

2023 update on our path to
help ambitious companies
thrive in a sustainable world

verdane

Sustainability Report

Certified



Corporation

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

In this latest Sustainability Report for 2023, we share our approach to achieving this vision. We also showcase the latest highlights and details of our progress at Verdane and across our portfolio companies.

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

Email
sustainability@verdane.com

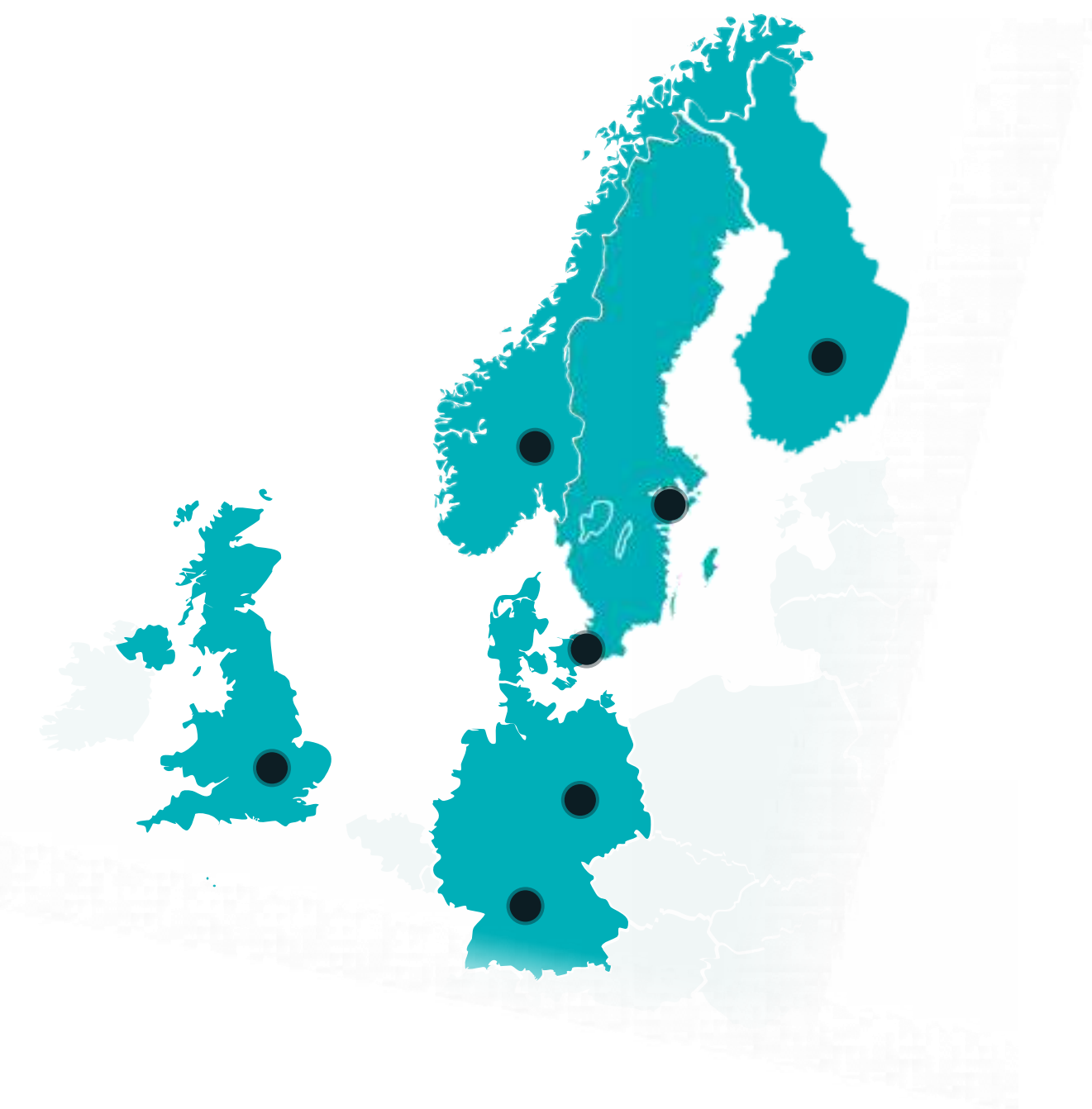
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Verdane at a glance



				
Recognised in the HEC Dow Jones ranking	Actively partnering with non-profit organisations advancing social and environmental standards	First PE to neutralise all residual emissions with permanent carbon removal	Top quartile returns across all funds	Idun I: Europe's leading Article 9 growth fund & 'Future 40 ESG Innovator'
Portfolio Companies	Follow-on capital deployed '23	Assets under management	Aggregate portfolio revenue	Capital raised from non-profit sources in the most recent fund
80+	€210m+	€7.75bn	€5.6bn	~40%
offices across Europe	Total employees	Nationalities	Female employees	Employee Net Promoter Score
7	140+	17	44%	+49

Letter from our Managing Partner

At Verdane, we seek to prove that there is no contradiction between generating world-class returns for investors and being a force for good in society. This overarching ambition guides which companies we invest in, and how we help develop and future-proof those companies during our ownership. It has also led Verdane to establish sustainability-related goals to be reached by 2030 for our own operations, as well as for those of our portfolio companies. We are encouraged by the progress made across both dimensions in 2023, but there is still a lot of work to be done.

Turning first to Verdane's own operations, we have set a bold target to reduce scope 3 greenhouse gas emissions intensity by 65% by 2030, using our 2022 baseline as a benchmark. This ambitious target underscores our dedication to meaningful action. We have made significant investments in digital infrastructure to reduce the need for business travel and secured the 'low-hanging' scope 1 and 2 emission reductions by exclusively purchasing renewable power for our offices, among other measures. However, the nature of our business necessitates personal interactions, and our geographical footprint often limits the use of alternative transportation.

To address our inevitable residual footprint, we pledged several years ago to neutralise all residual scope 1-3 greenhouse gas emissions through engineered, permanent carbon removal. This commitment effectively imposes an internal carbon tax exceeding €300/tCO₂, a testament to our belief in doing what is right for the planet. To our knowledge, no other firm in our industry globally has undertaken a similar initiative.

As an extension of our efforts to identify potential carbon credit providers, we engaged in a discussion with the leading Nordic pulp and paper company Södra. Our goal was to explore the feasibility of using trees as a carbon sponge, capturing the carbon at the pulp mill and transporting it to the North Sea for storage in depleted and abandoned oil fields. We are thrilled by the progress of this project, named Njord Carbon, over the past year.

This, now formalised, joint venture with Södra is at the forefront of developing commercial-scale, high-quality permanent carbon removal projects, utilising Bioenergy with Carbon Capture and Storage (BECCS) technology. With a dedicated CTO on board and funding secured for the next two years, Njord Carbon aims to offer its first commercial carbon credit availability in 2028.



In terms of Diversity, Equity & Inclusion (DEI), we are performing well against our target to employ more than 50% of new recruits from under-represented groups. Our gender diversity has shown a positive trend overall, with a slight improvement in overall gender representation compared to previous years. Moreover, it is gratifying to observe that our employee engagement continues to be strong with an eNPS of +49, a clear testament to the great culture we have built at Verdane. Amongst our cybersecurity initiatives, we have rolled out cybersecurity training to all employees, reinforced by monthly e-learning modules, relevant webinars, and regular phishing simulations to ensure our vigilance is maintained.

Turning to our portfolio, we have made meaningful progress across many of our environmental, social, and governance (ESG) initiatives. We have set a target of 60% carbon intensity reduction by 2030 across the portfolio, and to date, 85% of our majority-owned companies have implemented the necessary tools and processes to establish a firm baseline. Our goal is to extend these practices to include all our majority-owned companies and to continue to drive reduction initiatives across the portfolio.

On DEI, we have committed to achieving 40% representation of underrepresented groups in the BoD & management, and we are targeting an eNPS of >30 across our portfolio. Our talent team actively participates in the recruitment of leadership and board-level employees. Currently, underrepresented groups constitute 20% and 28% in the BoD and management teams, respectively. We will not be satisfied until we reach our targets.

Furthermore, our cybersecurity community has grown to 93 members and has hosted eight events. A scanning tool has been implemented to monitor the external security posture of all portfolio companies. Additionally, our benchmark data for cybersecurity maturity continuously expands. We are for obvious reasons not disclosing the full extent of the cybersecurity work undertaken with our companies.

Much of the portfolio work is not captured by the overarching SDG targets. In addition to working towards the aggregate targets, many portfolio companies' operations are inherently impactful. As an example, Re-Match, a leader in artificial turf recycling, is the only third-party certified player offering a sustainable alternative to the problematic disposal methods of incineration or landfill. This innovation provides sports facilities with an environmentally responsible option for discarding old artificial turf.

Evondos, Europe’s leading provider of automated medication dispensing services, has expanded its reach by acquiring Medido and continues to amplify its impact. Serving tens of thousands of people daily, Evondos facilitates the accurate dispensing of over 30 million medication doses, ensuring timely delivery to those in need. In an era marked by nursing shortages and an ageing population, Evondos empowers the elderly to maintain independence at home while enabling caregivers to focus on quality care and social engagement.

Verdane is on a mission to digitise and decarbonise Europe. We recognise that the dual forces of digitalisation and decarbonisation are propelling growth and innovation. Our commitment to investing in companies that align with this vision is unwavering, as we strive to nudge the world towards a more sustainable future. We invite you to delve into this report, which we hope will inspire accountability and action.

Bjarne Kveim Lie
Managing Partner and Co-founder, Verdane

Verdandi

/ 'vɛrdəndi/; Old Norse
Verðandi

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

Verdant

/ 'vɜː.dənt/; Old French
Verd(ure)+ant

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



Our approach to sustainability

An abstract graphic consisting of several overlapping, semi-transparent geometric shapes, primarily triangles and quadrilaterals, in a light blue-grey color. These shapes are positioned on the right side of the page, creating a modern, architectural feel.

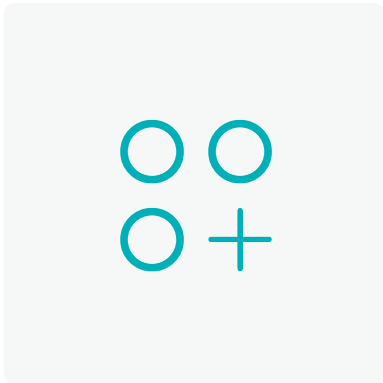
Sustainable growth sits at the core of our operations

We believe the key to success lies in embracing three core and reinforcing principles:

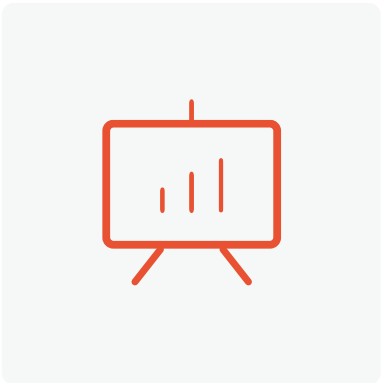
- Be driven by a clear purpose
- Incorporate a broad concept of stakeholder value
- Clear focus on commercial success

We seek out and support businesses that are built on these principles. As committed investors, we guide companies to become industry leaders while contributing to a more sustainable future. Our goal is to be the partner of choice for forward-thinking companies that are set to thrive in a sustainable world.

