

VIDIA

PORTFOLIO IMPACT REVIEW 2023

A message from our founder



In an era of unprecedented global crises, which range from climate change to social inequality, the world is standing at a critical juncture. The need for rapid, systemic change is urgent, and the role of impact investors has never been more pivotal. The notion that impact investing can play a key role in solving global issues is increasingly becoming mainstream. Vidia was founded to contribute to solving our biggest challenge: climate change. The mission is clear: to identify the most attractive decarbonization business models for the highest-emitting sectors, set measurable targets, and contribute impact value creation beyond capital.

Vidia has been carefully “built for purpose,” with an organizational structure and impact methodology designed to maximize decarbonization impact across the entire investment lifecycle.

Vidia Climate Fund I was closed at the end of 2023, exceeding its target at a hard cap of EUR 415 million. Given the economic climate over the previous two years, this represented a massive milestone for the entire Vidia team. The oversubscribed fund received strong interest from global investors, attracting sizeable commitments from highly regarded European and North American institutional LPs, including public pension funds, insurers, global PE consultants, endowments, and foundations. We are incredibly grateful for the trust and confidence placed in our team and our strategic vision to help accelerate the transition to a low-carbon economy while delivering financial overperformance for our investors.

At Vidia, we're committed to redefining private equity in the face of climate change. Our aim is to set a new standard in responsible investing – from how we run Vidia, to how we manage and develop our portfolio.

Since August 2023, we have established four buy-and-build platforms and executed eight successful transactions overall. To date, Vidia's portfolio platforms cover plastics recycling, energetic roof refurbishment and solar installation, as well as wind energy services – all of which offer powerful climate solutions with significant scale-up potential. With our emphasis on fostering the growth of our portfolio through a buy-and-build approach, we have created substantial, immediate momentum, while simultaneously combining the strategic capabilities that create Vidia's foundation to accelerate organic growth over the holding period.

Vidia's acquisitions to date perfectly align with our investment focus in the DACH and Nordics midcap market, demonstrating colinearity between environmental impact and financial returns. Despite economic fluctuations, the consistent deal flow in 2023 and 2024 has highlighted both the resilience of impact-driven assets and the success of our proprietary subsector research in uncovering hidden climate champions.

Entrepreneurs and business owners are increasingly aware of the operational challenges and opportunities that come with the ongoing low-carbon transition, driven by growing climate concerns. Our operational value creation strategy has emerged as a winning solution for those seeking a responsible exit or a strong, capable partner. Collaborating with visionary entrepreneurs is both our driving force and a key source of inspiration. Today's generation of owners and CEOs increasingly recognizes the value of implementing a focused, thematic climate solution strategy. This strategic alignment consistently leads to actionable investment opportunities for Vidia.

Vidia is committed to empowering the private equity industry by sharing knowledge and best practices, to drive impact more effectively. In a time of global crises, accelerating positive change requires a unified commitment to impact, rooted in science and driven by a shared mission to build a better future.

While Vidia and other forward-thinking investors are leading the charge, the challenge ahead calls for collaboration among all stakeholders across industries and regions to scale solutions at the speed necessary to meet the moment. This challenge is further amplified by recent global political developments, including a rise in climate change skepticism in certain regions and shifting priorities due to geopolitical tensions, which threaten to derail global climate commitments.

Given the pressing need to accelerate the decarbonization of global value chains, there has never been a more exciting time to invest in climate solutions. Vidia is designed to seize this opportunity, and our team is driven by a strong sense of purpose. The stakes have never been higher, and the time to act is now.

Johanna Struthmann
Founding Partner Vidia Equity

About this report



Vidia's mission is to accelerate the impact performance of our portfolio, creating collinearity between financial returns and meaningful impact. At the same time, we strive to provide industry-leading thought leadership. This report outlines our investment strategy, approach to impact and ESG, and value creation activities, along with our performance metrics.

While the impact and ESG KPIs cover the period from January to December 2023, this Portfolio Impact Review also highlights key activities through September 2024.

We hope our inaugural Portfolio Impact Review proves both informative and inspiring. We welcome any feedback or suggestions at impact@vidiaequity.com, as we continuously seek to improve our impact contribution and evolve our strategy.

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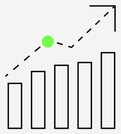
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Investing to scale climate solutions



01

Vidia Climate Fund I at a glance



1st European

Decarbonization fund specifically designed using the bespoke Vidia Impact Methodology



EUR 415 million

Vidia Climate Fund I successfully closed in December 2023, closed oversubscribed at EUR 415 million



Top 20

Ranked among the top 20 largest first-time private equity funds in Europe between 2018 and 2024 (according to PitchBook)



8 transactions

Closed to date for Vidia Climate Fund I



4 platforms

Offering powerful climate solutions built until September 2024



~ 100,000t CO_2e

Enabled lifetime avoidance in 2023 of products and services sold by companies in our portfolio

Headquartered in Munich, Germany, Vidia was founded in 2022 as a private equity firm dedicated to driving climate impact, with a focused purpose and mission.

Our purpose:

To accelerate the industrial transition and tackle climate change.

Our mission:

To lead the decarbonization of the highest GHG-emitting industries by scaling proven climate solutions.

Our teams:

Combine expertise in investment, operations, and impact to create value at every stage of the investment life cycle.

What’s in a name: a commitment to a reality-based community



Vidya = knowledge, wisdom and skill

Vidya, transcription of Sanskrit expression

The rise of alternative narratives that discredit scientific information threatens our collective ability to tackle global challenges. In the political sphere and public discourse, the importance of empirical facts and science-based truths is diminishing, despite their crucial role in informed decision-making. By upholding the principles of empirical evidence, measurability, and science-driven approaches, investors can ensure that their contributions are both credible and truly impactful.

At the core of our impact investing philosophy is a dedication to evidence-based action. This involves rigorous data analysis, a deep understanding of decarbonization pathways, and making decisions that are firmly rooted in hard facts. Every decision must undergo thorough scrutiny, and authority is earned through consistent, replicable results.

