect the planet</h3><p>Promote decarbonisation and adapt to climate change</p></div></div>	<div><div>-60%</div><div>Scope 1–3 greenhouse gas emissions intensity by 2030 from 2021 baseline</div></div>	<div><div><div><div>Absolute emissions [k tCO2e]</div><div>Emission intensity [tCO2e per M€ revenue]</div><div></div></div><div>Intensity reduction needs to be assessed on company-level. We work to get more accurate data on company-level developments.</div></div></div>																
<div><div></div><div><h3>Be the best place to work, for everyone</h3><p>Ensure equal rights and opportunities and attract/retain top talent</p></div></div>	<div><div>40%</div><div>Underrepresented groups in board and management</div></div> <div><div>> +30</div><div>Employee Net Promoter Score</div></div>	<div><div>Underrepresented groups in management ² 25%</div><div>Underrepresented groups in board ² 18%</div><div>Employee Net Promoter Score +32  100 to 70 Excellent 70 to 30 Great 30 to 0 Good 0 to -100 Poor</div></div>																
<div><div></div><div><h3>Create secure and responsible companies</h3><p>Integrate sustainability into decision-making, ensure cybersecurity and transparency</p></div></div>	<div><div>100%</div><div>Companies with key policies in place</div></div> <div><div>Cybersecurity protocols in place</div></div>	<table><tr><th></th><th>Yes</th><th>In progress</th><th>No</th></tr><tr><td>Company code of conduct</td><td>68%</td><td>11%</td><td>21%</td></tr><tr><td>Supplier code of conduct ³</td><td>63%</td><td>9%</td><td>28%</td></tr><tr><td>Whistleblower protection</td><td>48%</td><td>10%</td><td>42%</td></tr></table> <div><div></div><div>Cybersecurity-related initiatives not disclosed as a matter of policy for risk prevention</div></div>		Yes	In progress	No	Company code of conduct	68%	11%	21%	Supplier code of conduct ³	63%	9%	28%	Whistleblower protection	48%	10%	42%
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Supplier code of conduct ³	63%	9%	28%															
Whistleblower protection	48%	10%	42%															

1. Presents average progress across our portfolio companies. 80 companies included, except Employee Net Promoter Score which includes 52 companies (response rate of 100% and 65%, respectively).

2. As of 2022, we measure gender diversity only. We have not yet found a GDPR-compliant way to track other characteristics such as sexual orientation, disability, ethnicity and socio-economic background.

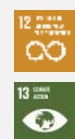
3. Average progress across portfolio companies with physical products as part of business model presented.

Our 2030 commitments | Verdane operations

Goals

2030 targets

Progress in 2022



Respect the planet

Promote decarbonisation and adapt to climate change

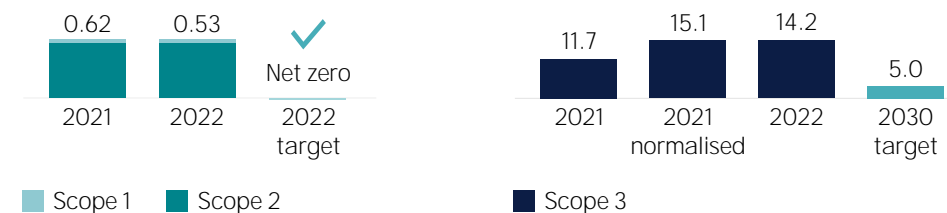


Net zero scope 1 & 2 by 2022

-65%

Scope 3 greenhouse gas emissions intensity by 2030 from 2022 baseline

Emission intensity [tCO2e per FTE¹]



Be the best place to work, for everyone

Ensure equal rights and opportunities and attract/retain top talent

>50%

External partner recruitment shortlists from underrepresented backgrounds

50%

Other recruits from underrepresented backgrounds

> +50

Employee Net Promoter Score

External partner recruitment shortlists from underrepresented backgrounds

60% ✓

Other recruits from underrepresented backgrounds

53% ✓

Employee Net Promoter Score

+54 ✓ 100 to 70 Excellent | 70 to 30 Great | 30 to 0 Good | 0 to -100 Poor



Create secure and responsible companies

Integrate sustainability into decision-making, ensure cybersecurity and transparency

Key policies in place



100% of employees received code of conduct training ✓

Cybersecurity protocols in place



Cybersecurity-related initiatives not disclosed as a matter of policy for risk prevention

1. Full-time equivalent: An employee's scheduled hours divided by the employer's hours for a full-time workweek.

A sustainable investment thesis

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

Verdane invests within two core structural megatrends: digitalisation and decarbonisation.

We believe companies that operate within these spaces are positioned to grow faster than the economy at large.

We also believe that all Verdane companies have the capacity, albeit to different degrees, to integrate sustainability and impact into their businesses. Our thesis is that operationalising sustainability is fundamental for businesses to thrive in a future economy. We aim to always exit a more sustainable business than the one we initially invested in.



We focus on two mutually reinforcing megatrends

Decarbonisation

As governments and businesses commit to decarbonising their economies and operations, market forces are creating a competitive advantage for organisations offering low-emission solutions. Verdane partners with businesses that contribute to decarbonisation by delivering proven products and services that avoid or eliminate emissions and improve circularity in our economies.

Verdane's team and ecosystem offer globally leading experts on this nascent market, as well as the value-add capability to help these companies scale, generating strong financial returns as well as a meaningful contribution to decarbonisation.

Focus Areas

Energy transition | Resource efficiency

Digitalisation

As the world becomes increasingly digital, businesses that can effectively harness technology are positioned for explosive growth. Technology will continue to reshape industries, creating new markets and challenging business models. Verdane recognises and invests in companies that are driving digitalisation forward.

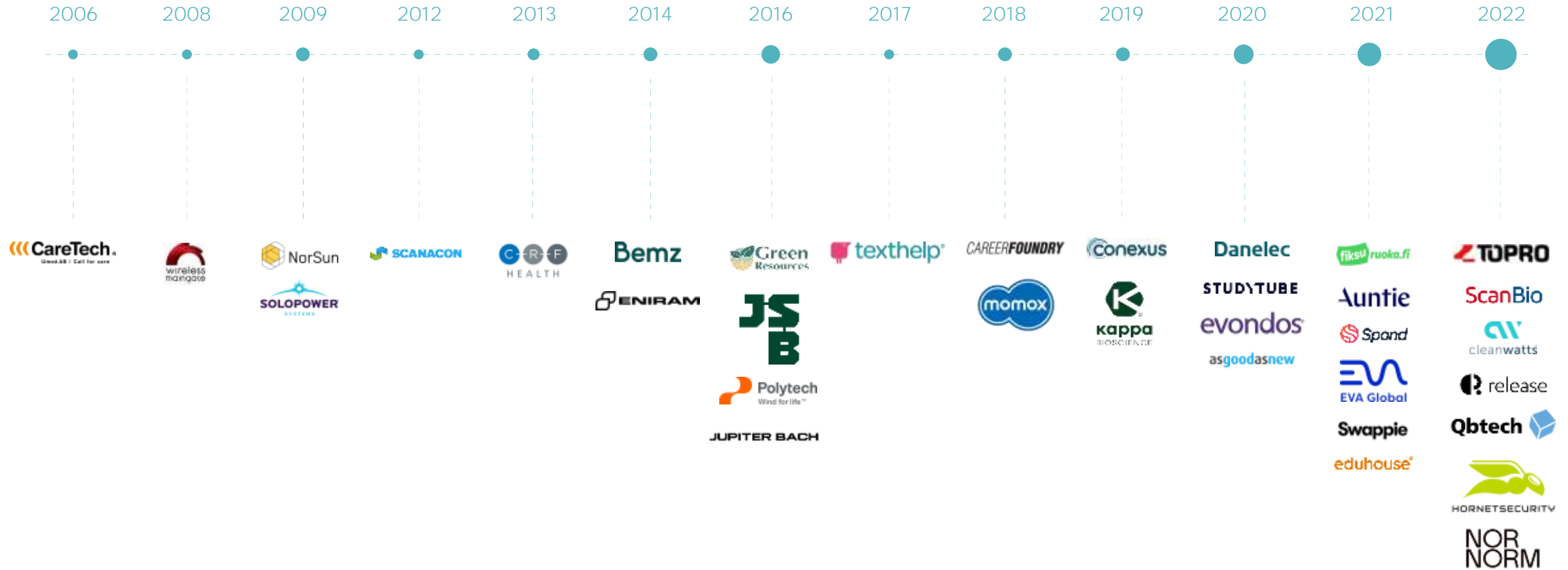
By partnering with Verdane, organisations can tap into the expertise and resources needed to stay ahead of the curve in this rapidly-evolving landscape. Technology is our domain; Verdane has a cycle-tested track record of partnering with tech-enabled companies for 20 years.