Our investment strategy is thematic and reflects our deep-rooted values. We are focused on three sustainability goals that are all about scaling up growth businesses and shaping 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 values

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



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 2030 commitments

Verdane portfolio companies



Respect the planet

Promote decarbonisation and adapt to climate change



Be the best places to work, for everyone

Ensure equal rights and opportunities and attract/retain top talent



Create secure and responsible companies

Integrate sustainability into decision-making, ensure cybersecurity and transparency

2030 targets

-60%

Scope 1–3 greenhouse gas emissions intensity by 2030 from 2021 baseline

40%

Underrepresented groups in board and management

>+30

Employee Net Promoter Score⁴

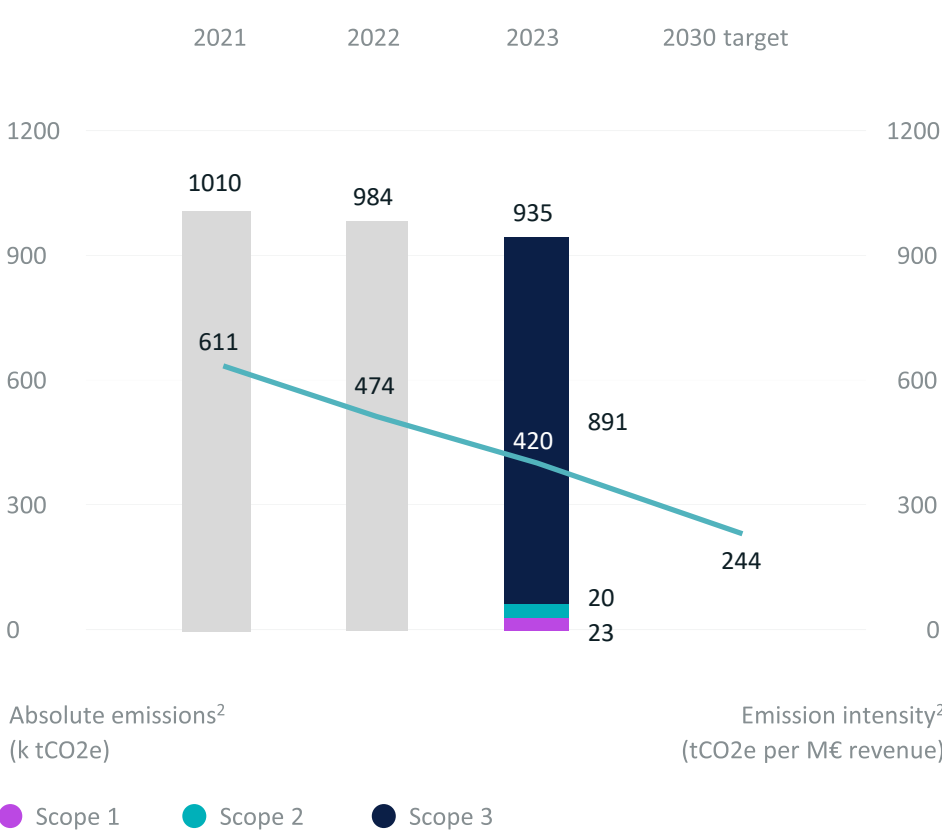
100%

Companies with key policies in place



Cybersecurity measures in place (not disclosed as a matter of policy for risk prevention)

Progress in 2023¹



28%

Underrepresented groups in management³

20%

Underrepresented groups in board³

+24

Employee Net Promoter Score⁴

75%_{Yes}

16%_{In Progress}

Company code of conduct

59%_{Yes}

14%_{In Progress}

Supplier code of conduct

85%_{Yes}

8%_{In Progress}

Whistleblower protection

1. Presents average progress across our portfolio companies. 79 companies included, except Employee Net Promoter Score which includes 59 companies (response rate of 96% and 72%, respectively).
2. Due to an increased share of granular and accurate data quality for 2023, the GHG emissions calculations from 2021 and 2022 have improved with extrapolated results. Previous absolute emissions were 2021: 1158 k tCO₂e and 2022: 1147 k tCO₂e, and emission intensity was 2021: 700 tCO₂e per M€ revenue and 2022: 553 tCO₂e per M€ revenue.
3. We currently measure gender diversity only (% female share). We have not yet found a GDPR-compliant way to track other characteristics such as sexual orientation, disability, ethnicity and socio-economic background.
4. 100 to 70 Excellent | 70 to 30 Great | 30 to 0 Good | 0 to -100 Poor

Our 2030 commitments Verdane operations



Respect the planet

Promote decarbonisation and adapt to climate change



Be the best places to work, for everyone

Ensure equal rights and opportunities and attract/retain top talent



Create secure and responsible companies

Integrate sustainability into decision-making, ensure cybersecurity and transparency

2030 targets

0

Net zero scope 1 & 2 by 2022

-65%

Scope 3 greenhouse gas emissions intensity by 2030 from 2022 baseline

>50%

External partner recruitment shortlists from underrepresented backgrounds

50%

Other recruits from underrepresented backgrounds

>+50

Employee Net Promoter Score⁴



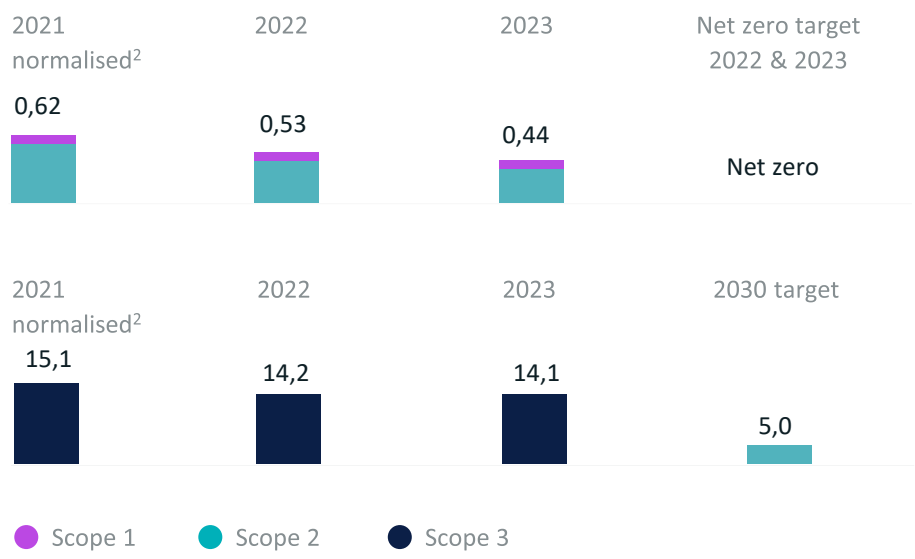
Key policies in place



Cybersecurity measures in place

Progress in 2023

Emission intensity (tCO2e per FTE¹)



54%

External partner recruitment shortlists from underrepresented backgrounds³

59%

Other recruits from underrepresented backgrounds³

+49

Employee Net Promoter Score⁴



All employees received code of conduct training



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.

2. Due to the Covid-19 pandemic that limited travel in 2021, we 'normalised' our 2021 result and updated our baseline year to 2022 to provide a more appropriate comparison point for future years.

3. We currently measure gender diversity, nationality and age only. We have not yet found a GDPR-compliant way to track other characteristics such as sexual orientation, disability, ethnicity and socio-economic background.

4. 100 to 70 Excellent | 70 to 30 Great | 30 to 0 Good | 0 to -100 Poor

A sustainable investment thesis

Innovative use of technology is the most vital factor to reduce the resource intensity of our economy. At Verdane, we believe that private equity has a key role to play in scaling technologies as well as growing the businesses that will enable this transition.

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

We believe companies that operate within these spaces will 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. Operationalising sustainability is crucial for businesses to thrive in a future economy. We always aim to exit a more sustainable business than the one we invested in.



We focus on two mutually reinforcing megatrends

Decarbonisation

As governments, businesses and civil society commit to decarbonising their economies and operations, market dynamics are creating a competitive advantage for companies offering low-emission solutions. Verdane partners with businesses that are instrumental to decarbonisation by delivering proven products and services that avoid or eliminate emissions and enhance the circularity of our economies.

Verdane’s team and ecosystem offer globally leading experts on this growing market, as well as the value-add capability to help these companies scale, and thereby generate strong financial returns along with a meaningful contribution to decarbonisation.

Focus areas

Energy transition | Resource efficiency



Digitalisation

As the world becomes increasingly digital, businesses that can effectively harness technological innovation are primed for exponential growth. Technology is the catalyst reshaping industries, creating new markets and challenging business models. Verdane recognises and invests in companies that drive digitalisation forward.

By partnering with Verdane, these businesses tap into proven expertise and proprietary strategic resources that allow them to outpace their peers. With a 20-year track record of partnering with tech-enabled companies, technology is a key part of the Verdane legacy.

Focus areas

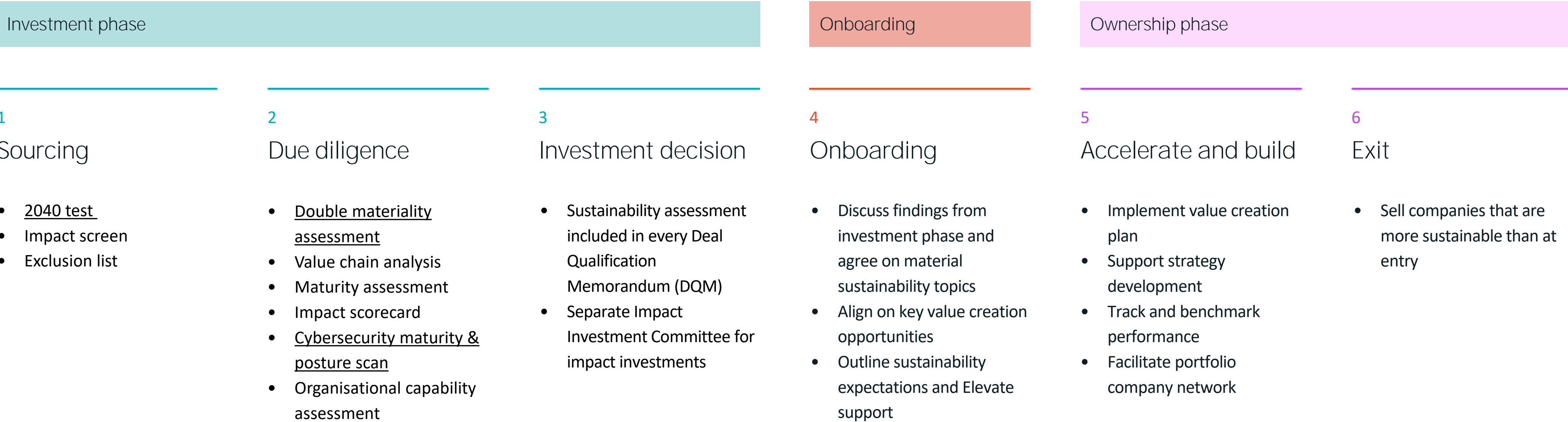
Operations software | CX software | IT and infrastructure | Healthcare | Consumer products | Digital services



Extensive history of making impactful investments



Sustainability is integrated throughout the investment lifecycle



Investment phase

Sourcing

Tools that help identify the right investment opportunities

2040 Test

We 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.

1

Impact screen

The impact screen applies in instances when a company could be considered an ‘impact investment’. We use a screening tool to assess the company’s impact based on four main dimensions: intentionality, total impact, additionality and risk.