Vidia was founded with the mission of accelerating industrial climate transition by leveraging private capital and operational expertise. Our team is dedicated to driving climate action through private equity, demonstrating that tangible impact and financial success can go hand in hand. By focusing on climate solutions for the highest-emitting sectors and evaluating the climate impact potential of every Euro deployed, we aim to deliver swift and meaningful decarbonization.

Our journey

2021 Ideation

Initial conception of vision and strategy for a new climate impact PE buyout asset manager

Building a new category of PE fund for purpose – with a strong "operations first" approach

2021 Impact methodology

Creating Vidia's bespoke Impact Methodology, verified by PwC, as the foundation for Vidia's deeply thematic investment strategy

2022 First office

A full team of 15 employees representing the Investment, Operations and Impact teams moves into the Munich office

2022 Market launch

Successfully launching fundraising in challenging times: LPs respond positively to Vidia's impact strategy

2023 First closing

First closing of capital commitments in January 2023

2023 Final closing

Final closing oversubscribed at hard cap of EUR 415m total capital commitments

2024 Focus on strategy execution

Vidia completes 8 investments within 12 months until Q3 2024, building new and scaling existing platforms

Selected transactions

The time is now



Private capital is urgently needed to address the significant financing gap in global climate action. Public funding alone cannot meet the vast investment required to achieve net-zero emissions. By stepping in, private investment can bridge this gap and accelerate the shift to a low-carbon economy.

Many climate technologies essential for immediate decarbonization are commercially viable today but require deployment at a much larger scale and faster pace than what is currently seen. Private investors have the power to unlock this potential by providing the capital necessary for the efficient expansion of renewables, electrification, and other climate solutions.

The ongoing industrial transformation presents a generational economic opportunity akin to the industrial revolution. By aligning financial performance with effective climate action, private capital can lead this transition and capitalize on low-carbon technologies.

While the economic costs of climate inaction far surpass those of a Paris-aligned decarbonization pathway, current projections reveal a significant gap in both GHG emissions reductions and climate financing ambitions.

It is a well-established scientific fact that human-driven GHG emissions are pushing Earth's climate system away from a historically stable and safe equilibrium. Over recent decades, atmospheric CO_2 levels have continued to rise, now nearing ~425 ppm. In June 2024, the global average temperature exceeded 1.5°C above pre-industrial levels for 12 consecutive months. This shift is already apparent in many regions, where extreme weather-related damage and losses are increasingly uninsurable. The stakes are extraordinarily high: conservative, science-based estimates of economic losses from failing to meet targets set out in the Paris Agreement far outweigh the costs of compliance. And these estimates do not even account for secondary effects, such as heatwaves, tropical cyclones, rising sea levels, biodiversity loss, impacts on human health, mass displacements, and heightened risks of armed conflict.

To stabilize Earth's climate at a safe and sustainable level, we must rapidly reduce atmospheric GHG concentrations. This requires two key steps: 1) achieving global net-zero emissions around mid-century by accelerating efforts to reduce, avoid, and remove GHG emissions, and 2) following with substantial net-negative emissions, where GHGs are durably removed from the atmosphere. The next 10 to 20 years will be critical for the world's "race to net zero." However, the challenge is formidable: by 2030, we face an aspiration gap of over 19 gigatons of CO_2 equivalent per year between current political targets and a pathway aligned with the Paris Agreement. Additionally, there's a substantial climate finance gap – current investments were approximately $1.2 trillion USD in 2021/22, far short of the estimated $9 trillion USD needed annually by 2030. Despite these challenges, winning the "race to zero" is still within reach, especially if we can close the climate finance gap in the coming years.

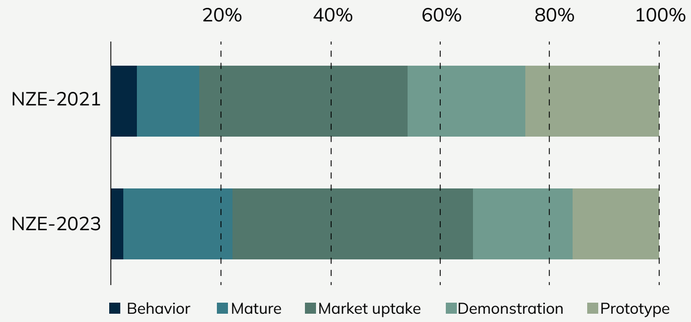
Many of the climate solutions required for rapid, near-term decarbonization are already commercially available and are becoming increasingly competitive. However, the pace of their deployment needs to accelerate significantly.

In its 2021 release of the NetZero Roadmap, the IEA notably highlighted that "the technologies needed to achieve the necessary deep cuts in global emissions by 2030 already exist." At the time, commercially available technologies that had advanced beyond the demonstration and prototype stages were estimated to account for around half of the emission reductions required to achieve net-zero emissions by 2050. The remaining reductions relied on technologies still in the demonstration or prototype phases. A 2023 update to the NetZero Roadmap increased the estimated share of emission reductions from commercially available climate technologies to 65%.

One of the core tenets of Vidia's climate impact investing strategy is the belief that near-term decarbonization can – and should – be driven by the accelerated adoption of existing climate solutions.

Encouragingly, recent technological advancements have led to significant cost reductions in renewable energy generation and the electrification of industries traditionally reliant on fossil fuels. This increasing economic viability is fueling a shift towards climate-positive markets, where a new wave of low-carbon products and services is gradually replacing high-carbon incumbents. Alongside these shifts, improvements in efficiency and material circularity are playing an essential role in enabling industrial decarbonization.

Comparison of CO_2 emission reductions in 2050 relative to the base year by technology maturity in the 2021 and 2023 NZE Scenarios.



Emission reductions by 2050 from technologies in the demonstration or prototype stage have been reduced from almost half in the 2021 NZE to around 35% in the 2023 NZE Scenario.

NZE 2021
NZE 2023

Note: 2020 is the reference base year for the 2021 version of the NZE Scenario and 2022 is the base year for the 2023 NZE Scenario

Source: IEA World Economic Outlook 2023

> The next 10 years are decisive for humanity’s race to net zero. The longer we wait to act, the more severe measures will need to be taken. This is why existing and available technologies need to be rapidly deployed at scale.