Focus Areas

Software | Cybersecurity | IT and infrastructure |
Healthcare | Consumer products | Digital services



Extensive history of making impactful investments



Sustainability is integrated throughout our investment lifecycle

Investment phase

Ownership phase



1

Sourcing

- The 2040 Test
- Impact screen
- Exclusion list

→

2

Due diligence

- Double materiality assessment
- Sustainability maturity
- SDG contribution
- EU Taxonomy assessment
- Impact scorecard
- Value creation plan

→

3

Investment decision

- Sustainability assessment included in every Deal Qualification Memorandum (DQM)
- Separate Impact Investment Committee for impact investments

→

4

Onboarding

- Discuss findings from investment phase and agree on material sustainability topics
- Align on key value creation opportunities
- Outline sustainability expectations and Elevate's support

→

5

Accelerate and build

- Implement value creation plan
- Support strategic work
- Track and benchmark performance
- Facilitate portfolio company network

→

6

Exit

- Sell companies that are more sustainable than at entry

Investment phase



Sourcing

Tools that help identify the right investment opportunities

1 2040 Test

We seek to only invest in companies with long-term, future-proof business models and sustainable operations, because these companies are well-positioned to be successful in a more sustainable economy.

2 Impact screen

The impact screen applies in instances when a company could potentially be considered as an **'impact investment'**. We use a screening tool to assess the **company's impact based on four main dimensions: intentionality, measurability, scalability and risk.**

3 Exclusion list

There are certain industries that we will not invest in under any circumstances. For further details, [please refer to our ESG policy.](#)

Sourcing

The 2040 Test

The 2040 Test is our proprietary framework developed to support Verdane's investment decisions and help determine if a company will thrive in a more sustainable economy.

In order to answer this complex question, the test explores numerous assumptions about what the world will look like in 2040, with each potential investment being screened based on these scenarios.

The example to the right is a sample from the framework, displaying the outcome for a re-commerce company.

The 2040 Test questions

Initial assessment

Would the company succeed if consumers/businesses increasingly integrate sustainability into purchasing decisions?

Customers will avoid purchasing products and services that have a negative sustainability impact

**Strengthens
company's position**

Would a carbon tax of 200 €/tCO₂ emitted materially impact profitability?

Carbon will at some point be priced – will that improve or reduce right to win

**Strengthens
company's position**

Would meaningful regulations and/or taxes on other externalities materially impact profitability?

Other negative externalities¹ will increasingly be regulated and, at some point, be priced

No concern

Are people treated decently in the value chain?

Low risk of human rights violations or corruption across value chain

Double click

Would the company's customers also pass The 2040 Test?

Very low share of "sin customers" e.g. gambling, fossil fuels industry, tobacco

No concern

■ Strengthens company's position
 ■ No concern
 ■ Double click
 ■ Reconsider case

1. Other negative externalities may include significant materials waste and land use requirements, dependence on deforestation, negative impact on biodiversity, (chemical) pollution, unsustainable resource extraction (e.g. high dependence on virgin metals or plastics) or water consumption, negative impact on (mental) health, employment or educational outcomes.

Due diligence

A comprehensive process run by our in-house team of experts

1

Double materiality assessment

We evaluate material opportunities and risks for a company. This helps us leverage sustainability as a competitive advantage, and identify potential risks and mitigating actions.

2

Sustainability maturity

We conduct a preliminary evaluation **of a company's maturity in terms of ESG**, identifying potential improvement areas and opportunities to bolster operations.

3

Sustainable Development Goals (SDG) contribution

We believe companies operating in line with the SDGs are likely to generate outsized returns, based on supporting data. We aim to understand the degree of alignment between a company and the SDGs.

4

EU Taxonomy assessment

We conduct an outside-in assessment of EU Taxonomy eligibility and alignment, as well as an assessment of Principal Adverse Impact (PAI) indicators, for potential investments in our Article 9 fund.

5

Impact scorecard

We evaluate companies that have passed the impact screen against our scorecard, which combines qualitative and quantitative criteria.

Due diligence

Sustainability Maturity Assessment

Rather than using external data during the Sustainability Maturity Assessment, each potential investment is benchmarked against Verdane portfolio performance. Publicly available data is largely from listed companies that historically grow more slowly than **Verdane's portfolio companies**. We therefore consider our own portfolio benchmarks to be a more appropriate comparison.

The table to the right is an example of what the output looks like and provides an overview of the areas we benchmark against.

	Portfolio benchmark	Target historical
Sustainability strategy	36%	Y/N
Sustainability champion	66%	Y/N
Sustainability discussed by board	65%	Y/N
Impact score ¹	82%	%
Measures greenhouse gas emissions	55%	Select scope
Greenhouse gas emission intensity (industry specific)	Avg. 553 tCO2/M€ Revenue	tCO2/M€ Revenue
Carbon reduction plan	24%	Y/N
Employee engagement [eNPS]	+32	Score
Management diversity [% under-represented groups] ²	25%	%
Board diversity [% under-represented groups] ²	18%	%
Company code of conduct	68%	Y/N
Supplier code of conduct ³	63%	Y/N
Whistleblowing protection	48%	Y/N
Cyber security maturity	Not shared	Not shared

1. Only relevant for impact investments.

2. As of 2022, we are measuring gender diversity only. We have not yet found a GDPR-compliant way to track other characteristics such as sexual orientation, disability, ethnicity and socio-economic background.

3. Average progress across portfolio companies with physical products as part of business model presented.

Due diligence

Onomondo: Increase resource efficiency with IoT

Key highlights

Onomondo is a software company providing a connectivity-enabled tech stack and developer tool for global and horizontal Internet of Things (IoT) applications, with a particular focus on applications within logistics, telematics and utilities. Its tech stack product enables global IoT solutions at scale and addresses IoT customers' pain points with a secure, efficient and scalable connectivity layer and management platform.

Sustainability drivers

Onomondo's tech stack product improves visibility of data between devices and networks. This increases efficiency across the development, deployment and operation of IoT applications and prolongs average battery life by up to 50%.

Onomondo connects physical products to the digital world, which makes it an important tool to improve the efficient use of resources through better tracking and monitoring. Use cases include:

- Asset management: Improved utilisation and asset longevity.
- Micro-mobility: Increased distance travelled by low-emission vehicles e.g. bikes, scooters and shared cars.
- Utilities: Waste and water management, heating and pump management.

Value creation opportunities

Expand and optimise Go-To-Market (GTM)

Establish specialised GTM teams to accelerate growth. So far, the teams have managed to:

- Win **~€3 million ARR enterprise project**
- Win **~€5 million ARR enterprise deal**
- Grow number of customers from 131 to 284 in the last twelve months

Optimise product packaging and pricing

Change product packaging from 'one size fits all' to five separate tiers via a pricing structure that vastly reduces the sales cycle and accelerates new customer growth.

Capture growth in demand in key sectors

IoT will play an integral role in the generation of efficiencies within Energy & Utilities and Smart Cities that are expected to require heavy CAPEX investments to reach net zero by 2050.

Investment overview

Theme: Digitalisation

Headquarters: Denmark

Markets: 50+ countries

Due diligence

Underwriting impact

To ensure the effectiveness of our impact investments, we worked with Bridgespan Social Impact, a renowned social impact consultancy, to develop a proprietary impact qualification framework.