2

Exclusion list

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

3



Sourcing - Example

The 2040 Test

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

The test explores assumptions about what the world will look like in 2040, such as higher carbon taxes and evolving regulations, with each potential investment screened based on these scenarios.

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

The 2040 Test questions	Initial assessment
<div>Would the company succeed if consumers/businesses increasingly integrate sustainability into purchasing decisions?</div> <div>Customers will avoid purchasing products and services that have a negative sustainability impact</div>	<div>Strengthens company’s position</div>
<div>Would a carbon tax of 200 €/tCO2 emitted materially impact profitability?</div> <div>Carbon will at some point be priced – will that improve or reduce right to win</div>	<div>No concern</div>
<div>Would meaningful regulations and/or taxes on other externalities materially impact profitability?</div> <div>Other negative externalities¹ will increasingly be regulated and, at some point, be priced</div>	<div>No concern</div>
<div>Are people treated decently in the value chain?</div> <div>Low risk of human rights violations or corruption across value chain</div>	<div>No concern</div>
<div>Would the company’s customers also pass The 2040 Test?</div> <div>Very low share of “sin customers” e.g. gambling, fossil fuels industry, tobacco</div>	<div>Double click</div>

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



Double materiality assessment

We apply a double materiality approach to identify the most material ESG topics to evaluate as part of the due diligence process

1

Value chain analysis

We evaluate material opportunities and risks for each ESG topic selected. This helps us leverage sustainability as a competitive advantage and identify potential risks and mitigating actions.

2

Maturity assessment

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

3

Impact scorecard

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

4

Cybersecurity maturity

We evaluate a company's cybersecurity maturity through expert interviews, documentation reviews, and a collection of security questionnaires. We also use a cybersecurity platform that offers data-driven assessments of the company's security posture, identifies vulnerabilities, and benchmarks performance against industry peers.

5

Organisational assessment

Our thorough employee assessment evaluates satisfaction, diversity, inclusion, psychological safety, and well-being, ensuring we support companies that respect their people and raise the bar post-investment.

6

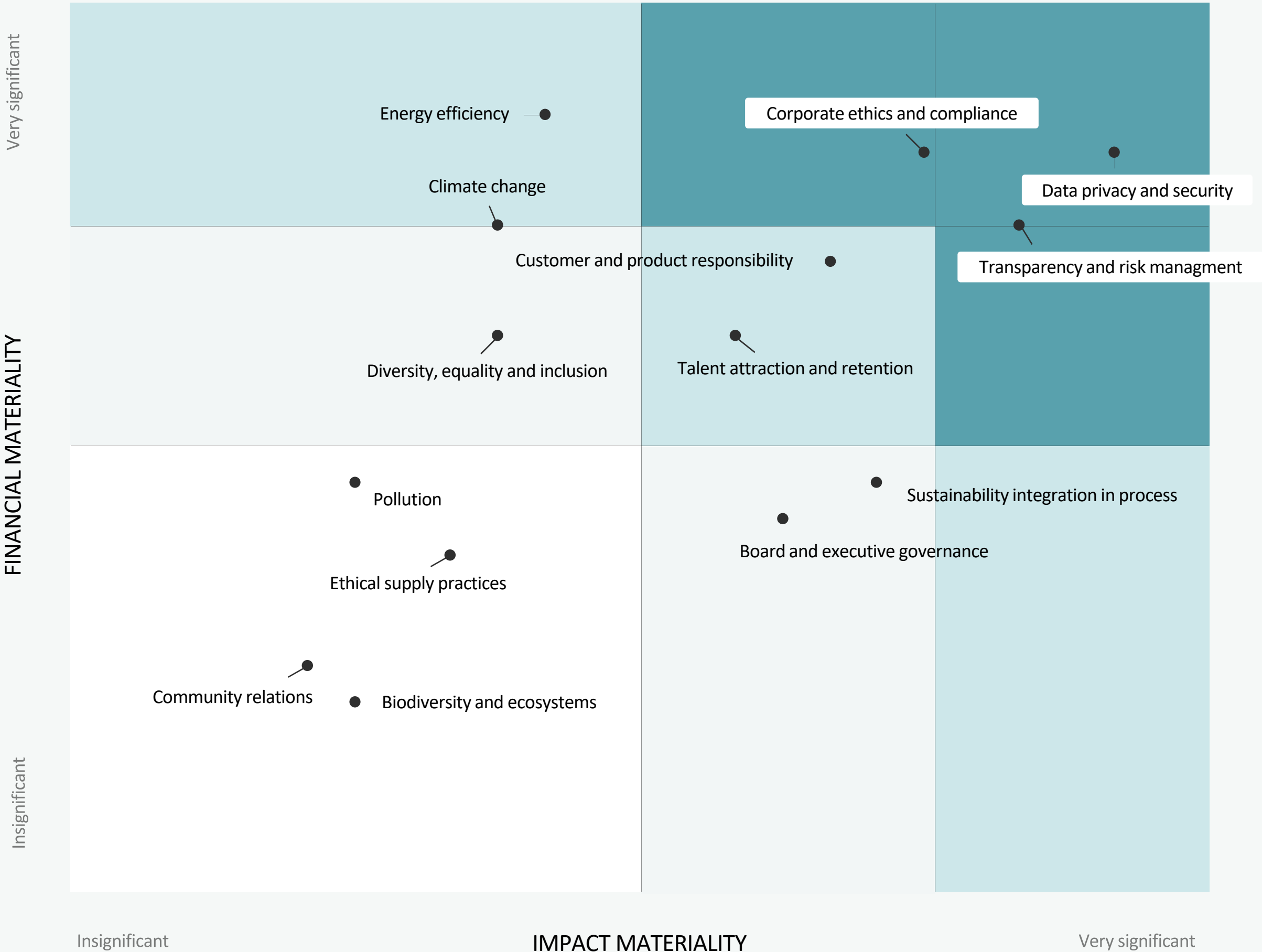
Due Diligence - Example

Double Materiality Assessment

The Double Materiality Assessment is used to identify, assess and ultimately choose the ESG topics that are most important for each company. We base the assessment on a long-list of ESG topics aligned with the European Sustainability Reporting Standards (ESRS).

The importance of an ESG topic is determined across two dimensions; impact materiality and financial materiality. Impact materiality refers to a company’s actual or potential impacts on people or the planet and financial materiality refers to an ESG topic that affects or may affect financial performance.

The illustration to the right is an example of a materiality mapping for a software company operating in the financial services industry.



Due Diligence - Example

Cybersecurity posture scanning

The cybersecurity due diligence aims to understand the maturity of the company, identify relevant risks and provide input on how the company can achieve an adequate state within an acceptable timeline and cost.

The due diligence includes a cyber security posture scan. We utilise a cybersecurity platform called Security Scorecard, which offers data-driven assessments of the company's security posture, identifies vulnerabilities, and benchmarks performance against industry peers. Based on data, the platform provides predictive insights into the probability of a security breach. For instance, a company with a security rating below 50 (‘F’) is 13.8 times more likely to be breached compared to one rated 100 (‘A’).

The illustration on the right shows an example of a posture scan and the elements covered.

C 73 (100)



<div><div>B</div>84</div> <div>Network Security</div> <div>Detecting insecure network settings</div>	<div><div>F</div>45</div> <div>DNS Health</div> <div>Detecting DNS insecure configurations and vulnerabilities</div>	<div><div>A</div>100</div> <div>Patching Candence</div> <div>Out of date company asset which may contain vulnerabilities or risk</div>	<div><div>A</div>100</div> <div>Endpoint Security</div> <div>Detecting unprotected endpoints or entry points of user tools, such as desktops, laptops, mobile devices and virtual desktops</div>	<div><div>A</div>100</div> <div>IP Reputation</div> <div>Detecting suspicious activity, such as malware or spam, within your company network</div>	<div><div>D</div>60</div> <div>Applications Security</div> <div>Detecting common website application vulnerabilities</div>	<div><div>A</div>100</div> <div>Cubit Score</div> <div>Proprietary algorithms checking for implementation of common security best practices</div>	<div><div>A</div>100</div> <div>Hacker Chatter</div> <div>Monitoring hacker sites for chatter about your company</div>	<div><div>A</div>100</div> <div>Information Leak</div> <div>Potentially confidential company information which may have been inadvertently leaked</div>	<div><div>A</div>100</div> <div>Social Engineering</div> <div>Measuring company awareness of a social engineering or phishing attack</div>
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Case study

Urban Sports Club: Optimising employee health, fitness and well- being through an aggregator platform

Sustainability drivers

Urban Sports Club (USC) was founded in 2012 and is one of the leading German fitness aggregator companies with over 10,000 studios and wellbeing facilities on the platform. USC offers corporates (45% of total sales) and individuals an all-in-one subscription solution for accessing diverse sports and wellbeing offerings. Employee health is top of mind for corporates and consumers, especially following the pandemic, allowing Urban Sports Club to tap into a massive global growth market.

Urban Sports Club’s aggregator platform allows for increased participation in regular exercise and well-being. The company raises awareness of employee health and promotes the benefits of investing into it via thought leadership.

This increases general health awareness as well as better mental and physical well-being of the general population and employees, therefore:

- Lowers the incidence of physical and mental illness, reduces hospital visits, causing a positive social impact and lessens the pressure on overwhelmed healthcare systems
- Greater health awareness is influencing consumer behavior, resulting in a gradual shift from processed foods to a preference for fresh, nutritious alternatives

Value creation opportunities

Expand and optimise Go-To-Market (GTM)
Build out B2B sales force & Key Account Manager team to cover more corporate customers and monitor activation rates Expand into rural areas with efficient onboarding of studios and SMEs.

Build out customer success to further drive Net Retention Rate
Focus on initiatives to increase activation rates via Health Days, newsletters and HR onboarding material. Work with brand ambassadors within corporates to ensure USC is top of mind.

Increase depth of product offering
Further deepen the offering towards wellbeing including mental health offerings, female health, online programmes (yoga, meditation, nutrition advice) to further drive activation rates and platform reach



Theme	Digitalisation
Headquarters	Berlin
Markets	6 countries

Due Diligence

Underwriting impact

We use a proprietary impact qualification framework developed in collaboration with Bridgespan Social Impact, a leading social impact consultancy, to underwrite the efficacy of our impact investments. The framework is grounded in world-leading analysis from the Impact Management Project, a global initiative aimed at fostering a shared understanding of how organisations can manage their impact on people and the planet.

We assess four key dimensions:
intentionality, total impact, additionality and risk.

Each dimension has defined, concrete criteria that we evaluate all potential impact investments against, resulting in an aggregate score from 0 to 100%.

Our team has developed a best-in-class methodology to estimate the emissions avoided through decarbonisation-related investments and the benefits to people and society of social impact investments. This approach, which we work to spread and develop together with other industry players, has been instrumental in guiding our investment decisions and measuring the impact of our portfolio companies.

We have used the framework consistently for all Idun I investments and the resulting learnings have enabled us to now underwrite impact across the broader platform. In 2023, we made two impact investments in Edda III.

Verdane impact framework



Intentionality

Management is aligned on prioritising and growing the positive impact of the business



Total Impact

Clear impact generated by the company’s product/service or product/service enables positive impact

The impact is reliably quantifiable and would not have occurred independently¹



Additionality

Clear opportunity for Verdane as owners to drive value creation in terms of additional impact and sustainable operations



Risk

Limited potential negative impact pathways, clearly outweighed by the positive impact and/or subject can be mitigated

1. 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.