The ongoing dynamic of the industrial transition taking place in the global economy is creating a macroeconomic opportunity of historic dimensions, comparable to the industrial revolution

≥60%
of technologies exist

More than half of the technologies needed to meet global climate targets are already commercially available today. Our role is to scale these solutions, making them more accessible and cost-competitive to drive significant decarbonization across industries.

≥50%
CO_2 reduction required

Achieving a ≥50% reduction in CO_2 emissions by 2030 is essential for a climate-neutral future. This ambitious goal requires scaling up existing climate technologies and investing in solutions that directly address high-emitting sectors.

#2
climate solution leader

Germany stands as the second largest exporter of climate solutions worldwide, leveraging engineering excellence and a robust SME sector. At Vidia, we aim to amplify this leadership by accelerating the deployment of proven climate technologies and fostering global growth.

Source: IEA World Economic Outlook 2023, Roland Berger 2021, European Commission 2021

Our theory of change

Our investment strategy and approach to investor additionality are centered on actively driving the industrial transition forward by unlocking climate mitigation opportunities within midcap industrial investments.



Impact by design: our impact strategy

Our climate strategy focuses on acquiring and developing industrial midcap companies whose products and services play an important role in climate solution value chains, significantly contributing to net-positive climate mitigation outcomes.
We identify opportunities delivering collinearity between high impact and significant financial outperformance, with stringent internal decision making processes in place. Our team has been carefully set up to unlock climate impact across the entire investment lifecycle.

Driving impact through operations: impact value creation

Operational value creation is at the core of every investment case and the main focus of our investor impact. Through our clear “operations-first” approach we support the companies in our portfolio to reach their full potential.

We unlock climate potential by accelerating the deployment of clean technologies, driving significant emission reductions, and enabling long-term industrial transformation. At the same time, we aim to reduce the carbon footprint of the companies in our portfolio in a way that aligns with science-based targets.

Portfolio impact & case studies: impact measurability

Our impact framework focuses on measuring KPIs centered on avoiding and reducing GHG emissions. For each investment, we conduct a detailed impact assessment to ensure that we only pursue climate-focused opportunities with significant CO_2 avoidance potential per EUR invested. Additionally, an ESG evaluation is carried out to identify and manage any ESG-related risks throughout the investment period. Our data-driven analyses highlight each portfolio company’s unique contributions toward net-zero targets, reinforcing transparency and accountability in our impact reporting.

Impact by design



02

Vidia is built for purpose

1

Intentionality through collinearity

Vidia’s impact strategy

Our work is built on a solid foundation of intentionality, embedded in our impact methodology and investment strategy, and centered on the alignment between impact and financial value creation.

A key element of this approach is our impact-focused asset allocation process, which employs clearly defined minimum climate impact thresholds as a mandatory criterion for consideration by the Investment Committee.

2

Additionality in value acceleration

Vidia’s impact creation

Vidia was founded with a clear mission: to identify hidden mid-cap climate leaders and work closely with all stakeholders to scale impactful industrial climate solutions, driven by a dedicated “operations-first” approach.

Every value-creation effort is focused on expanding the company’s positive CO_2 avoidance handprint while minimizing its carbon footprint.

3

Measurability of foot- and handprint

Vidia’s impact measurement

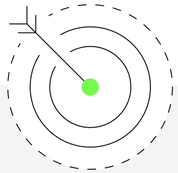
To truly fulfill our purpose, it is essential to accurately measure the handprint and footprint of our impact across all portfolio companies. For each investment, Vidia has established a minimum “significance” threshold for impact, which has been validated by external experts. Companies must achieve this minimum score using a dedicated climate impact scorecard that assesses various dimensions, including the quality of their contributions and the potential for further investor impact.

4

Complementary competencies

Impact across all Vidia teams

Our team structure, expertise, and diverse backgrounds are perfectly aligned with our mission. The combination of our teams’ abilities constitutes a core enabler of our “operations- first” strategy in impact value creation.



Integrating impact into everything we do

Impact along the entire investment life cycle

Dedication to impact and ESG is the foundation of our work. Our strategy, team set-up, and processes are geared towards acquiring and developing companies offering climate solutions, all the way to a responsible exit.

Impact strategy



The scientific consensus is clear on the steps necessary for decarbonizing the industry: expanding renewable energy, promoting electrification, enhancing energy efficiency, and increasing circularity. At Vidia, we recognize a generational opportunity for climate solution companies that are pivotal to this transition and need to scale more rapidly. Our strategic efforts are focused on a sector of the economy uniquely positioned to thrive amid the historic shift from a fossil fuel-based economy to a sustainable, climate-positive future.

To capitalize on this opportunity and deliver value to industrial midcap companies with significant climate impact, we integrate investment, operational, and impact expertise while leveraging our extensive industry network.

As an operationally active private equity investor, we accelerate industrial decarbonization both directly and indirectly by enhancing the competitiveness of climate solution businesses and facilitating their growth at a scale and pace that would not be possible otherwise.

The collinearity between impact and financial return

Our investment strategy is focused on collinearity between climate impact and financial value creation. As the volume of climate solution units produced by our portfolio companies increases, their financial performance rises in tandem, creating a “lockstep” effect. To effectively decarbonize the highest-emitting sectors, we concentrate on three core themes of transformative solutions: electrification, circular economy, and industrial materials.

Vidia’s Climate Impact Investing Strategy

Climate impact

- Climate impact investment thesis: Focus on assets contributing to avoided, reduced, or removed GHG emissions
- Additional investor impact
- Climate impact management & measurement process

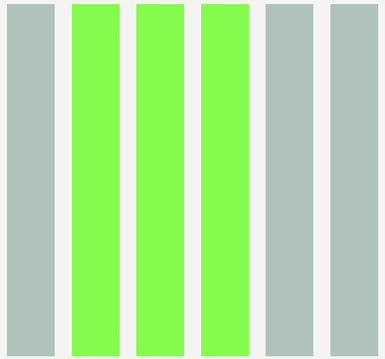
Financial value creation

- Organic growth
- Buy & build
- Operational transformation
- Professionalization of the organization

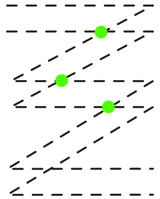
> “As private equity investors, we can accelerate industrial decarbonization by improving the competitiveness of climate solutions and facilitating disproportionate business growth.