This framework is grounded in world-leading analysis from the Impact Management Project, a global initiative that aims to provide a shared understanding of how organisations can manage their impact on people and the planet.

In collaboration with Bridgespan Social Impact, we developed a methodology to estimate the emissions avoided through decarbonisation-related investments and the benefits to people and society of social impact investments. This framework has been instrumental in guiding our investment decisions and measuring the impact of our portfolio companies.

The framework is based on four dimensions: intentionality, measurability, scalability and risk. Each dimension has defined, concrete criteria that we evaluate all potential impact investments against, resulting in an aggregate score from 0-100% with a minimum qualification threshold set at 70%.

The framework has been applied consistently for all Idun I investments and the resulting learnings have enabled us to now underwrite impact across the broader platform.



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**

This impact is reliably measurable

This impact would not have occurred otherwise¹



Scalable

SDG impact scales colinearly with business growth and financial performance



Risk

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

Idun I

In 2021, Verdane launched the **€300 million Idun I fund, Europe's largest growth impact fund** at the time.

The fund is classified as Article 9 under the EU's Sustainable Finance Disclosure Regulation. Idun I investments report on bespoke impact KPIs, and **both the fund's carried interest and credit facility** are linked to goal attainment within this impact framework.

Verdane has made eleven investments so far through Idun I, including Re-Match, the global leader in artificial turf recycling; Scanbio, **Europe's leading aquaculture waste management** provider; and Cleanwatts, a climate tech leader providing energy management software solutions.

11

Investments to date

7,910_{k tCO2e}

Avoided emissions

82%

Average total impact score

5

Countries represented in the Idun I portfolio

€300m

From world-class institutional investors

SFDR Article 9

Classification

Due diligence

Re-Match: Recycle artificial turf into high quality products

Key highlights

To address growing environmental concerns around the disposal of artificial turf, Re-Match has developed a proprietary technology that recycles 95% of synthetic turf into high quality rubber, sand and plastics. The company disposes and recycles worn-out turf from its upstream customers, while its downstream customers buy the high-quality recycled output; creating a win-win solution.

The demand for turf recycling is rapidly growing, with McKinsey predicting that 50-70% of artificial turf will be recycled in Europe by 2030. However, only 5% is currently recycled.

The market for recycled turf has high barriers to entry and few competitors. Re-Match is the clear market leader, thanks to its advanced recycling technology. The company is also the only artificial turf recycler that carries the EU Environmental Technology Verification trademark.

Value creation opportunities

Impact acceleration

Increase CO2 avoidance potential through the installation of solar panels on the roofs of new production sites.

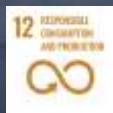
Protect against climate and bio-diversity risks through EU Taxonomy alignment.

Market expansion

Roll out factories in new locations to increase recycling capacity and access to feedstock.

Commercialisation

Further commercialisation of upcycled products to increase value of outputs.



Investment overview

Theme: Decarbonisation

Headquarters: Denmark

Markets: Across Europe, with factories in Denmark and the Netherlands

Due diligence

The Re-Match recycling process is 40x less carbon intensive than incineration

Impact thesis

Artificial turf has a short lifespan - a football pitch has a maximum lifespan of up to ten years. The turf most commonly ends up in landfill or is incinerated, depending on regional disposal regulations.

Recycling a single football pitch of turf with Re-Match's **proprietary technology decreases** emissions by up to 350 tCO₂e, which is eight times less carbon-intensive than landfill and 40 times less carbon-intensive than incineration.



Impact assessment

100%

Intentionality

The company's vision is to be the global leader in true recycling and to transform the synthetic turf industry.

83%

Measurability

100% of revenue from impactful business lines.

89%

Scalability

CO₂ avoidance expected to grow by 9X during ownership period.

75%

Risk

Some risks identified, but clear mitigation efforts in place (e.g. negative impact on bio-diversity near facilities).

Due diligence

We have developed a best-in-class approach to measure CO2 avoidance

Since the launch of Idun I, we have gained valuable insights and experience in how to measure CO2 avoidance and refined our approach based on our learnings. We have outlined our approach and methodology in a whitepaper.

Our intention was to create a robust methodology that was objective, could be implemented across various investment scenarios and embedded comparability. Our framework also reflects the need for a pragmatic approach that can be applied across different markets.

Our goal is to foster a broader understanding and adoption of best practices in relation to measuring CO2 avoidance and accelerate the creation of a decarbonised economy.

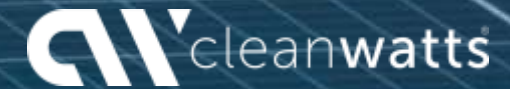
Our approach consists of four key steps:

- 1 To ensure a common unit of measurement, we convert the entity or technology into a standardised functional unit, which is aligned with the financial model.
- 2 We calculate emissions per functional unit, based on the chosen reference scenario and corresponding emissions factors.
- 3 We estimate the emissions savings that the relevant portfolio company realises over the holding period and for a period afterwards, based on the growth trajectory set out in our underwriting case. Additionally, we (horizontally) attribute a share of estimated emissions based on the attribution category of the business.
- 4 We scale the emissions to ourselves (vertical attribution) proportional to our equity stake in line with most other methodologies.

Due diligence

Our four-step modelling approach in action

- 1 We convert the Renewable Energy Community's (RECs) and resulting power managed to the functional unit for MWh produced. We posit growth beyond the investment period based on an IEA estimate of photovoltaic (PV) growth combined with our own knowledge of the company.
- 2 We calculate the avoided emissions per functional unit and compare it to a projected grid emissions counterfactual based on the marginal grid emission factor in the European Union, given the interconnectedness of the grid in Europe. We assume that PV lifecycle emissions start at 43 gCO₂e/kWh and fall by ~3%, based on IEA forecasts.
- 3 We attribute 100% of the emissions avoided, as this is a “direct avoider”. We estimate lifetime emissions avoided for the installations deployed during the holding period and for the five years following, given the fact that PV installations are long lived, and the majority of the cost is represented by up front CAPEX and development.
- 4 We calculate our own attribution, based on an assumption that our credit is proportional to our equity stake in any given year.



Investment decision

Onboarding

Sustainability is a key consideration in all investment decisions

Investment decision

1 Dedicated sustainability insight

Decision-making materials for potential investments include a section on sustainability; highlighting potential red flags, significant opportunities and key actions to implement.

2 Impact Investment Committee

All impact investments are approved by a separate investment committee that assesses the impact case independently of the financial attractiveness of the company.



Onboarding

Onboarding a new portfolio company

Following a positive investment decision, we leverage the insights gained from our comprehensive due diligence process to onboard new investments. Our analysis prior to investing includes recommended actions to address material opportunities and risks, and how SDG impact can be improved. This contributes to the value creation plan for a new portfolio company, ensuring sustainability is built into the company's growth strategy from the outset.

We work closely with management teams to align around key sustainability-related priorities in onboarding sessions. This includes agreeing on requirements, material sustainability topics, value creation opportunities, and how Elevate and the portfolio ecosystem can support the portfolio company on their sustainability journey.

We have developed a set of standardised Key Performance Indicators (KPIs), including Employee Net Promoter Score (eNPS) and Greenhouse Gas (GHG) emissions, that we apply across the portfolio. We track these KPIs throughout our ownership period to ensure sustainability remains a key focus, improves over time, and that the company is more sustainable at exit than when Verdane first invested.

Ownership phase



Accelerate & Build

Value creation during ownership

Elevate, **Verdane's** team of 30+ in-house operational experts, offer portfolio companies hands-on scaling support. Areas of expertise include data, finance, sustainability & impact, talent, go-to market, product and tech.

The Sustainability, Talent and Cybersecurity teams help our companies across the entire sustainability journey, from strategy to implementation. The teams have developed scalable solutions and frameworks that can be leveraged across the entire portfolio. This includes standardised strategy blueprints and sustainability software tools. In 2022, the teams completed ~100 projects and held sparring sessions with 60+ portfolio companies. These projects and sessions covered a wide range of focus areas, from benchmarking to strategy development.