In 2021, we launched the **€300 million Verdane 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 NORNORM, a high-growth furniture subscription service disrupting the B2B furniture value chain; Scanbio, Europe’s leading aquaculture waste management provider; and UrbanVolt, a solar-as-service company enabling improved access to renewable energy.

Investments to date	11
Avoided emissions (tCO2e)	3.5m ¹
Average total impact score	83%
Countries represented in the Idun I portfolio	5
Committed capital	€300m
Classification	SFDR Article 9



1. Total avoided emissions for all Idun I investments, adjusted for Verdane ownership share.

<div>Due Diligence</div> <div>We have developed a best-in-class approach to measure CO2 avoidance</div>	<div>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 <u>white paper</u>.</div> <div>Our intention was to create a robust methodology that was objective, could be implemented across various investment scenarios and embedded comparability. It also reflects the need for a pragmatic approach that can be applied across different markets.</div> <div>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.</div>	<div>Key design principles:</div> <div>Objectivity: Leverage independently verifiable data to reduce / eliminate the need for subjective opinion</div> <div>Comparability: The methodology is aligned to existing reporting frameworks and principals to enable standardisation over time and indexation to other methodologies and scenarios</div> <div>Conservatism: Reflect the challenge of uncertainty over data quality and consider the wide range of carbon abatement solutions</div> <div>Transparency: Frequent reporting which reflects changes in emissions and technologies over time to enable stakeholders to monitor progress</div>
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Our approach consists of four key steps

1	2	3	4
Convert	Calculate	Estimate	Scale
the entity or technology into a standardised ‘functional unit’	emissions per functional unit, based on the chosen reference scenario and corresponding emissions factors	the emissions savings over the holding period and for a period afterwards, based on expected growth trajectory and (horizontally) attribute a share of estimated emissions	emissions to Verdane (vertical attribution) proportional to Verdane’s ownership stake

Case study

NORNORM:
“As a service” disruptor in
a large global furniture
market of €201bn

The B2B furniture market is ripe for disruption. Existing furniture value chains are unsustainable, inefficient, and don’t address the accelerated shift towards hybrid working models and dynamic office spaces.

In response, NORNORM offers a subscription service for selected high-volume office furniture pieces that are sustainable, affordable, and flexible. The value proposition has attracted customers ranging from high-growth scale-ups to large corporates, commercial landlords and co-working spaces.

NORNORM has built a large customer base across +50 cities and +10 countries, and is a clear market leader in workspace solutions, with a strong value proposition, robust unit economics and a solid competitive moat.

Value creation opportunities

Impact acceleration

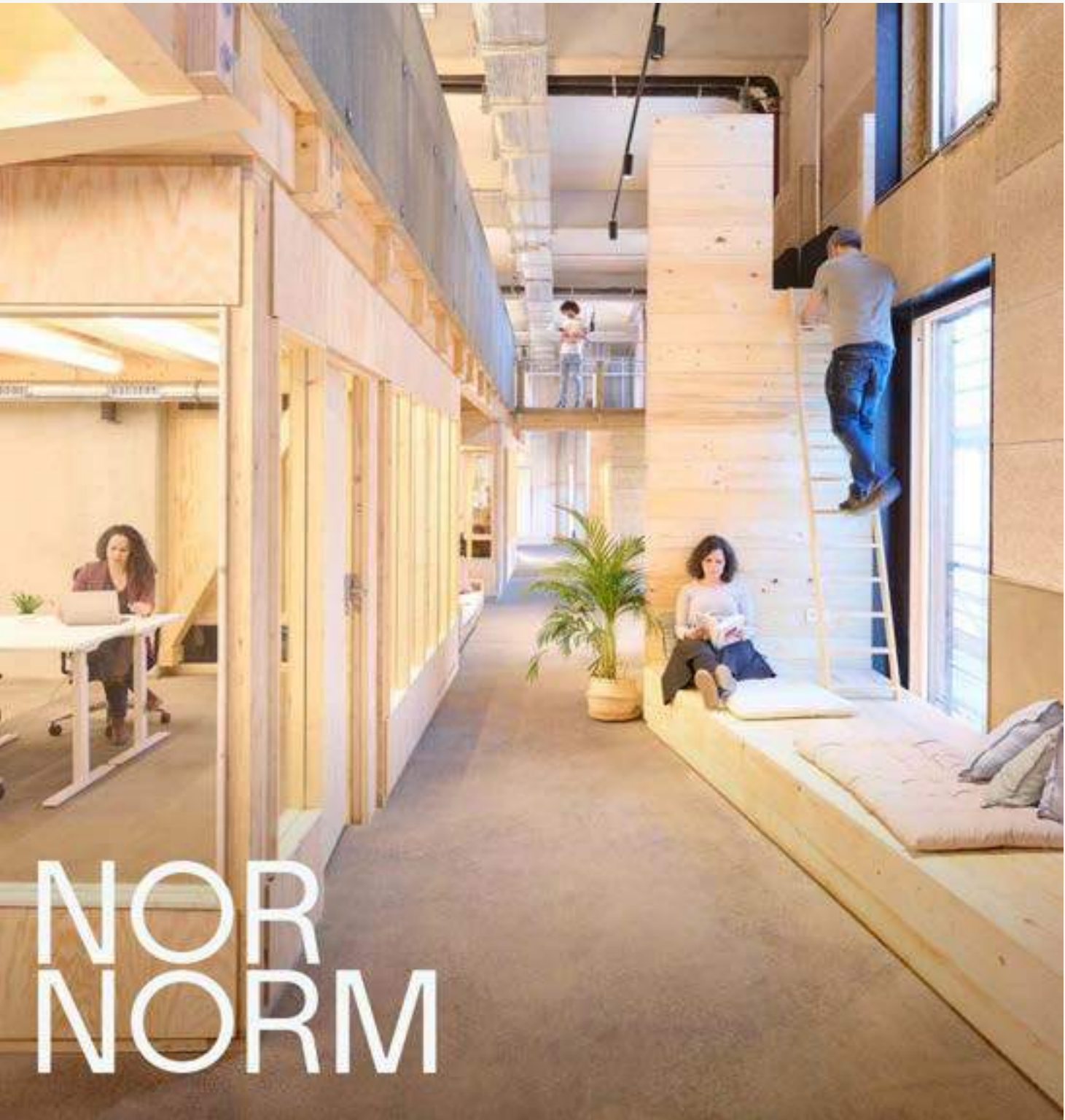
Co-develop office furniture with a lower carbon footprint by co-operating with manufacturers. Increase share of used furniture in the portfolio.

Market expansion

Expand the offering into new countries following existing customers or by acquiring new ones

Commercialisation

Educate customers on the impact of throwing out furniture and transition them onto a circular model
Implement circularity and refurbishment of furniture at scale



Theme	Decarbonisation
Headquarters	Denmark
Markets	Across Europe

Case study

NORNORM’s full circle workspace subscription reduces furniture waste

Impact thesis

Traditional office furnishing processes generate 57 million tonnes of waste worldwide every year as furniture is often disposed when moving offices. By offering its customers a circular solution with ‘as good as new’ furniture, NORNORM increases product lifetimes from an average of 7 to 20-30 years.

NORNORM achieve this by focusing on timeless pieces, designing for reusability and refurbishing and redeploying furniture from one user to the next.

Impact assessment¹

100%	67%
Intentionality	Measurability
Develop a long-term sustainable business model that reduces CO2 emissions and resource intensity.	100% of revenue from impactful business lines.
89%	75%
Scalability	Risk
CO2 avoidance expected to grow by 8X during ownership period.	Some risks identified, but clear mitigation efforts in place (e.g. negative externalities in the furniture supply chain).



1. Based on the Idun I impact framework, which has now been slightly adjusted based on key learnings since implementation (see page 22).

Sustainability is a key consideration in all investment decisions

Investment decision - - - - - > Onboarding

Sustainability insights

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

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 a new portfolio company

Our due diligence insights underpin the onboarding of every new portfolio company, ensuring sustainability is built into the company’s growth strategy from the outset through the value creation plan.

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 apply a set of standardised Key Performance Indicators (KPIs), including Employee Net Promotor Score (eNPS) and Greenhouse Gas (GHG) emissions, across the portfolio. These KPIs are tracked on a bi-annual and annual basis throughout the 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 in-house team of more than 30 operational experts, offers portfolio companies hands-on support as they scale. The Elevate team’s areas of expertise include data, finance, sustainability & decarbonisation, talent, go-to market, product and technology.

The Sustainability, Decarbonisation, Talent and Cybersecurity teams help portfolio companies across the entire sustainability journey, from strategy to implementation. These teams have developed scalable solutions and frameworks that can be leveraged across the entire portfolio.

These tools include standardised strategy blueprints and sustainability software solutions. In 2023, the teams completed around 70 projects and held sparring sessions with more than 50 portfolio companies. These projects and sessions covered a wide range of focus areas, from benchmarking to strategy development.

Sustainability & Decarbonisation



Stine Jørgensen
Decarbonisation & Sustainability



Lisa Belvén
Sustainability & ESG reporting



Iben Jørgensen
Sustainability & Supply Chain



Christina Levin-Rylander
Decarbonisation & Sustainability



Nikolaj Hamann
Decarbonisation

Talent



Anne-Marie Andric
Leadership & Organisation



Nicolai S. Hagen
Leadership & Organisation



Martin Beijer
People & Recruitment



Kathinka Tangen
People & Recruitment

Cybersecurity



Thomas Baasnes
Cybersecurity

Accelerate & build

Create value during ownership

Progress in 2023

Our team conducts an extensive annual mapping of the portfolio's sustainability work.

Findings from the survey show the Verdane portfolio has established a strong sustainability foundation. A clear majority of our companies have a dedicated sustainability champion, address sustainability at the board level, and track sustainability KPIs.

Looking ahead, we will continue to work with all companies to elevate their impact - including implementing a sustainability strategy where key focus areas, targets and action plans are in place.



1. The question has been updated compared to the previous year, with a more precise question concerning conducting a double materiality assessment, compared to a more general question about whether portfolio companies had key priorities related to sustainability and impact

Accelerate & build

Respect the planet

Greenhouse gas emissions



As we navigate the next ten years and beyond, it is crucial to take bold steps to limit and mitigate the consequences of climate change. There is a unanimous agreement among experts that we must cut global emissions by half by 2030. It is our conviction that companies that excel in reducing their environmental footprint and pioneer sustainable business models will have an outsized impact on their respective markets.

Our primary focus thus far has been to reduce GHG emissions in scope 1, 2 and 3. The initial step involves a thorough assessment of emission sources. This creates a solid foundation for our companies to identify reduction levers and implement a reduction plan. We have set an ambitious goal to reduce portfolio GHG emission intensity by 60% by 2030 vs 2021, which is measured on a year-on-year basis.