We search for transformative climate solutions within our three core themes...

3 core themes



To effectively decarbonize the sectors with the highest emissions, we are concentrating on three key themes.



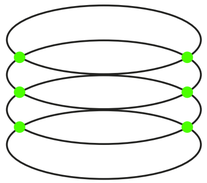
Electrification

The shift from fossil fuels to electric energy – encompassing both generation and consumption – driven by energy-efficient solutions, is pivotal in the global transition to a low-carbon economy.

Electrification of nearly all sectors, except for hard-to-abate industries such as cement, steel, and aviation, is taking center stage. Products and energy services that traditionally depended on the combustion of coal, oil, or natural gas are increasingly being replaced by cleaner, smarter electric alternatives.

As the ongoing expansion of renewable energy drives decarbonization and growth in electricity supply, the adoption of electric solutions – such as heat pumps, LEDs, electric furnaces, and electric vehicles – continues to scale up. These technologies are essential for decarbonizing buildings, industrial processes, and transportation.

Additionally, climate solutions that reduce electricity consumption play a crucial complementary role, working alongside those that facilitate the storage, transportation, and distribution of electricity within a modernized power grid.



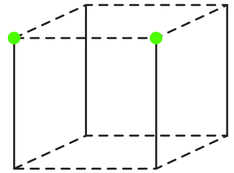
Circular economy

Circular solutions that promote recycling, minimize waste, and enhance the production footprint of virgin materials.

The extraction, processing, and transportation of primary (or "virgin") materials like cement, glass, plastics, steel, and aluminum are highly carbon-intensive activities. By replacing each ton of primary material with a recycled alternative that has a lower emission footprint, we can significantly reduce green-house gas emissions.

Furthermore, increasing the lifespan of products significantly decreases the demand for virgin resources. Each additional year that a product can operate – thanks to preventive maintenance, refurbishment, or product-as-a-service models – postpones the need for a new purchase.

Additionally, embracing a circular economy is essential for meeting the rising demand for critical minerals, while also alleviating the pressure that primary mineral extraction and processing can place on local ecosystems and communities.



Industrial materials

Low-carbon alternatives to traditional materials to decarbonize supply chains, industrial processes, and equipment.

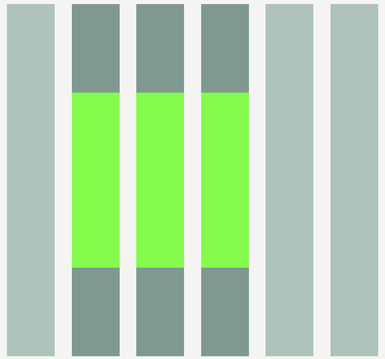
Beyond electrification and the shift toward a circular economy, industrial materials serve as crucial enablers for enhancing efficiency and performance throughout supply chains and industrial operations. For example, low-carbon materials such as engineered timber, bio-based plastics, and green refrigerants hold significant promise for replacing high-carbon counterparts.

Innovative processes, structures, and designs can lead to the development of ultra-lightweight components, unlocking significant energy savings. Advanced films, coatings, and material processing technologies can reduce friction and enhance temperature resistance, extending operational lifetimes and enabling exceptional efficiency gains.

Additionally, alternative fuels like biofuels, e-fuels, and green hydrogen or ammonia – though not suitable for mass consumer applications – play a crucial role in decarbonizing hard-to-electrify sectors.

… and identify attractive investment opportunities within the midcap market segment

The midcap opportunity



We focus on midcap scale-up opportunities within niche market leaders in climate solutions across the DACH and Nordic regions.

Investment focus

As private equity investors, we aim to drive industrial decarbonization by enhancing the competitiveness of climate solutions and fostering significant growth in businesses. To tackle emissions in the highest-emitting sectors, we concentrate on three transformative areas: electrification, the circular economy, and industrial materials. Within these domains, we seek out both direct providers of climate solutions and technology vendors that indirectly support climate initiatives within their value chains.

The opportunity

Midcap companies are crucial players in the industrial decarbonization efforts across various key sectors. Typically situated further upstream, these firms provide essential materials, technologies, and components to original equipment manufacturers (OEMs) and service providers downstream. While you may not recognize their names, these companies can be both “climate champions” and “hidden champions.” Some operate as dedicated pure plays in sustainability, while others have diversified portfolios that allow for rapid growth in their green business segments. Particularly among traditional family-owned enterprises, there lies a compelling opportunity for savvy investors to unlock additional value.

Industrial climate policies and regulations are set to become more stringent in the near to mid-term as we strive to achieve the goals of the Paris Agreement and succeed in the #racetozero initiative.

Recent advancements in materials science, digitization, machine learning, and other fields are evolving into commercially viable products and services designed to facilitate and support industrial transformation.

Climate solution companies established in recent decades are maturing and beginning to experience increased market demand. However, many of these companies also face the challenge of professionalization and the need for substantial operational scaling.

Upstream climate solutions – such as specialty components, advanced materials, and industrial supplies – offered by hidden champions play a vital role in the effective deployment of viable and cost-competitive climate initiatives further down the value chain. Despite their ability to facilitate and enhance climate impact throughout the entire supply chain, these solutions often go unnoticed.

An increasing number of organizations are setting ambitious net-zero commitments across their value chains. As awareness of climate risks grows, we can anticipate reaching tipping points that will accelerate market and regulatory trends – initially at a gradual pace, but eventually leading to rapid shifts.

Our definition of climate impact

At the heart of our investment strategy lies a synergistic approach that combines impactful climate solutions with financial value creation, all underpinned by our commitment to ESG excellence.

This foundation enables our portfolio companies to be optimally positioned for successful exits, allowing them to continue scaling their climate initiatives. We recognize the significance of managing potential negative impact risks, particularly those arising from unintended consequences of corporate activities on the environment and society. By leveraging comprehensive ESG management, we effectively mitigate these risks while simultaneously identifying and capitalizing on overlooked opportunities for additional value creation.