Sustainability



Axel Elmqvist
Impact &
Sustainability



Stine Jørgensen
Impact &
Sustainability



Lisa Belvén
Sustainability



Iben Jørgensen
Sustainability &
Supply Chain

Talent



Ellen Nyhus
Leadership &
Organisation



Nicolai S. Hagen
Organisation &
Recruitment



Martin Beijer
People &
Recruitment



Thomas Baasnes
Cybersecurity

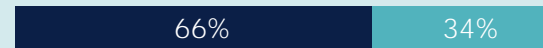
Cybersecurity

Accelerate & Build

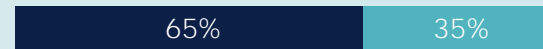
Create value during ownership

Progress in 2022

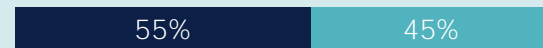
Sustainability champion appointed



Sustainability addressed at board meetings



Key priorities related to sustainability and impact



Impact integrated into product, service or business model



Board approved sustainability strategy



Track sustainability/impact KPIs



We conducted an extensive annual mapping of our portfolio's sustainability work, with a 100% response rate.

Most of our portfolio companies apply a focused approach to sustainability, with a dedicated sustainability champion, key priorities and board level discussions. Going forward, we will work with all companies to ensure sustainability is addressed as a strategic consideration.

■ Yes
■ No

Respondents: 80 companies (100%)

Baseline

- Sustainability benchmarking
- GHG emissions baselining
- Board and management capability assessment
- Cyber security assessment

Strategy

- Double materiality assessment
- Carbon reduction plans
- Sustainability strategy development
- Strategic roadmaps for cybersecurity

Implement

- Implementation of key sustainability initiatives
- EU Taxonomy alignment
- Culture transformation
- Implementation of code of conducts

Accelerate & Build

Respect the planet

Greenhouse gas emissions



The next decade will require critical action to limit the disastrous effects of global warming. The scientific community agrees unanimously on the need to reduce global emissions by 50% before 2030. We believe businesses that can minimise their emission outputs and other externalities, or innovate with new business models, will become the winners of the future.

Our primary focus is to reduce GHG emissions in scope 1, 2 and 3. The starting point is to measure and understand where emissions are coming from. This creates a solid foundation to identify reduction levers and implement a reduction plan. Our target is a 60% reduction in GHG emissions in scope 1-3 intensity by 2030 vs 2021, which is measured on a year-on-year basis.

The Elevate approach

Elevate's Sustainability team supports all Verdane's portfolio companies to identify reduction levers and implement decarbonisation initiatives to cut their overall emissions.

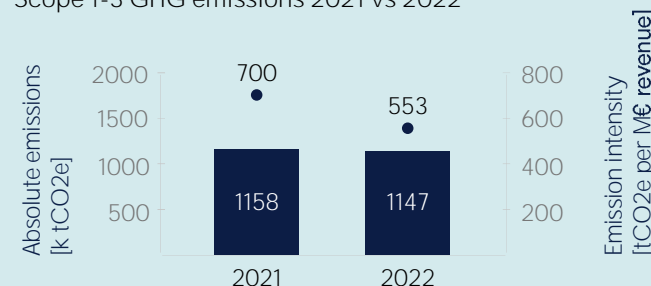
To do this, the team recommends carbon management software that helps companies tackle their emissions from every angle - this includes mapping, measuring, reducing and reporting. They can access this solution via a framework agreement with our carbon management software partner, Sweep.

GHG emissions scope 1-3 ¹

Our absolute portfolio emissions in 2022 were 1.147 ktCO₂e, +90% of which were scope 3.

We assess our portfolio emission intensity by measuring emissions relative to revenue. From 2021 to 2022, our portfolio emissions remained stable while our portfolio revenue increase with 25%, resulting in a decline in emission intensity. However, we need to assess developments on company-level and our focus going forward is to move more companies to more accurate calculation methods (see the appendix for details).

Scope 1-3 GHG emissions 2021 vs 2022



GHG emissions, scope 4

Our Idun I decarb-investments alone account for 7,910 k tCO₂e in avoided lifetime emissions.

Progress in 2022

We introduced a new carbon management software and replaced Planetly ² with Sweep. Sweep was selected due to their comparatively strong methodology for measuring scope 3 GHG emissions and emphasis on helping companies both measure and reduce their carbon footprint.

We also partnered with Celsia, an SFRD and EU Taxonomy reporting software provider, to help our portfolio companies impacted by the legislation assess EU Taxonomy eligibility and alignment and report on PAI indicators. The data was shared as part of our Article 8 & 9 Periodic Disclosures in June 2023.

Accelerate & Build

Momox: Give used products a new home

Key highlights

Momox is the leading re-commerce company in Europe. It buys, quality controls and resells second-hand books, media and clothes. Its circular business model lets consumers find suitable used alternatives for items they would otherwise buy new. This helps reduce the carbon emissions, water usage and land usage associated with the production of new products. In 2022, momox sold 40 million items and ~60% of transactions were through the momox **site**. **It is the world's largest seller of secondhand goods on Amazon and the third largest secondhand goods seller on eBay, based on number of items.**

Sustainability drivers

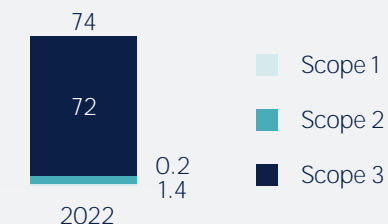
Sustainability is a core part of momox's mission and vision **statement, and is firmly integrated within the company's strategy, targets and day-to-day operations.** In 2022, momox hired a full-time sustainability lead, who is responsible for driving and coordinating sustainability-related initiatives across the business.

The company also has a sustainability committee that includes representatives from each department, from marketing to logistics, who meet once a month to drive progress on key projects.

Progress towards Verdane's 2030 targets

Respect the planet

Greenhouse gas emission intensity
[tCO₂e per M€ revenue]



Be the best place to work, for everyone

Employee engagement
[eNPS]

+23
Good

Diversity
[female share]

29%
Management

29%
Board

Create secure and responsible companies

Yes

Company code of conduct

In progress

Whistleblower protection

momox

Company overview

Theme: Digitalisation

Headquarters: Germany

Markets: Worldwide via marketplaces and its own shops in six European countries.

Accelerate & Build

Welcome
to
momox

momox



Respect the planet: Reduce greenhouse gas emissions

Momox measures GHG emissions in scope 1, 2 and 3, with the goal of reducing emission intensity by 50% by 2025. The company also calculates avoided emissions from the sale of used goods. The data is integrated on online product pages, enabling customers to see the positive climate-impact of buying used instead of new.

Scope 1-2: ~10% of emissions

Energy consumption is the main source of scope 1 and 2 emissions. Key initiatives implemented in 2022:

- Switched electricity to renewable sources at all facilities.
- Implemented initiatives to reduce energy consumption, for example, LED lighting.

Scope 3: ~90% of emissions

Procured goods and services, including logistics and packaging, are the main sources of scope 3 emissions. Key initiatives implemented in 2022:

- Reduced return rates by improving online product descriptions, size measurements and pictures.
- Limited rejection rates by enhancing guidelines for selling customers on items that will not be approved.

- Reduced internal transportation by consolidating two sites.
- Introduced reusable boxes for internal transportation and increased loading capacity.
- Items continued to be donated or recycled based on their condition.

Plans for 2023

- Conduct a Double Materiality Analysis and Gap Assessment in line with the upcoming Corporate Sustainability Reporting Directive (CSRD) regulations.
- Develop and implement a sustainability strategy.
- Implement more sustainable last mile transportation, with optimised logistics, and offset emissions.
- Integrate sustainability and ESG strategy analysis and assessment results.
- Optimise product packaging by minimising size and weight and using the most sustainable materials.

Accelerate & Build

Be the best place to work, for everyone

Employee engagement

The attraction and retention of top talent is a prerequisite for success for tech-enabled and sustainable businesses, especially as competition for talent is particularly high in recent years.

Employee Net Promotor score (eNPS) is a widely used and research-based metric that provide insight into organisational health. Scores above 20 are widely accepted as positive across industries and geographies.