The Elevate approach

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

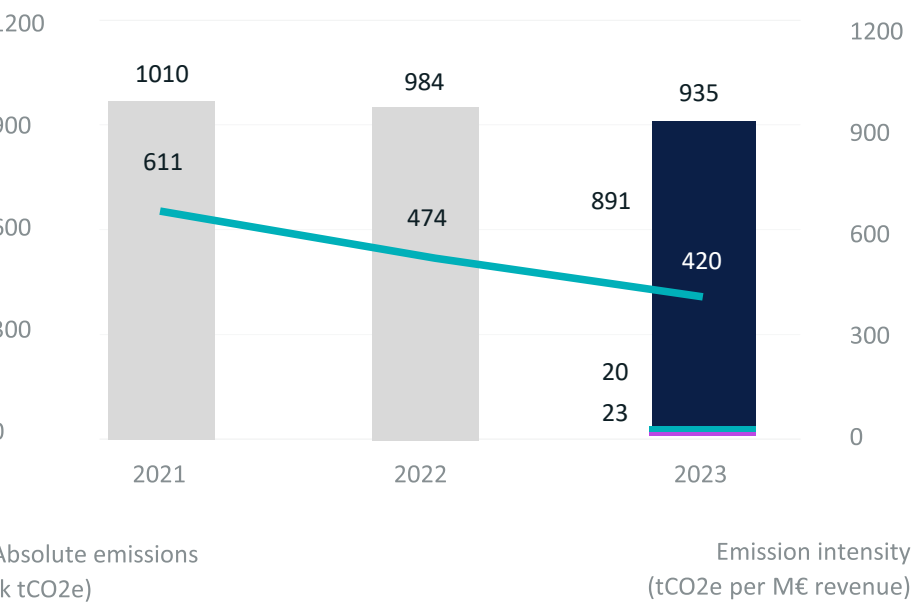
To do this, the team has partnered with a carbon management software provider that helps companies tackle their emissions - this includes mapping, measuring, reducing and reporting.

Scope 1

Scope 2

Scope 3

GHG emissions Scope 1-3¹



GHG emissions scope 1-3¹

Our absolute portfolio emissions in 2023 were 920k tCO2e, 95% of which were scope 3.

We assess our portfolio emission intensity by measuring emissions relative to revenue. The share of granular and accurate calculation methods continues to increase, resulting in an identified trend of declining portfolio emissions. We intend to conduct further analysis and support the implementation of carbon reduction strategies to allow us to draw further conclusions about actual emission reductions on the portfolio company level.

Progress in 2023

Together with our software partner, our Elevate Sustainability team developed a simplified carbon accounting tool for portfolio companies that have not yet calculated or just started their calculation journey. This led to a 20% increase in the number of portfolio companies that completed their carbon accounting, demonstrating the impact of providing the right tools and support. Starting from a better understanding of the accounting process, we nudge our portfolio companies to increase the share of activity-based data used in their analysis and switch to a more advanced accounting tool.

Together with our SFDR and EU Taxonomy partner, we helped impacted portfolio companies assess EU Taxonomy eligibility and alignment and report on Principal Adverse Impact indicators.²

1. Due to an increased share of granular and accurate data quality for 2023, the GHG emissions calculations from 2021 and 2022 have improved with extrapolated results. Previous absolute emissions were 2021: 1158 k tCO2e and 2022: 1147 k tCO2e, and emission intensity was 2021: 700 tCO2e per M€ revenue and 2022: 553 tCO2e per M€ revenue.

2. PAI indicators are a set of environmental, social and governance indicators that aim to comprehensively represent how financial market participants consider the sustainability risks of their investment decisions.

Case study

Jupiter Bach:
Devoted to wind

Jupiter Bach is a global leader in the wind industry. It designs and manufactures nacelles and spinner covers, which shield and protect key components of wind turbines, with a track record of more than 70,000 wind turbines around the world. The company’s vision is to help drive the industry forward by challenging the status quo, lowering wind power’s Levelised Cost of Energy (LCoE) and continually raising the bar for collaboration.

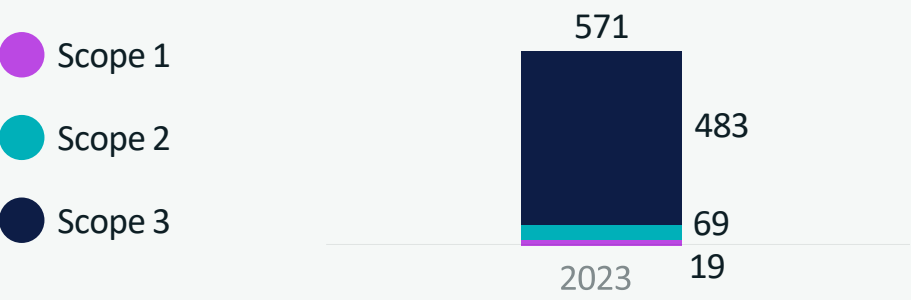
Sustainability drivers

Sustainability is a core part of Jupiter Bach’s mission and vision statement, and is firmly integrated within the company’s strategy, targets and day-to-day operations. In 2023, Jupiter Bach updated its sustainability strategy and established a cross-functional, diverse team to set the strategic direction with initiatives and clearly defined goals and targets. The company also applied for an EcoVadis certification to show its commitment to sustainability and responsible practices.

Progress towards Verdane’s 2030 targets

Respect the planet

Greenhouse gas emission intensity
(tCO2e per M€ revenue)

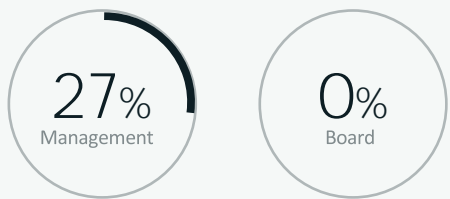


Be the best place to work, for everyone

Employee engagement (eNPS)

+24 Good

Diversity (% female share)



Create secure and responsible companies

Company code of conduct

Yes

Whistleblower protection

Yes



Theme	Decarbonisation
Headquarters	Denmark
Markets	Worldwide

Case study

Respect the planet: Climate reduction strategy



Jupiter Bach measures GHG emissions in scopes 1, 2, and 3, in line with the global GHG Protocol standard, to provide an overview of its carbon footprint. The goal is to create a climate action plan to be carbon neutral for scopes 1 and 2 by 2025 and to set a reduction strategy ahead.

By measuring its carbon footprint and setting reduction targets, Jupiter Bach recognises the benefits of addressing climate change. These include mitigating risks, access to green financing, attracting customers and potential employees, and ensuring regulatory compliance. These efforts are essential for thriving in a sustainable world.

Scope 1-2: ~ 11% of emissions

Natural gas and fuel used in vehicles, electricity consumption, and district heating are the main sources of scope 1 and 2 emissions. Key initiatives implemented in 2023:

- Switched to 100% renewable energy at production sites in Lithuania and Denmark
- Explored solutions to increase renewable energy coverage in China and Poland

Scope 3: ~89% of emissions

Purchased goods and services, including materials for production, are the main sources of scope 3 emissions. Key initiatives implemented in 2023:

- Conducted market screening for more sustainable raw material options for those that account for two-thirds of its scope 3 emissions
- Started a dialogue with key suppliers to gain insights into their efforts towards potential reductions and greener materials
- Collaborated with a partner to repurpose fiberglass waste, diverting it from incineration

Plans for 2024

- Develop and implement a carbon reduction strategy with concrete targets and action plan
- Promote clean energy to reach carbon neutrality for scopes 1 and 2 by 2025, including a 45% transition to solar energy through a Purchase Power Agreement (PPA) in Pensacola, Florida
- Implement more sustainable transportation with optimised logistics

JUPITER BACH

Accelerate & build

Be the best place to work,
for everyone

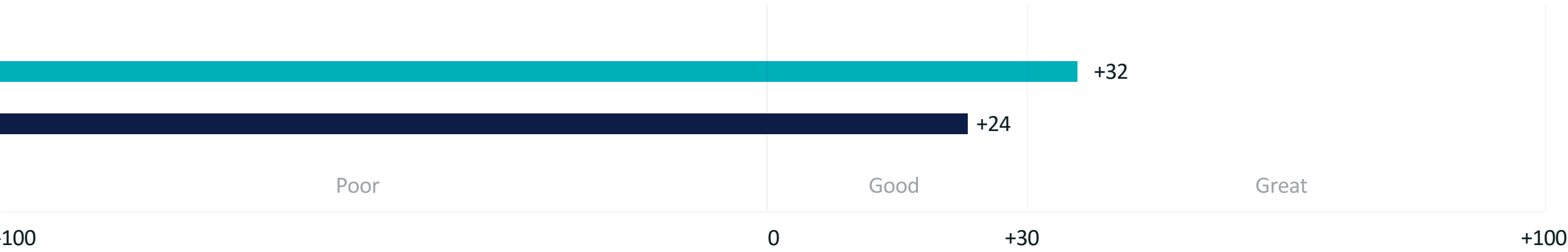
Employee engagement

Sustainable development goals



2022 2023

Employee engagement (eNPS)



Respondents: 59 companies (72%)

Securing and maintaining top talent remains a cornerstone of success for technology-enabled and socially conscious companies. The Employee Net Promotor score (eNPS) stands as a benchmark and research-backed indicator of organisational health. A score above 20 is widely recognised as positive across industries and geographies.

The eNPS is a crucial metric as it enables us to monitor the level of employee engagement across our portfolio. We benchmark scores with global averages and the Verdane portfolio average.

The Elevate approach

Our firms receive tailor-made benchmarking reports that include comparative scores, historical development, and practical recommendations for improving employee engagement.

We offer our portfolio companies a more comprehensive organisational diagnostic tool called the Organisational Capability Assessment (OCA), which measures engagement, diversity & inclusion, employee wellbeing, leadership, strategic alignment, and operational efficiency.

The results from the OCA offer insights into organisational strengths and improvement areas, and follow-up actions can vary widely, encompassing everything from focused coaching sessions to in-depth cultural overhaul projects, all facilitated through the support of Verdane Elevate.

Progress in 2023

The Verdane portfolio average eNPS of 24 is considered strong. However, the score dropped 8 points from last year largely driven by downsizing in some consumer companies.

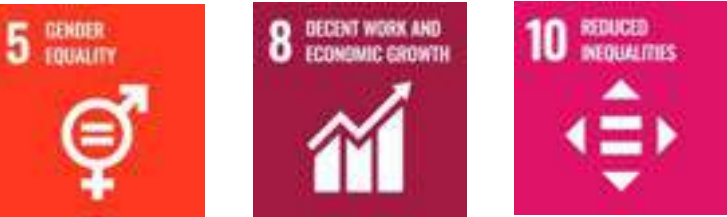
We developed and shared eNPS guides with our portfolio, leading to new companies participating in our benchmark. Our aim is to create a playbook on how to foster employee engagement in the context of being a Verdane company.

Accelerate & build

Be the best place to work, for everyone

Diversity, Equity & Inclusion

Sustainable development goals



2021 2022 2023 Global average

Gender diversity (% female share)
(respondents: 79 companies (96%))

Company-wide



Management¹



Board



A diverse workforce drives creativity and innovation, bringing unique perspectives that lead to better decision-making and solutions. This variety allows companies to connect more effectively with a diverse customer base.

Championing diversity, equity and inclusion (DEI) benefits not only the bottom line but is ethically sound - it fosters a fairer workplace and contributes to a more equitable society.

The Elevate approach

We measure diversity at the board, management, and company-wide level. Through our Board Capability Survey, we detail gender alongside age and nationality. At the management and broader company level, gender diversity remains our primary metric, navigating the challenges of GDPR compliance in handling sensitive data.

Our Organisational Capability Assessment (OCA) includes a DEI Index, which helps companies pinpoint and advance their DEI performance. Using insights from the assessment, companies can focus efforts on initiatives that can achieve the most substantial impact and progress towards a more inclusive workplace culture.