Three key steps for our impact strategy to maximize outcomes

Scaling climate solutions through operational support

Vidia's operational approach to portfolio management emphasizes significant non-financial support. The high degree of collinearity established during the asset selection process means that enhancing non-financial support activities aimed at boosting topline growth and managing climate impact are essentially intertwined. Furthermore, by enhancing the operational performance of our portfolio companies, we bolster their competitive edge, which can lead to increased sales and market share that might not have been achieved otherwise.

Operational decarbonization

Another effective way to create investor impact is by setting science-based decarbonization targets for our portfolio companies while supporting them in accelerating their decarbonization efforts. While initial, easy-to-implement "low-hanging fruit" can yield significant results, more extensive decarbonization initiatives tend to be increasingly costly. In a competitive market, voluntary efforts to achieve science-based targets will ultimately reach a limit if they significantly reduce profit margins. It's crucial to acknowledge that the pace of operational decarbonization is ultimately constrained by the economic viability of these measures, which is influenced by future climate policies and regulations.

Advocating for the acceleration of climate policies

The third aspect emphasizes the importance of advocating for climate policies. Effective regulatory frameworks and incentive structures are essential to enable the cost-effective deployment of climate solutions at scale, ensuring that more and more decarbonization pathways aligned with the Paris Agreement become economically viable over time.



Vidia’s impact value creation



As a private equity investor dedicated to providing operational support to our portfolio companies, Vidia goes beyond merely acquiring and commercially developing climate solution firms. Through our portfolio management efforts, we enhance the impact productivity of these assets, generating additional financial value that aligns seamlessly with climate objectives. But how do we empower our portfolio companies to achieve positive climate impact more rapidly and on a larger scale? By adopting a broad definition of investor impact, we delve into four distinct measures that illustrate our approach.

Vidia’s definition of investor additionality

Investor impact: the bigger picuture

Investor impact is generally understood as the direct contribution that investors make to enhancing the performance of an invested asset. This can occur through various means, such as providing capital, engaging with management, exercising control, or offering non-financial operational and strategic support. These efforts can significantly improve the asset’s positive impact trajectory compared to a counterfactual scenario of “impact as usual,“ resulting in additional benefits at the asset level. It’s important to note that “investor impact” can also refer to the transformation of an asset’s negative impact. Over time, the effects of its business activities can shift from significantly negative to neutral (sustainable) or even positive. For instance, in a “Brown-to-Green” transition strategy, investors play a crucial role in converting an asset with a substantial carbon footprint into a more sustainable version by significantly reducing that footprint.

Vidia’s investor impact

Our goal is to be a proactive majority equity owner that enhances the climate impact performance of our portfolio companies. Unlike a traditional “Brown-to-Green” transition strategy, we focus on fostering positive climate impact from the outset of our investment, while anticipating performance growth throughout the holding period, aligned with the Vidia business case. By generating significant climate benefits, we also empower our assets to become more competitive. Therefore, we prefer the term “Green-to-Green” value creation strategy to describe our approach to investor impact.

Example for investor impact by improving positive impact trajectory

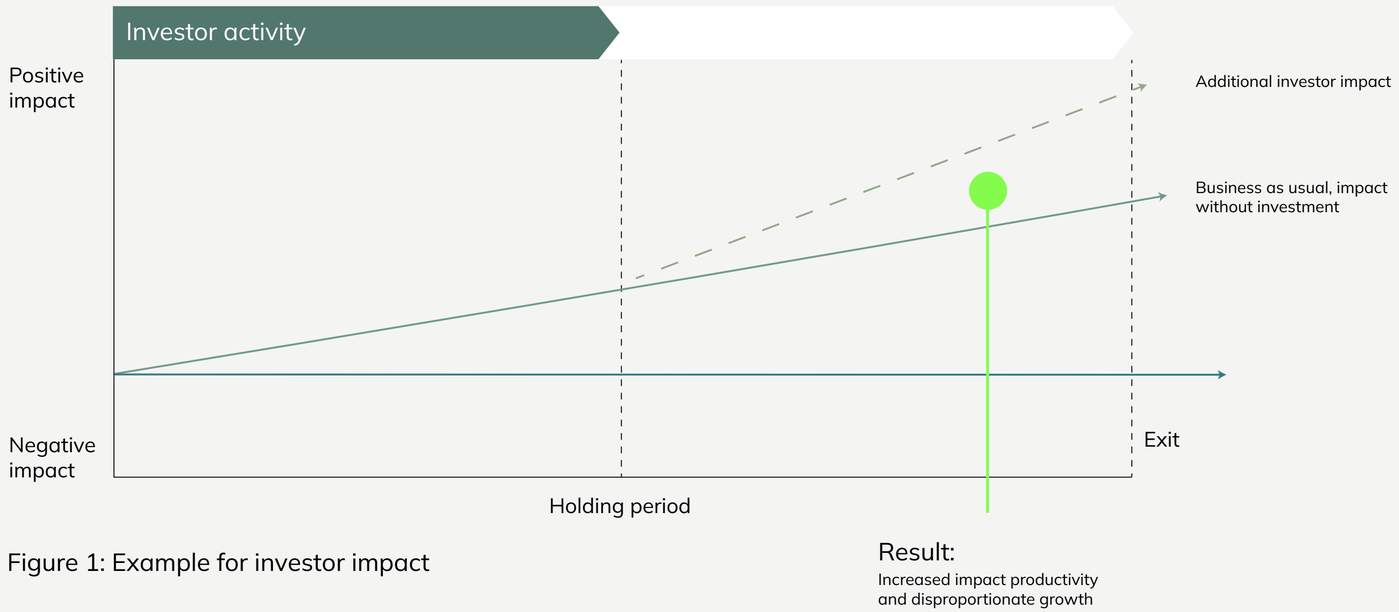
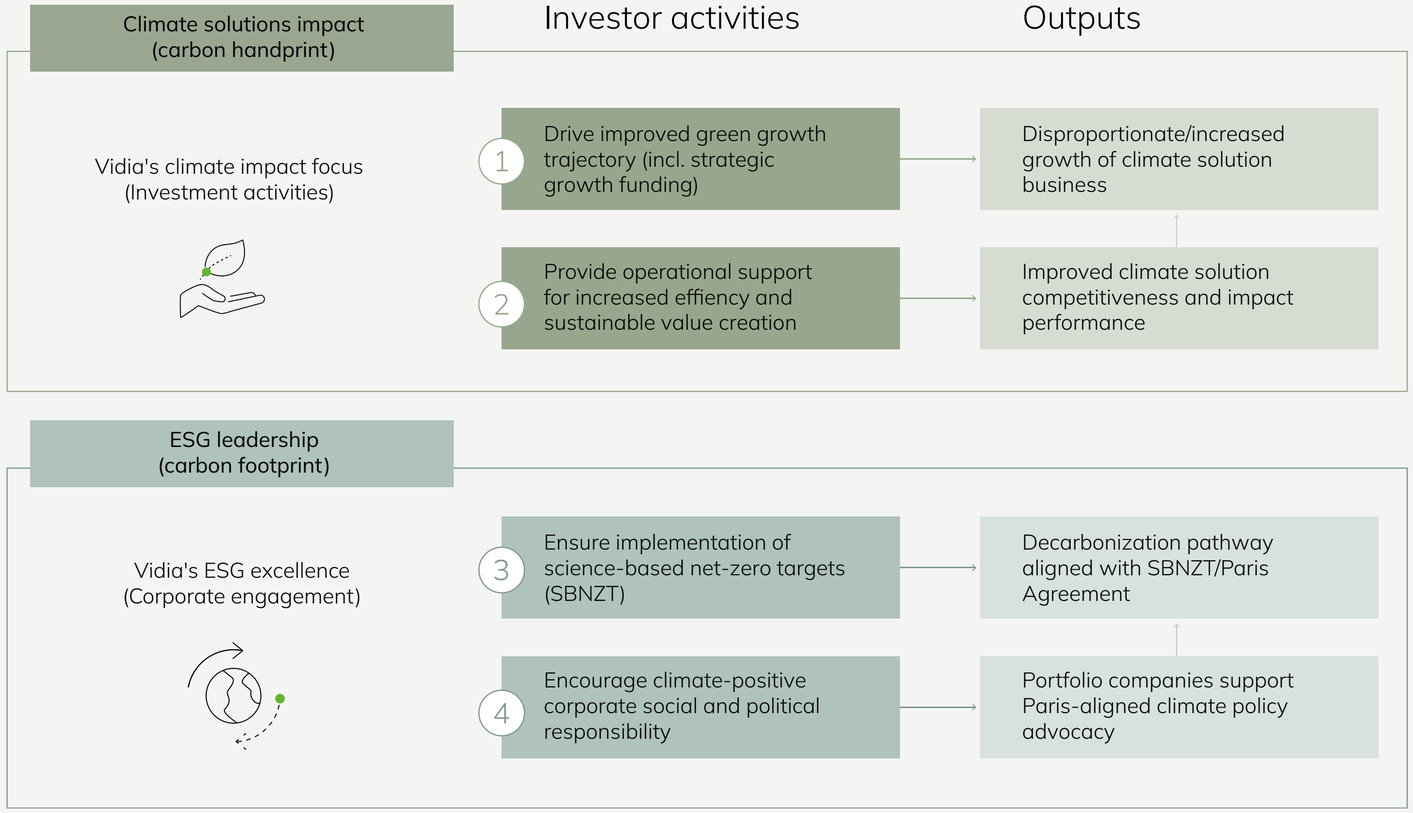