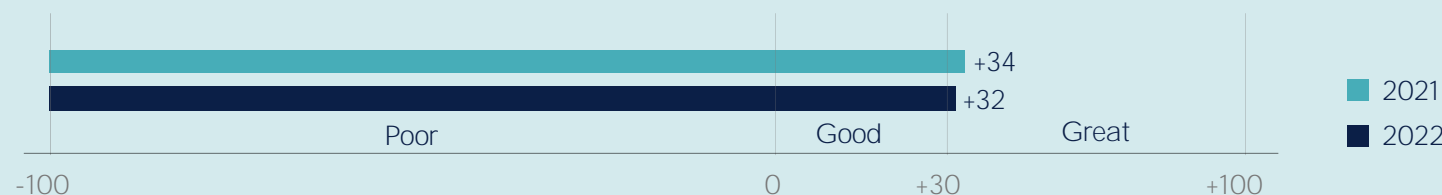
The Elevate approach

We provide our companies with comprehensive benchmark reports that include comparative scores, historical progress and actionable advice on how to improve employee engagement. We use the eNPS to capture employee engagement levels across all of our companies. The scores are benchmarked against the global average, as well as the Verdane portfolio average. We then provide every company with insight and guidance on how to follow up on the results and improve overall employee engagement.

In 2022, we introduced an Organisational Capability Assessment that includes several measurements – engagement, strategic alignment, leadership, operational efficiency, wellbeing and diversity and inclusion. The assessment is part of the pre-investment due diligence but is also applied to current portfolio companies that do not have extensive engagement tools in place. The results provide valuable insights on organisational strengths and improvement areas, and the follow up can include everything from sparring sessions to more extensive culture transformation projects supported by Elevate.



Employee engagement [eNPS]



Respondents: 52 companies (65%)

Progress in 2022

The average score across our portfolio is above our target of +30 and considered very positive. Going forward, we want to increase the number of companies that actively use and report on eNPS. We will also provide appropriate tools and work closely to support companies that score on the lower end, to help drive higher engagement and proactively prioritise organisational health.

Accelerate & Build

Be the best place to work, for everyone

Diversity, Equity & Inclusion



A diverse workforce encourages a wider range of perspectives and ideas. In turn, this leads to more creative and innovative solutions to problems and better decision-making. It also enables companies to understand and connect with a wider range of customers.

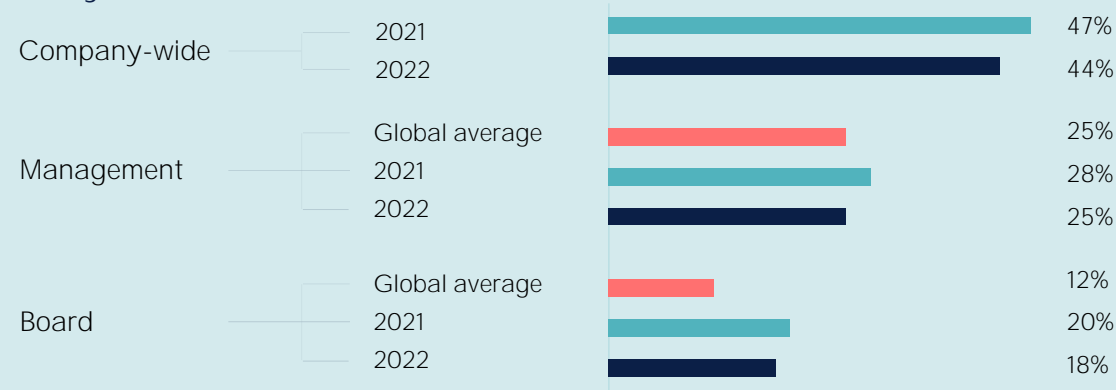
Promoting diversity, equity and inclusion (DEI) is not just commercially sound, but ethical - it helps to create a more equitable and just society.

The Elevate approach

We measure gender diversity at board, management and cross-company level. Our Board Capability Survey captures gender, age and nationality. At company and management level, we only collect data on gender diversity due to the complexity of collecting and storing sensitive personal data in accordance with GDPR. However, we are working on methods to better capture other characteristics such as age, ethnicity, socio-economic background and sexual orientation.

Our Organisation Capability Assessment goes beyond diversity, to also capture the level of inclusion at a company level. The assessments include a DEI Index, that allows companies to better understand their DEI performance and therefore enables them to strategically direct their efforts towards initiatives with the greatest potential for impact.

Gender diversity [% female]



Respondents: 80 companies (100%)

■ 2022 ■ 2021 ■ Global average ¹

Progress in 2022

Gender diversity at management and board level decreased in 2022 compared to 2021. There is room for improvement, which is one of the reasons why Verdane Elevate established the Talent team in 2022. So far, the team has actively participated in the recruitment of 19 leadership- and board-level employees and attained a near-equal gender balance (43% female).

We believe that continued efforts to promote diversity at the recruitment stage will help increase gender diversity within our portfolio companies.

Accelerate & Build



Company overview

Theme: Digitalisation

Headquarters: Sweden

Markets: Retailers and e-commerce companies worldwide

Voyado: Make brands easy to love

Key highlights

Voyado is a Swedish SaaS company that helps retail brands create relevant shopping experiences, increase customer loyalty and drive business growth.

Voyado provides a customer experience cloud with customer insights, loyalty concepts, marketing automation, a product discovery engine and merchandising tools, all of which enables an optimised customer journey.

Sustainability drivers

From a product offering perspective, **Voyado's** main objective is to innovate and provide solutions that empower its customers to adopt more sustainable, circular consumption patterns.

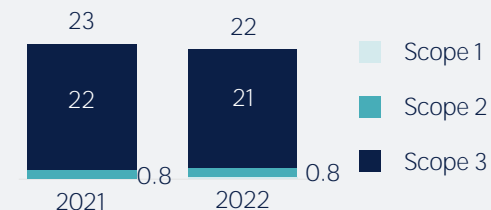
The Voyado platform is strongly positioned to help its customers nudge consumers towards more sustainable options with different incentives to support a more sustainable way of living.

Voyado has a dedicated Sustainability Manager responsible for driving operational sustainability efforts, including DEI projects and initiatives.

Progress towards Verdane's 2030 targets

Respect the planet

Greenhouse gas emission intensity
[tCO₂e per M€ revenue]



Be the best place to work, for everyone

Employee engagement
[eNPS]

+54
Great

Diversity
[female share]

26%
Management

11%
Board

Create secure and responsible companies

In progress

Company code of conduct

Yes

Whistleblower protection

Accelerate & Build



Be the best place to work, for everyone: Employee engagement and diversity

Voyado aims to create a sustainable work environment and works actively to maintain employee engagement and further enhance diversity, equity and inclusion.

The company has established core values that foster a culture of motivation, innovation and collaboration. These values underpin everything Voyado does and contributes to strong team performance and productivity.

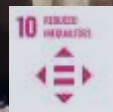
Key highlights

- Voyado, in collaboration with Womengineer, organised an event to improve recruitment practices and increase the number of women and non-binary people within the tech sphere.
- Established a diversity and inclusion working group with representatives from all business areas. The working group has monthly meetings to identify ways to drive inclusion efforts.
- Implemented an annual inclusion survey to better highlight areas where inclusion can be strengthened.
- The survey results show high levels of inclusion across the organisation, with a score of 4.3/5 on belongingness and 4.4/5 on uniqueness.

- Introduced new company core values: We're in it together, We're all about possibilities and We're committed to what we do.
- Hosted its first internal sustainability event for all employees. The objective was to present and raise awareness of **Voyado's** sustainability strategy, long-term goals and how employees can help promote sustainability in day-to-day operations.

Plans for 2023

- Provide training and awareness programmes for all employees, with the support of a dedicated learning and development partner.
- Implement leadership training focused on DEI to cultivate strong leaders and an inclusive culture.