Progress in 2023

At the request of our portfolio companies our Elevate Talent team was brought in to drive the recruitment of 24 new Board Members, attaining a near-equal gender balance for the new seats filled (42% female).

We actioned numerous OCAs across the portfolio, providing companies with a thorough analysis of their DEI performance and practical recommendations for enhancing their DEI efforts. Our findings from the OCAs indicate a strong sense of psychological safety, with minimal instances of discrimination and harassment. However, there is an opportunity for our companies to be more proactive in fostering diversity and inclusion initiatives.

1. C-suite and senior executives reporting directly to the CEO.
2. Boston Consulting Group. 2023. Private Equity Delivers on Job Growth and Quality, Lags on Board Diversity.
3. Crunchbase. 2023. Study of Gender Diversity on Private Company Boards.

Case study

Verified: Stay compliant and boost efficiency

Sustainability drivers

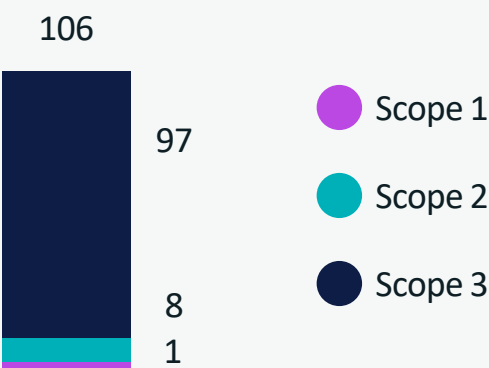
Verified, a Regtech SaaS company, provides a software platform that enables customers to digitalise processes around AML, KYC, contract management, e-ID and e-signature. The platform offers automatic access and retrieval of relevant AML & KYC data, integration to an extensive number of eID methods, guided risk assessment and a seamless e-signing workflow.

From a product offering perspective, Verified’s main objective is to innovate and provide solutions that empower its customers to stay compliant with relevant regulations and increase efficiency by digitalising workflows. By making it easier for customers to comply with regulations Verified promotes more ethical and transparent markets, decreasing potential monetary and reputational risk to customers. Verified has an active Development and M&A agenda to continue adding products and services covering additional regulatory frameworks, including short-term focus on supplier management.

Progress towards Verdane’s 2030 targets

Respect the planet

Greenhouse gas emission intensity
(tCO2e per M€ revenue)

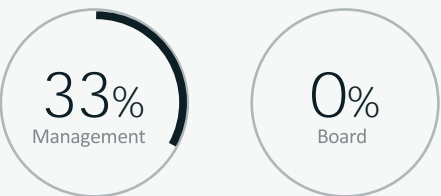


Be the best place to work, for everyone

Employee engagement (eNPS)

+26 Good

Diversity (% female share)



Create secure and responsible companies

Company code of conduct

Yes

Whistleblower protection

Yes



Theme	Digitalisation
Headquarters	Sweden
Markets	Regulated companies across Europe

Case study

Be the best place to work,
for everyone

Employee engagement



Verified and Verdane Elevate carried out an Organisational Capability Assessment that showed a drop in employee Net Promoter Score (eNPS) following the integration of a newly acquired company. The team developed and executed an engagement improvement plan, resulting in an improvement in eNPS from bottom to upper quartile in less than a year.

0 → 26 eNPS
Bottom quartile to upper quartile

Key highlights

- A comprehensive employee survey showed a drop in employee metrics including engagement, diversity & inclusion and wellbeing following a recent acquisition
- Verdane Elevate facilitated a workshop with the management team and a “train the trainer” session with mid management. We also advised the team on a people strategy that helped improve cohesiveness and engagement
- A senior Verdane Elevate HR executive provided coaching and support on Verified’s leadership programme
- Verified successfully integrated the acquired company, boosting overall engagement scores from bottom quartile to upper quartile

Plans for 2024

- Performance Development Process: Develop and strengthen the focus on the individual, both professionally and personally.
- Core Values: Nurture Verified’s culture and create Core Values that represent Verified today.
- Verified building activities: Create a strong community and inclusion between departments as well as countries.
- Leadership 2.0: Continue to develop the leadership programme to ensure the right skills and conditions are in place to lead employees in the best possible way.



Accelerate & build

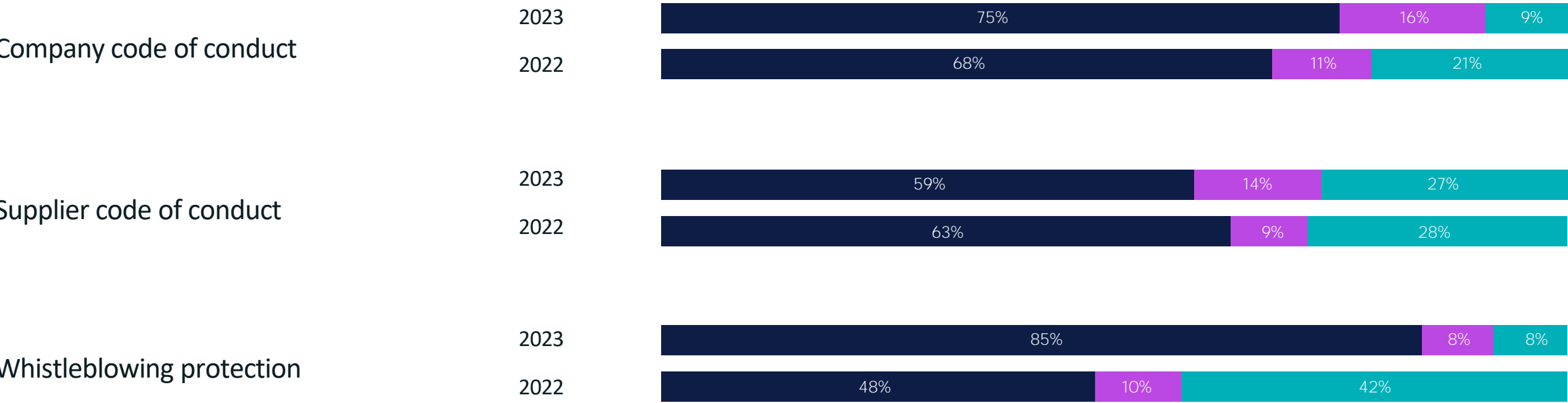
Create secure and responsible companies:
Governance

Sustainable development goals



● Yes ● In progress ● No

Policies in place (respondents: 79 companies (96%))



It is vital that all companies act responsibly. This can be carried out using codes of conduct that outline expectations for employees as well as suppliers at every portfolio company. Verdane’s goal remains to ensure that all portfolio companies have robust policies in place that are actually followed. Companies must facilitate whistleblowing and provide protection to anyone who reports incidents. We expect portfolio companies to have these policies and systems in place, regardless of whether they are legally required.

The Elevate approach

Elevate offers companies a series of policy templates such a Company Code of Conduct, Supplier Code of Conduct and Whistleblowing Policy with implementation guides that they can use to put them into action.

Elevate also has a framework agreement with Lumgo, a whistleblowing application provider. Lumgo allows employees to anonymously submit complaints. The complaints are then stored securely, making it easier to follow up on them and manage them appropriately.

Progress in 2023

During 2023, our governance 'toolbox', consisting of policy templates and implementation guides, and our partnership with Lumgo, have been well used by our portfolio companies. This has led to a significant increase of key policies in place. This shows that the provision of the right tools and support enables our companies to improve.

Accelerate & build

Create secure and responsible companies:
Cybersecurity

Sustainable development goals



Cybersecurity is now a prerequisite for doing business, with both customers and authorities understandably expecting higher levels of regulatory compliance than in previous years. At Verdane, we continue to believe that companies demonstrating stronger cybersecurity standards have a competitive advantage over businesses that have failed to make progress in this field.

Cyber threats are growing more complex and widespread every year, meaning that it’s crucial for companies to possess the means to prevent or reduce the impact of any attacks. Doing this builds trust with stakeholders and increases operational effectiveness.

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 maturity assessments, to develop strategic roadmaps and ISO 27001 implementation for companies.

Progress in 2023

We developed a standardised delivery model for cybersecurity, helping portfolio companies assess their security programme, build strategic roadmaps and solve specific challenges such as implementing ISO 27001 Certification, procurement and hiring.

In 2023, we supported over 30 companies with security challenges big and small, with a project NPS score of 100.

We scaled up our cybersecurity community of experts. **The** community provides a platform for peers to share knowledge and resources, gain access to trusted partners, and take part in workshops, webinars and more.

In 2023, we hosted eight cybersecurity events such as gatherings, webinars and workshops. We also established a library of resources including policy templates and playbooks.

We implemented a cybersecurity monitoring tool **that constantly** scans and offers a comprehensive view of all portfolio companies' external security postures. It notifies us of critical vulnerabilities, allowing companies to access the portal and resolve issues.

In 2023, ~20 portfolio companies used this tool to significantly reduce the cyber risk of their exposed assets.

Case study

Spond: Take the hard work out of teamwork

Spond is a platform to help fundraise and organise group activities. As a fully integrated web-based club and team app solution, the platform replaces suboptimal WhatsApp and Facebook groups by offering a purpose-built and flexible tool. Spond enables an engaged digital community, with full membership management, team management, communication, information sharing, activity planning, digital funding opportunities and payment.

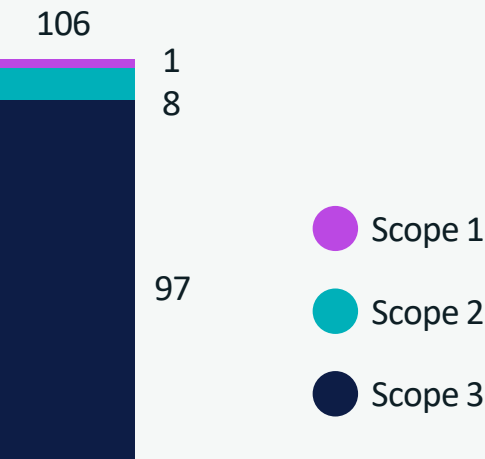
Sustainability drivers

Sports activity organisers are underserved on the software side as the customer is often financially constrained. Many clubs struggle with recruitment of volunteers due to the time ask, coordination workload and lack of funding. With 86 million hours of grassroots funded social engagement and physical activity made easier every year, Spond contributes to the Good Health & Wellbeing SDG.

Progress towards Verdane’s 2030 targets

Respect the planet

Greenhouse gas emission intensity
(tCO2e per M€ revenue)

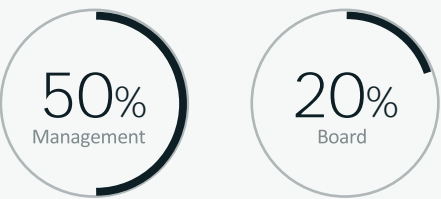


Be the best place to work, for everyone

Employee engagement (eNPS)

+23 Good

Diversity (% female share)



Create secure and responsible companies

Company code of conduct

In progress

Whistleblower protection

Yes



Theme	Digitalisation
Headquarters	Norway
Markets	Europe and North America

Case study

Cybersecurity

Create secure and responsible companies



In Q1 23, Spond and Verdane Elevate conducted a cybersecurity maturity assessment. The analysis identified the presence of most fundamental security controls, but also highlighted gaps in coverage, standardisation, and the absence of controls in certain areas. Spond established a comprehensive roadmap following the assessment and methodically executed improvements throughout 2023. A re-assessment at the end of the year demonstrated an impressive 80% enhancement in its cybersecurity maturity.