Figure 1: Example for investor impact



We aim to create investor impact through four key activities, illustrated on the left. The first two activities reflect our strategic priorities, which are directly aligned with our commitment to climate impact. A company's climate solution business serves a vital strategic function in fostering sustainable value creation. As a result, we leverage a significant degree of collinearity, where enhancing climate impact is closely linked to improvements in financial performance.

Where economically viable, we accelerate the growth trajectory of our climate solutions business, whether through organic development or strategic acquisitions. Additionally, we create value by offering non-financial operational support that boosts efficiency, competitiveness, and overall value creation across the organization.

The other two activities are driven by our commitment to ESG excellence. First, we are committed to a nt potential for systemic impact through a swift, economy-wide transition to net-zero. To support this, we prioritize awareness-building and advocacy for Paris-aligned climate policies as essential components of our corporate social responsibility (CSR) and corporate political responsibility (CPR) initiatives.

Vidia’s impact measurement



Measuring the handprint and footprint of our impact across all portfolio companies is essential to fulfilling our commitment. We track our progress using our proprietary impact methodology, which is continually refined by all of our team members under the guidance of our Impact, ESG & Compliance Team.

We make a clear distinction between carbon footprint – referring to a company’s operational and value chain greenhouse gas emissions – and carbon handprint, which captures the direct or indirect impact of a company’s products and services on GHG emissions. This differentiation enables us to adopt a structured approach to climate impact, directing private equity towards assets and technologies with the highest potential for near-term net-positive climate benefits.

At Vidia, we take a structured approach to climate impact considering both carbon footprint and handprint

Positive climate impact can be achieved in two ways:

1. Reduced greenhouse gas emissions – carbon footprint
Through effective ESG leadership, companies can significantly reduce their GHG emissions, commonly referred to as their "carbon footprint," by implementing decarbonization initiatives aligned with science-based net-zero targets. According to the Greenhouse Gas Protocol, carbon emissions are categorized into three distinct scopes:

Scope 1: Emissions produced from sources directly controlled by the company.

Scope 2: Emissions resulting from the company's consumption of purchased electricity, steam, or other energy sources generated upstream.

Scope 3: Indirect emissions that fall outside of Scope 1 and 2, occurring throughout the entire value chain, which includes both upstream and downstream emissions.