Accelerate & Build

Create secure and responsible companies

Governance

Companies need to act responsibly. Codes of conduct outline what this means for employees and suppliers at each portfolio company. Our goal is that all our companies have robust policies that are acted upon. It is important to facilitate whistleblowing and protect those who report incidents – we expect all companies to have a policy and system in place, even if it is not a legal requirement.

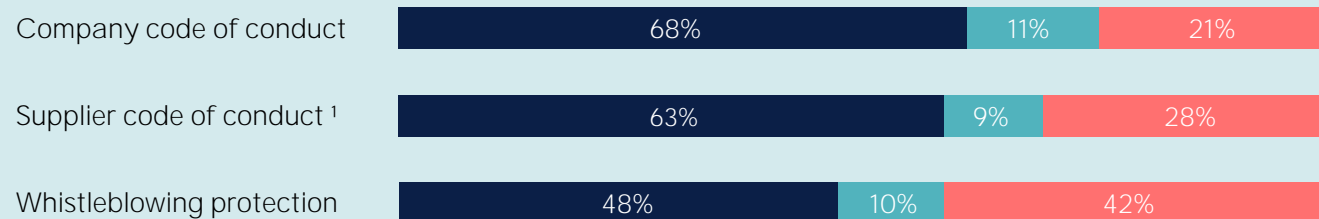
The Elevate approach

Elevate provides a 'toolbox' of policy templates (Company Code of Conduct, Supplier Code of Conduct and

Whistleblowing Policy) with implementation guides that **companies can use. This governance 'toolbox' was** shared with all our companies at a webinar in Q4 2022, along with best practice examples from within the portfolio.

We also have a framework agreement in place with a preferred whistleblowing application provider. The application allows employees to submit complaints anonymously. Information about complaints can then be stored securely, making it easier to follow up and manage complaints appropriately.

Policies in place



Respondents: 80 companies (100%)

■ Yes ■ In progress ■ No

1. Companies with physical as part of business model presented (43 companies).

Progress in 2022

During 2022, Elevate developed policy templates and implementation guides and entered into a framework agreement with a best-in-class whistleblower application. The majority of our portfolio companies have implemented key governance policies.

Following the Q4 2022 policy webinar, a further +10% began to develop and implement key policies. This shows that the provision of the right tools and support enables our companies to improve.

Accelerate & Build

Create secure and responsible companies

Cybersecurity

Cybersecurity is becoming a key requirement for doing business as customers and authorities demand greater regulatory compliance.

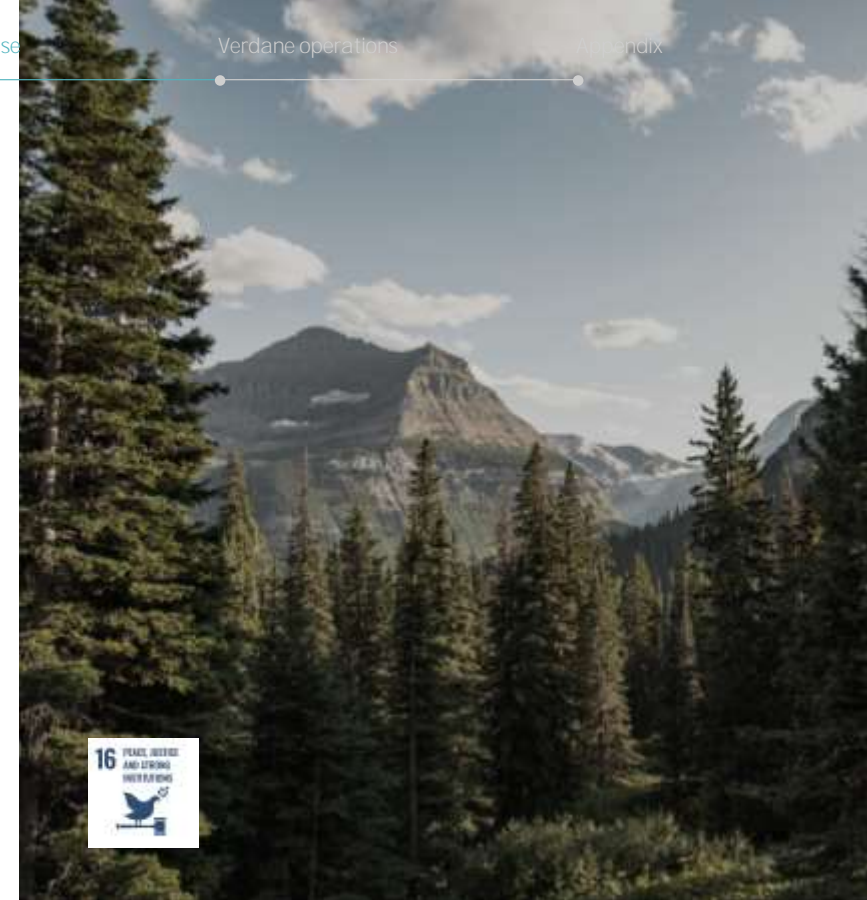
We believe companies that demonstrate strong cybersecurity practices have a competitive advantage. As cyber threats grow more widespread and complex, it is crucial that companies have the resources to prevent or reduce the impact of cyber breaches. This builds trust with stakeholders, increases operational effectiveness and improves business results.

The Elevate approach

Elevate advises our companies and facilitates a community of cybersecurity peers.

Companies have access to playbooks, benchmarks and trusted partners.

Elevate also runs projects, such as assessments, to develop strategic roadmaps and ISO 27001 implementation for companies.



Progress in 2022

Cybersecurity expert joined Elevate in October 2022.

Standardised framework for cybersecurity due diligence to assess the security of our portfolio companies and establish strategic roadmaps to improve security.

Cybersecurity community of experts from our portfolio companies. The community provides a platform for peers to share knowledge and resources, as well as take part in workshops, webinars and other activities.

Framework agreements with various security providers to give our portfolio companies access to pre-vetted services and solutions at a favourable price.

Accelerate & Build

Stratsys: Enable efficiency and improvement

Key highlights

Stratsys believes in one simple truth – that at the heart of every successful organisation lies an efficient, repeatable way of working. Today, Stratsys provides a platform that exemplifies this principle.

The platform streamlines control, quality and management processes. It enables companies to continuously improve, see the bigger picture and make decisions that have real impact. Stratsys supports more than 500 public and private organisations that collectively represent 250,000+ daily users. Its SaaS platform drives more efficient ways of working within these workplaces and frees up valuable time and generates public sector savings in the process.

Sustainability drivers

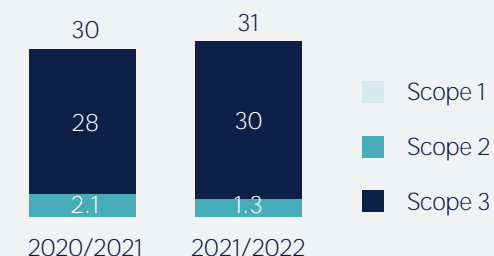
Stratsys' **vision of contributing to the world by focusing on continuous improvement** forms the basis of its sustainability work and ESG product offering.

Its platform supports customers through better data analysis and decision-making, as well as more efficient strategic processes. Sustainability is also extremely important within Stratsys' **own operations, particularly in relation to people, climate and affected communities.**

Progress towards Verdane's 2030 targets

Respect the planet

Greenhouse gas emission intensity
[tCO₂e per M€ revenue]



Be the best place to work, for everyone

Employee engagement
[eNPS]

+66
Great

Diversity
[female share]

30%
Management

25%
Board

Create secure and responsible companies

Yes
Company code of conduct

In progress
Whistleblower protection



Company overview

Theme: Digitalisation

Headquarters: Sweden

Markets: Public and private organisations, mainly in the Nordic market

Accelerate & Build

Create secure and responsible companies: Cybersecurity

Stratsys hired a highly experienced Chief Information Security Officer (CISO) in 2021. From a commercial perspective, it is vital that the company can demonstrate to its customers it has high levels of cybersecurity in place. Maintaining this high standard of cybersecurity while enabling the development of new software products is a key priority.

- ISO 27001 certification is in place.
- A cybersecurity module forms part of **Stratsys's** overall product offering and was enhanced during the ISO 27001 certification.