Key highlights

- Cybersecurity initiatives were incorporated into the quarterly Objectives and Key Results (OKR) process, guaranteeing appropriate focus, funding, and management support
- Notable enhancements made during 2023:
 - **Network Security:** Implemented a Zero Trust security model to replace old VPN-system, migrated to Kubernetes for improved scalability, and centralised Identity & Access Management for simplified and secure access control
 - **Application security:** Conducted penetration tests on web and mobile applications to identify and fix vulnerabilities, added a secure edge layer with web application firewall and rate limiting, and introduced Static Application Security Testing (SAST) in development workflows for early detection and remediation of security vulnerabilities
 - **Incident Response:** Refined incident response processes and augmented the incident response team with 24/7 on-call resources, to enhance effectiveness in incident handling.
 - **Security Awareness:** Launched a security training programme for employees to increase awareness and understanding of security practices and common threats
 - **Data Protection and recovery:** Enhanced backup and restore procedures to ensure quick recovery of data in case of issues or cyber breaches

Plans for 2024

- Adopt crisis management best practices
- Implement refined role-based access, including regular access reviews for enhanced control
- Evaluate and deploy a unified MDM (Mobile Device Management) and EDR (Endpoint Detection and Response) solution across the organisation
- Continue focusing on enhancing the security posture and supply chain (for example, docker image security and third-party dependencies)

Verdane Operations

Sustainability is at the heart of Verdane

Verdane is 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 are businesses that demonstrate the highest standards of social and environmental performance, transparency and accountability.

Setting an example to the private equity industry

Verdane continues 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.

Embracing forward-thinking regulations

Verdane is an active participant in advocating for productive legislation around emissions. In November, we supported an initiative by Cleantech For Europe to send an open letter to members of the European Parliament regarding the Net Zero Industry Act. Verdane also continues to be a member of the Tech For Net Zero initiative in Germany and the Cleantech for Nordics coalition.

Partnerships with impactful organisations

Verdane continues to partner and work with a series of leading organisations making change in the world, including The Good Talents, Level 20, Out Investors and The Evangelistas. We’re also preparing to launch a sustainability-focused community to further support our portfolio when it comes to their sustainability efforts, with an events calendar planned for 2024.

Leading the industry in tracking carbon emission avoidance

Verdane has publicly proposed a framework for measuring carbon emission avoidance, an effort to create an industry-wide standard for fund managers. We published a whitepaper laying out our approach and have held a series of conversations with other leading investors on the topic to build momentum. Verdane was invited by Nysnø, the Norwegian state's climate investment company, to discuss our efforts in a webinar conversation.

Continuing the work of the Verdane Foundation

The firm has been 10% held by the Verdane Foundation, which is dedicated to sustainability globally and inclusion locally, since 2016. The foundation has now received more than €4 million in donations. In 2023, the Verdane Foundation and Verdane employees funded seven ambulances for Ukraine, personally delivering them to the Ukrainian border.



Njord Carbon: Making progress on innovative negative emissions technology

Verdane announced the launch of Njord Carbon in partnership with globally leading forestry group Södra in 2023 to sustainably remove and permanently store biogenic carbon emissions, scaling the carbon removals value chain.

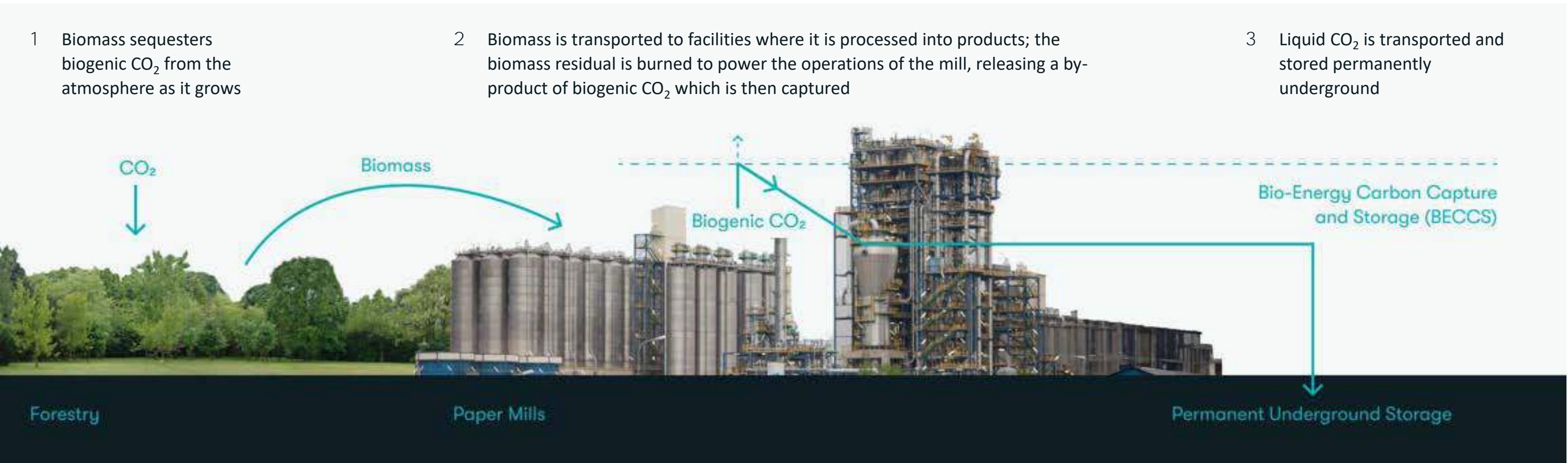
It uses Bioenergy with carbon capture and storage, a Negative Emissions Technology, that captures biogenic carbon emitted from sustainable bioenergy used in pulp and paper, waste-to-energy, and other production processes.

The project aims to enable the transition towards a sustainable world, by making high-quality carbon removals available at scale and at an affordable price point by offering certified, permanent carbon dioxide removal credits.

Njord Carbon is on track to initially handle close to 1 million tons of biogenic CO₂, increasing to around 5 million by 2030 in truly carbon negative CCS projects.

Njord Carbon is fully financed until the end of 2025 and is undergoing a pre-feasibility study in 2024. The project is signing agreements with strategic partners in areas such as carbon suppliers, capture technology, transport, storage, verification and project development. The project aims to deliver removal credits in the first half of 2028.

In February 2024, Njord Carbon announced that renewable industries senior executive Heinz Felder has joined the project as its Chief Technology Officer. Njord Carbon continues to make progress in seeking additional strategic investors.



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, work equipment, and offices. Emission intensity from our operations decreased by 1% in 2023, which is due to a slight decrease in business travel per employee by 3% and increased renewable energy consumption at our offices by 20%. Total absolute emissions increased by 28% from 2022 due to the addition of one more office and an increased number of employees (1.77k tCO2e).

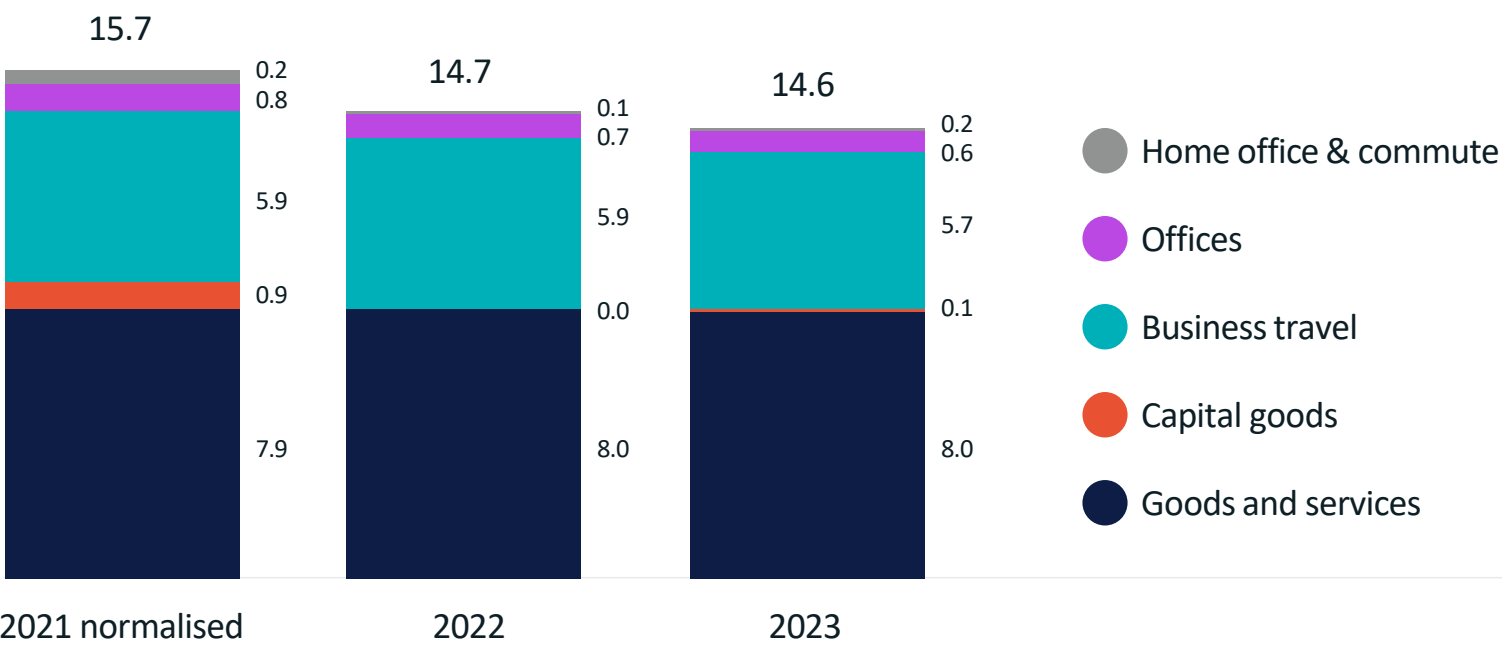
Most of our emissions come from scope 3, which refers to sources that are not directly owned or controlled by us. To reduce our emissions, we work to decrease air travel, increase the lifetime of goods and implement more sustainable purchasing practices. We acknowledge that additional efforts are needed to achieve further progress towards the 2030 target and continue driving initiatives to support reduction. For example, in 2024 Verdane will refine our reduction strategy with initiatives to reduce emissions while supporting business performance.