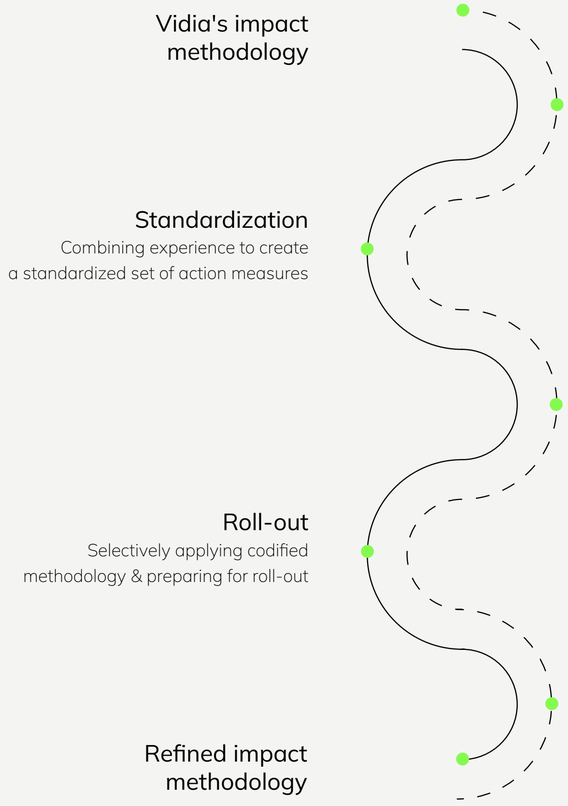
Over time, reducing Scope 1 and 2 emissions is generally more straightforward. These categories often account for the majority of total emissions. In contrast, reducing Scope 3 emissions poses significant challenges and demands considerable resources. Effectively addressing Scope 3 emissions relies heavily on robust industrial climate policies and comprehensive organizational transformations throughout the value chain – factors that are largely beyond the reporting company's control.

2. Avoided greenhouse gas emissions – carbon handprint
Future GHG emissions can be significantly reduced through the sale and utilization of products and services that have a positive climate impact, known as climate solutions.
"Avoided emissions" refer to the benefits gained from substituting a carbon-intensive value chain with a low-carbon alternative. The effectiveness of a particular climate solution in reducing emissions can be described as its "carbon handprint." This handprint also encompasses contributions to GHG removal, particularly through nature-based solutions, sustainable timber practices, or negative emission technologies.

However, it's important to recognize that the carbon handprint may also include negative impacts, or "unavoided" emissions. These represent the emissions associated with products and services that directly support or enable the fossil fuel industry, ultimately obstructing the transition to a low-carbon economy.

Estimating avoided emissions – comparative LCA analysis
In our approach to estimating the avoided emission impacts of climate solutions, we utilize the attributional accounting method. This method, grounded in comparative lifecycle analysis (LCA), allows us to assess the difference in lifecycle emissions between the climate solution and a reference product or service (likely to be substituted). Whenever feasible, we rely on established LCAs that are directly relevant or can serve as appropriate proxies for our estimates. We also incorporate emission factors as needed; these factors represent the relationship between specific activities and the carbon emissions they generate.

Our impact methodology is subject to continuous feedback and refinement



Vidia was built around a bespoke impact methodology with clear processes and KPIs

Bespoke climate impact framework

Vidia's approach to assessing a company's climate impact potential is based on three key dimensions:

Standalone impact
This refers to the overall effectiveness of a company's climate solution when assessed independently. It takes into account the scale of avoided emissions across the value chain (often referred to as the carbon handprint), the proportion of revenue generated from the climate solution, and the quality of its contribution to reducing emissions.

Investor additionality
This concept relates to the incremental enhancement of a company's impact trajectory achieved through both financial and non-financial support. It reflects the improvements made that exceed the expected outcomes under a "business as usual" scenario.

Long-term outlook
This denotes the enduring significance and relevance of the climate solution in the long term.

Dimension	Category (individual weighting)	Overall weighting
Standalone Overall standalone impact quality of the climate solution	– **Scale** of avoided emissions across the value chain (50%) – **Revenue share** of climate solution (17%) – **Quality** of contribution to avoided emissions across the value chain (33%)	50%
Additionality Improvement potential for investor impact	– **Green growth trajectory** contribution (50%) – **Efficiency/competitiveness** (33%) – **Operational decarbonization acceleration** potential (17%)	33%
Outlook Quality of long-term relevance of climate solution	– **Technology impact relevance** at maturity after 2030 (100%)	17%

Our proprietary methodology serves as a guiding framework for evaluating the impact potential of investment opportunities at every stage of the deal cycle. Recognizing the critical importance of this methodology, we are dedicated to upholding the following principles to consistently advance the boundaries of impact measurability:



Continuous improvement
Vidia strives to be at the forefront of climate impact assessment by developing actionable standards based on a variety of use cases.



Codification for scalability
We are actively making efforts to document our learnings and best practices to promote consistency and efficiency as Vidia expands. By establishing sector frameworks and benchmarks, we will facilitate scalability to support our growth.



Company-wide roll-out across all functions
We are committed to seamlessly integrating and scaling our impact measurement processes across all Vidia teams.

Our approach to measuring climate impact

A key performance indicator we utilize to evaluate and manage the impact of our portfolio companies during the holding period is the amount of avoided GHG emissions – generated across the value chain – relative to their annual sales. This KPI also serves as the foundation for calculating the Climate Impact Return on Equity (CIROE).

When assessing a company's GHG emission avoidance, we encounter two common methodological challenges:



Selecting an appropriate counterfactual baseline: This reference scenario outlines what would have likely occurred in the absence of the company's interventions.



Attributing contributions: Determining the specific impact of each value chain agent on the overall effectiveness of the climate solution.

Given the absence of formally recognized standard protocols for assessing the impact of climate mitigation efforts, it is crucial to maintain transparency and adopt a conservative approach regarding our assumptions and methodological choices. We advocate for the use of a dynamic counterfactual that projects the likely evolution of factors such as the GHG emission intensity of electricity production or building heating over the average lifespan of climate solutions. Additionally, in evaluating the contribution of a climate solution, we consider the company's role, its significance in the market, and its share of cumulative economic value added within the climate solution value chains.

IMPACT FRONTIERS

In line with the guiding principles of the Impact Performance Reporting Norms (v1.0), we are dedicated to ensuring that our information meets the following standards to support high-quality decision-making:

- **Relevance:** information is tailored to enhance users' decision-making.
- **Faithful representation:** we provide information that is as complete, neutral, and accurate as possible.
- **Comparability:** similar items are presented consistently, while different items are distinguished clearly.
- **Verifiability:** all inputs and assumptions can be reviewed and validated.
- **Timeliness:** information is provided at a frequency that aligns with users' needs and is kept up to date.
- **Understandability:** We aim to present information clearly and concisely so that users with a reasonable level of knowledge can interpret it easily.