Key highlights

- The entire workforce has been cybersecurity trained and a strong safety culture has been established.
- Cybersecurity risks are evaluated quarterly at every level across the organisation and are addressed by the Cybersecurity Working Group.
- All data-processing has been moved to Sweden, which has resulted in greater supply chain transparency.
- Relevant KPIs are continuously tracked, acted upon and improved.

Plans for 2023

- Make it even easier to maintain high levels of cybersecurity within Stratsys.
- Provide customers with live status updates on the company's cybersecurity-related KPIs.
- Enable the accelerated use of AI within its platform while also maintaining high levels of security.

The Stratsys logo, featuring a stylized 'S' icon followed by the word 'Stratsys' in a bold, sans-serif font.

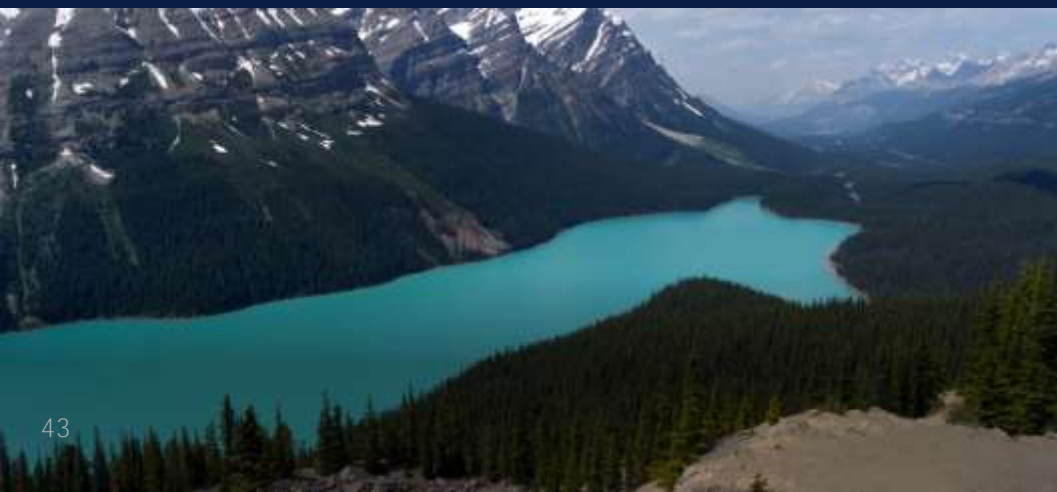
Verdane operations



A year of milestones for sustainability at Verdane

Verdane became certified as a B Corporation, the most ambitious sustainability accreditation globally. This certification reflects our commitment to harnessing private capital to drive positive outcomes. B Corporations (B Corps) are businesses that demonstrate the highest standards of social and environmental performance, transparency, and accountability. Certification is completed by the non-profit B Lab, which follows a rigorous assessment and verification process that ensures accredited businesses exhibit best-in-class social and environmental business practices.

- Verdane continued to lead private equity firms committed to net zero. In addition to our status as the first private equity firm globally to commit to neutralising all future residual carbon emissions with engineered, permanent carbon removals, Verdane ranked in the top ten purchasers of carbon offsets globally – the only private equity firm to do so.
- Verdane partnered with globally leading forestry group Södra launch Njord Carbon. The initiative aims to sustainably remove and permanently store biogenic carbon emissions, scaling the carbon removals value chain. Njord Carbon uses BECCS, a negative emissions technology (NET) that captures biogenic carbon emitted from sustainable, waste-based bioenergy used in the pulp and paper, waste-to-energy, and other production processes.
- Verdane continued the partnerships with The Good Talents, Level 20, Out Investors and over ten more non-profit organisations dedicated to making the industry and ecosystem a more fair and equitable place to work.
- Verdane's Article 9 fund, Idun I, won Real Deals ESG Future 40 award. **Verdane's €300m impact fund, Idun I, was Europe's largest growth impact fund at its launch** and has since made eleven investments including Re-Match, the global leader in artificial turf recycling; Scanbio, **Europe's leading aquaculture waste management provider**; and Cleanwatts, a climate tech leader that provides energy management software solutions.
- The Verdane Foundation donated **€1,500,000**. **The firm has been 10% held** by the Verdane Foundation, which is dedicated to sustainability globally and inclusion locally since 2016. This year the Foundation sponsored initiatives including the London Marathon, which saw 25 Verdane team members running for Children with Cancer UK. We also continued our annual tradition of donating to each team member's charity of choice to close the year.



Njord Carbon stands at the forefront of negative emissions technology

Njord Carbon was launched to sustainably remove and permanently store biogenic carbon emissions, scaling the carbon removals value chain.

The initiative was launched in partnership with globally leading forestry group Södra. Founded in 1938, Södra is **Sweden's largest forest-owner association**, with 51,000 forest owners as its members. In 2021, **Södra's positive climate effect was equal to offsetting 25% of Sweden's reported emissions.**

Njord Carbon uses BECCS, a Negative Emissions Technology (NET), that captures biogenic carbon emitted from sustainable, waste-based bioenergy used in pulp and paper, waste-to-energy, and other production processes.

Njord Carbon's purpose is to help enable the transition towards a sustainable world, by making high-quality carbon removals available at scale and at an affordable price point. Through its constituent partner organisations, Njord Carbon will offer certified, waste-based, permanent carbon dioxide removal credits.

By separating out and permanently storing CO₂ originally captured by growing trees, Njord Carbon stands at the forefront of negative emissions technology, and goes beyond others that simply reduce emissions from existing industrial processes.



Our progress | Respect the planet

Reduced emission intensity

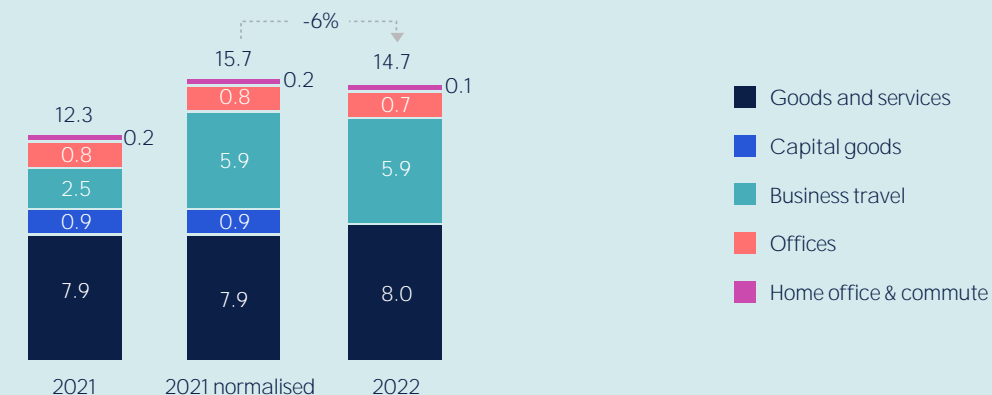
We assess our emission intensity by measuring emissions per employee. Our workforce is the main driver of emissions, with the majority generated by business travel, meals, work equipment and offices. Emission intensity from our operations increased by 20% in 2022, which is due to considerably higher travel activity following the Covid-19 pandemic, relative to the low volumes of travel during the lockdowns in 2021. By 'normalising' our 2021 results to adjust for reduced travel during the pandemic, we reported a 6% decrease in our emission intensity.

Due to the unusual circumstances that limited travel in 2021, we have updated our baseline year to 2022 to provide a more appropriate comparison point for future years. However, we have decided to keep our highly ambitious 2030 target to reduce GHG emission intensity in scope 3 by 65%.

Total absolute emissions increased by 64% from 2021, not normalised. The emission intensity is considerably lower because of the increase in the number of employees. The vast majority of our emissions come from scope 3, which refers to sources that are not directly owned or controlled by us. To reduce our emissions, we work to decrease air travel, increase the lifetime of goods and implement more sustainable purchasing practices.