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

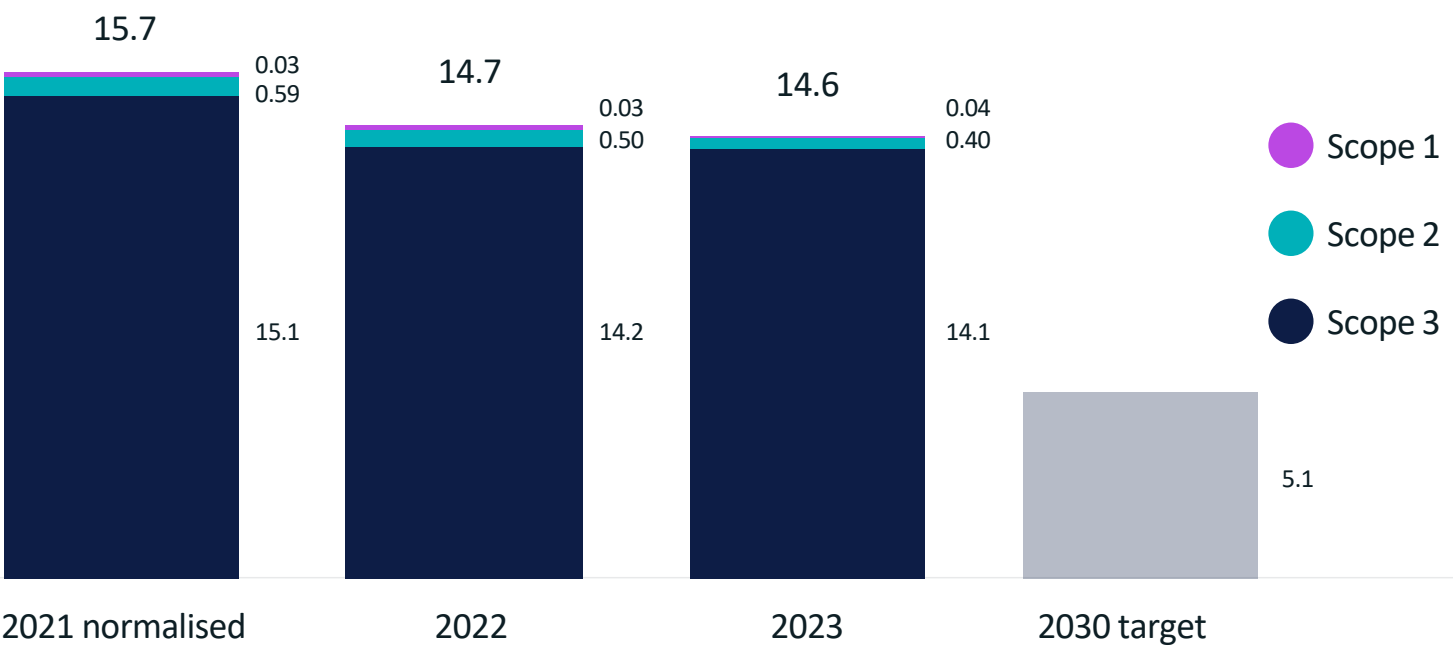
Total emissions

2.26k tCO2e

Emission intensity per category (tCO2e per FTE)



Emission intensity per scope (tCO2e per FTE)



Our progress

Be the best place to work, for everyone

A continued focus on diversity

We continue to make significant progress towards our 2030 goals by prioritising diversity and maintaining high levels of employee engagement. Our team is a diverse workforce of 17 nationalities, each bringing a unique perspective to our collaborative environment. We again achieved our goal of hiring more than 50% of new employees from underrepresented groups, resulting in an increase in overall gender diversity compared to previous years.

We continue to take diversity into account when recruiting new talent and report on gender and nationality. However, we have decided not to measure or disclose data on ethnicity and sexual orientation due to the sensitive nature of this information.

Our introduction of the DEI group, along with our actions and surveys, demonstrate our commitment to promoting diversity and inclusion within our company.

Dedicated to creating a positive work environment

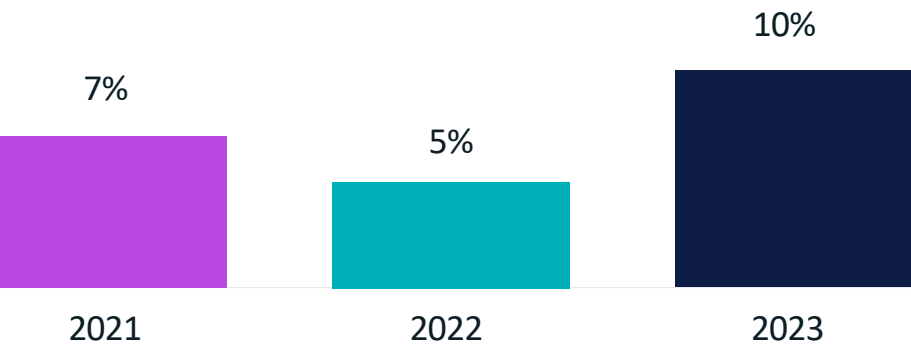
We have seen a slight drop in our eNPS score and are taking steps to address it. Our investigation suggests that increased stress levels and macro factors may be contributing to this decline. We are dedicated to creating a positive work environment and ensuring the satisfaction and engagement of our employees. To address this, we have reminded employees about our Auntie packages, which provide one-to-one mental health and wellbeing support. We have also partnered with Auntie to initiate company-wide actions to help employees manage stress.

We have also established a People Sounding Board with representatives from various departments and locations to provide feedback on our company's culture, policies, and initiatives. The sounding board ensures that the voices of employees are heard and that their perspectives are taken into account when making decisions that affect the entire organisation.

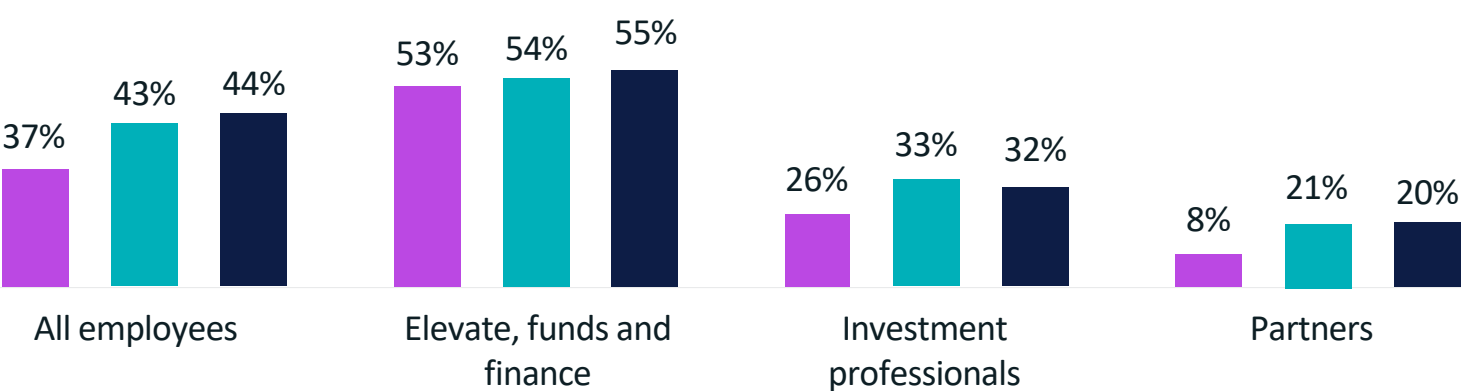
Employee turnover increased from 5% to 10% in 2023. We anticipate future turnover will stay in line with industry standards of between 5 and 10%.

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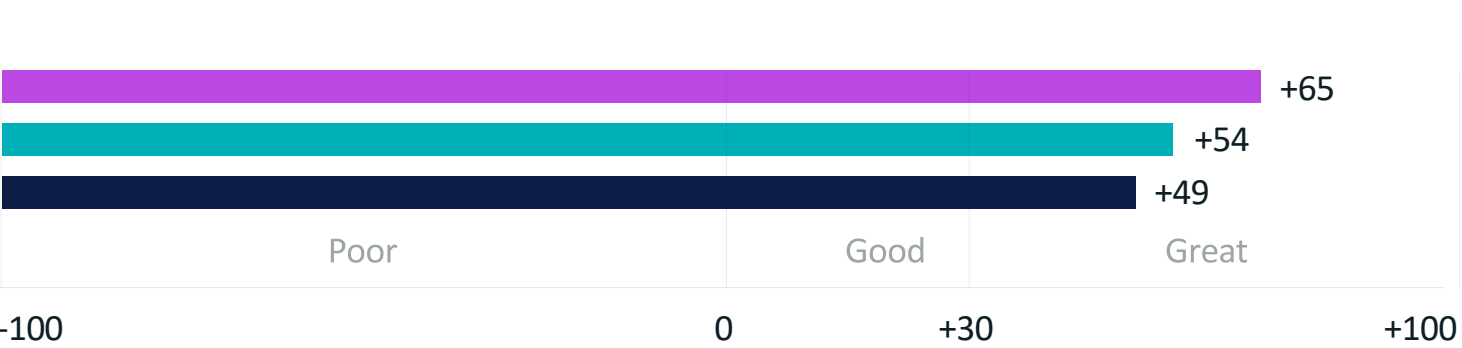
Employee turnover¹



Gender diversity² (% female share)



Employee engagement (eNPS)



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.
2. The computation of gender diversity exclusively encompasses permanent full-time staff members.

Our progress

Create secure and responsible companies

The cybersecurity posture of Verdane has historically been strong, but this year we made significant improvements to further enhance our programme. During the year, we transitioned to a new IT provider to gain more control and align our procedures and measures with our needs. With the introduction of new in-house security capabilities in 2022, we ensured a "security-by-design" approach in all IT operational procedures, the establishment and configuration of the IT environment, and the adoption of advanced services and technologies.



All employees received Code of Conduct training



New IT & Security Provider established



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

Key initiatives this year include:

Establishment of a new and enhanced Managed Detection and Response (MDR) service, providing 24/7 monitoring of our environment and incident response in case of detection.

Implementation of conditional based access, which represents a modern approach to access management, requiring multiple conditions to be met to gain access to company resources, such as device health, authentication method, location, identity and role, data sensitivity, etc.

Launch of a new phishing programme with automated distribution customised to user roles with increasing difficulty.

Improvement of the Information Security Management System (ISMS), including new policies and procedures, and a more structured approach to security risk management.

Expanded use of security scanning and posture tools, both internally and externally, resulting in improvements in remediating vulnerabilities and misconfigurations.

Enhanced automation of third-party application patching.

Increased focus on external security audits.

Appendix

An abstract graphic composed of several overlapping, semi-transparent geometric shapes, primarily triangles and quadrilaterals, in a light blue-grey color. The shapes are arranged in a way that creates a sense of depth and movement, extending from the right side of the page towards the center.

Methodology and definitions

Greenhouse gas emissions methodology

The calculated GHG financed emissions include investees' scope 1, 2 and 3 emissions¹ 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 activity data, such as kWh, km or kg.

A spend-based approach is applied when the activity-based approach is not attainable and involves a calculation based on invoice data from the specified year.

An advanced GHG management tool is our preferred approach as it provides the highest level of granular data to understand a company's emission sources with the most accurate estimates.

Approach 2: “Light” GHG management tool

Companies make a simplified calculation of GHG emissions by collecting data from invoices and mapping the invoices according to emissions categories that describe each purchase. An activity-based approach is applied where possible as a second step.

This spend-based approach is suitable for companies at the beginning of their carbon calculation journey and offers a good overview of a company's emissions sources to analyses data and identify emission hotspots.

Approach 3: Extrapolation of emissions

Verdane extrapolates emissions if companies have calculated emissions in one year but not completed the calculation for other years. This is a temporary solution that assumes the emissions increased in line with revenue.

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.

1.

Scope 1: Direct emissions from sources owned or controlled by the organisation, such as owned and leased vehicles, fuel combustion, and onsite machinery.

Scope 2: Indirect emissions from purchased energy, such as electricity, steam, heating, or cooling consumed by the organisation.

Scope 3: Indirect emissions from sources not owned or controlled by the organisation, such as purchased goods and services, business travel, employee commuting, and waste.

Feel free to reach out



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