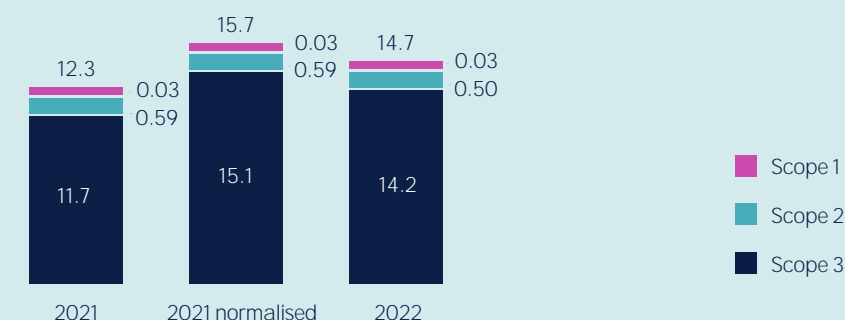
While we aim to reduce emissions, we neutralise remaining scope 1-3 emissions with engineered, permanent carbon removals.

Emission intensity per category [tCO₂e per FTE]



Total emissions
1.77k tCO₂e

Emission intensity per scope [tCO₂e per FTE]



Our progress | Be the best place to work, for everyone

Increased diversity

We have made steady progress towards our 2030 targets by focusing on improving diversity while maintaining employee engagement. We have reached our target to employ more than 50% of new recruits from under-represented groups, which has increased our overall gender diversity. We also appointed two new female senior leaders, which has increased gender diversity at leadership level.

We actively consider diversity when recruiting new talent. We measure and report on gender and nationality, but have chosen not to measure and disclose data on ethnicity and sexual orientation due to its sensitive nature. From 2023, we will introduce a DEI survey and use the insights generated to continuously improve DEI at Verdane.

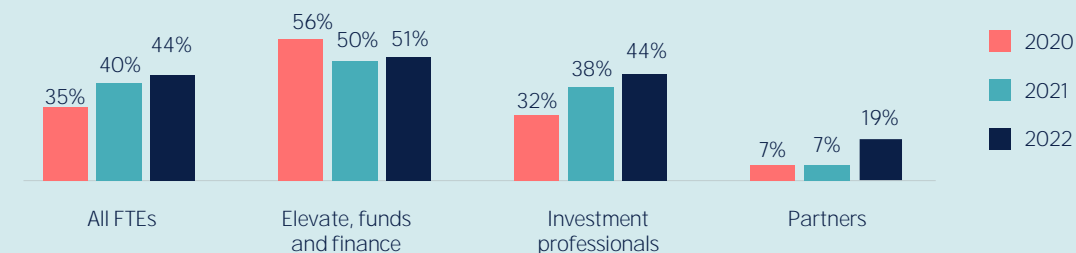
Continuous strong engagement

Despite the impact of Covid-19, our employee engagement continues to be strong and above our target of +50. We have grown our team and adapted in line with this. To ensure we keep our workforce engaged, we continuously measure and improve factors that influence employee engagement. We have new initiatives around purpose and employee development planned. Training and development are delivered via the Verdane Academy, Friday Learning Sessions 2.0, tailored external courses and company-wide workshops.

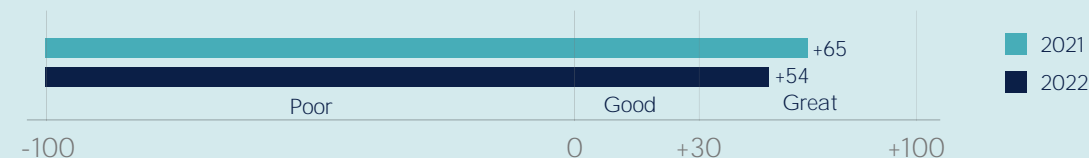
All employees have access to Auntie, a wellbeing and mental health service that provides one-to-one mental health and wellbeing support.

Employee turnover decreased from 8% to 5% in 2022. We anticipate turnover will generally stay in line with industry standards, between 5-10%.

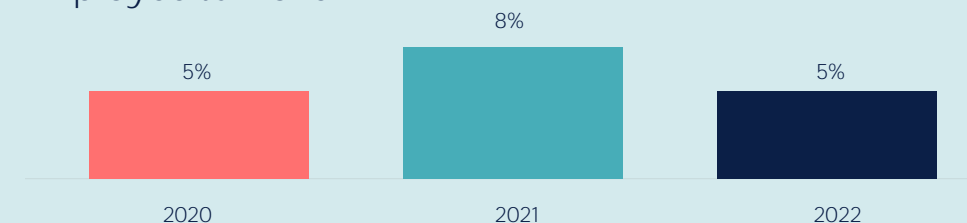
Gender diversity [% female]



Employee engagement [eNPS]



Employee turnover ¹



1. Employee turnover is calculated as the number of FTEs leaving Verdane over the course of the year divided by average FTEs in the previous year multiplied by 100.

Our progress | Create secure and responsible companies

Create a cybersecurity culture

This year marked significant progress to our already robust cybersecurity programme. We established an active cybersecurity culture across the organisation, **with every team member's** participation key to bolstering our focus on cybersecurity. We welcomed an in-house cybersecurity expert in 2022 who's leadership has enhanced the existing cybersecurity programme.

Cybersecurity awareness has increased with the roll-out of cybersecurity training to all employees. This training has been reinforced via monthly e-learning modules, phishing simulations and regular webinars.

Internal cybersecurity assessments and reviews were conducted, and any issues identified were remediated. This included the implementation of multi-factor authentication and single sign on for all important applications, enhancing control of administration rights and strengthening the Azure and Office 365 environment.

Please note that for security reasons, we limit the sharing of detailed information around cybersecurity progress.

100% employees received Code of Conduct training



In-house cybersecurity expert appointed in 2022



Cybersecurity data not shared publicly as a matter of policy for security purposes

Appendix



Methodology & definitions

Greenhouse gas emissions methodology

The calculated GHG financed emissions include investees' scope 1, 2 and 3 emissions and follow the guidance of the GHG Protocol. Depending on data availability, different calculation methods have been used on a company-level.

These different approaches lead to emissions' results of differing completeness and accuracy, as described on this page. While we cannot guarantee the completeness of current data, our calculations will improve as companies apply the most suitable approach. In the meantime, it is important for us to be transparent and not wait to report until data quality levels are higher.

Approach 1: Advanced GHG management tool

Companies make an extensive calculation of GHG emissions with a GHG management tool. An activity-based approach is applied where possible, meaning emissions are calculated based on physical data, for instance kWh, km or kg.

A spend-based approach is applied when the activity-based approach is not attainable and involves a calculation based on spend per specific category of purchased goods and services (can also be on other GHG categories).

An advanced GHG management tool is our preferred approach as it provides the highest level of accuracy and **understanding of a company's emission sources.** The activity-based approach gives the most accurate estimates.

Approach 2: "Light" GHG management tool

Companies make a simplified calculation of GHG emissions by providing data on an extensive number of emission sources that are relevant to calculate the **company's emissions.** **This approach is suitable for software companies,** as their emission sources are generic. As with approach 1, an activity-based approach is applied where possible while a spend-based approach is applied when activity data is not available.

Approach 3: Extrapolation of 2021 emissions

Verdane extrapolates emissions from 2021 to 2022 if companies have calculated emissions in 2021 but not completed the calculation for 2022. This is a temporary solution that assumes the emissions increased in line with revenue development.

Approach 4: Revenue-based estimates

Verdane estimates emissions based on a company's characteristics and revenue. We use the database published by the Carbon Disclosure Project (CDP), a not-for-profit charity that runs global disclosure systems.

Definitions

Sustainability

Sustainability is the ability to meet the needs of the present without compromising the ability of future generations to meet their own needs. In practice, sustainability seeks to minimise negative environmental impacts, promote social equity and inclusion and foster economic growth.

Environment, Social, Governance (ESG)

ESG standards are used to evaluate the long-term resilience and overall performance of a business, as well as its commitment to sustainable practices and ethical principles.

Impact

Impact refers to the positive or negative consequences that a company's operations, products or services have on the environment or society. Impact investments are investments aimed at generating positive, measurable social or environmental impact alongside financial returns.



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