PROJECT FRAME

We generally follow and apply Project Frame's methodological guidance, especially its focus on "planned GHG impact."

"This approach involves a bottom-up analysis of a company's growth or business plan, evaluating its current customer pipeline, anticipated sales, and expected growth over the coming years."

"By aligning a company's emissions impact with its business strategy, investors gain greater confidence that impact will scale alongside commercial success. With a set per-unit emissions reduction target, a company's planned impact grows in direct proportion to its customer base expansion."

Our definition of impact “success”

For each investment, financial and commercial due diligence typically includes modeling three scenarios for 5-year forward projections of the target’s business growth: an “upside case,” a “base case,” and a “downside case.”

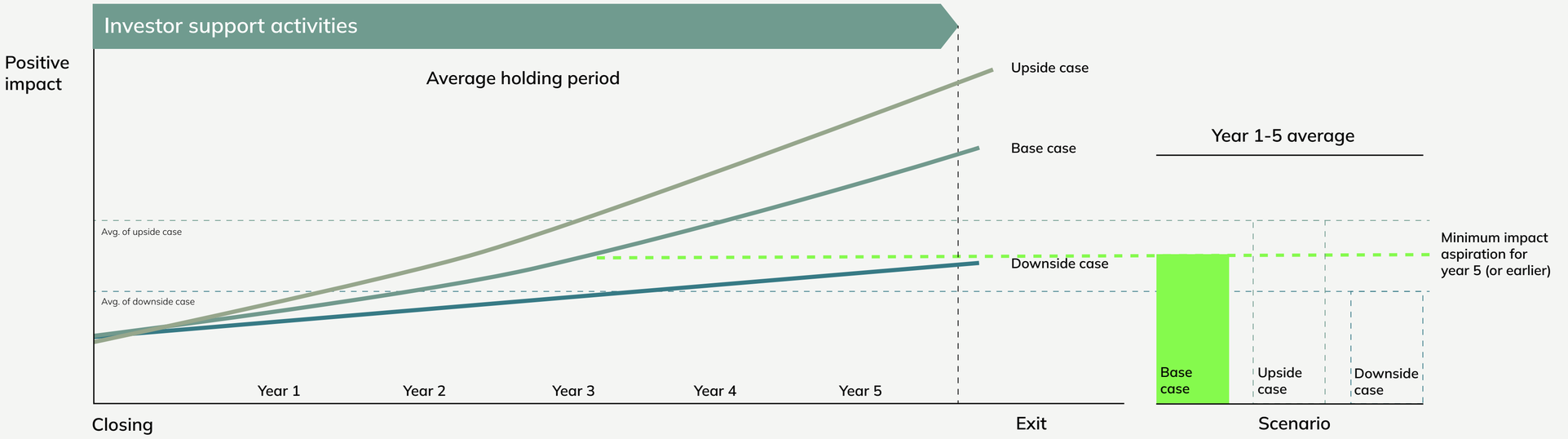
The base case scenario assumes a relatively conservative growth trajectory combined with a moderate market expansion forecast. This scenario is used to assess whether the investment is likely to meet or exceed the minimum climate impact threshold at the time of commitment. While designed as a cautiously realistic estimate, it is still relatively ambitious compared to a standalone, “business-as-usual” approach. To achieve or surpass the minimum financial return threshold, it generally assumes a modest level of investor support and value creation.

The downside scenario assumes limited or ineffective investor support along with a more conservative market growth outlook, resembling a “business-as-usual” path that contends with negative headwinds.

In contrast, the upside scenario envisions successful investor-driven operational and strategic enhancements, coupled with a positive market outlook and potential regulatory tailwinds during the holding period.

For each portfolio company, we set an aspirational minimum impact target by using the average sales volume projected for years 1-5 in the base case scenario as the benchmark for year five. Since the base case generally outlines a business development path that is more ambitious than a simple business-as-usual approach, our minimum goal is for each portfolio company’s actual impact performance to meet or exceed this base case average by the anticipated exit.

Meeting or exceeding this minimum impact target reflects our tangible investor impact. Even with external factors like strong market growth and regulatory tailwinds considered, our portfolio companies should benefit from the non-financial support provided by investors. This backing enables them to achieve accelerated growth and operational scaling well beyond what would be possible under a purely “business as usual” approach.



Minimum impact threshold	5-year average impact performance of Vidia “base case” business development projection must be above 1,000 tons CO2e/EURm – CIRoE > 1,000 tons CO_2e/EURm
Minimum impact aspiration for time of exit (year 5) or earlier	Impact target = 5-year average performance of Vidia “base case” business development projection: – Enabled GHG emission avoidance (tons CO_2e) – CIRoE (tons CO_2e/EURm)

Investor attribution details

Importance of the value chain

To assess how a company's climate solution impacts can be attributed – especially for a supplier or service provider operating upstream or downstream of the original equipment manufacturer (OEM) – it's essential to examine the structure of the climate solution's value chain and the company's specific role within it. Generally, value chains include a supply side, where a product or service is: 1) developed, 2) produced, and 3) deployed, and a demand side, where it is 4) purchased and used by end customers until it reaches the 5) end-of-life stage. Each stage's performance builds on the effectiveness of the prior one. Without a well-functioning supply chain and production scale, large-scale deployment of climate solutions would not be achievable. Similarly, without effective deployment, the impact potential of products and services would go untapped. Furthermore, without adequate market demand – including both willingness and ability to pay, which also relates to cost-competitive supply – the positive impact potential on the supply side would remain underutilized.

Concept of enabled vs. realized impact

While the initial stages of production and deployment enable the potential for climate impact, it's typically in the purchase and use phases of the value chain that a climate solution's impact potential becomes realized as real-world emission avoidance. The GHG avoidance anticipated at the time of sale can be reasonably expected to materialize throughout the product's lifetime. In essence, the supply side enables the climate mitigation impact, which the demand side gradually brings to life over time. The forward-looking concept of "enabled lifetime GHG emission avoidance" supports the case for "multiple" or "overlapping" accounting, recognizing the various types and qualities of contributions from different actors across the value chain. This idea aligns with the concept of "path dependency," where certain decisions create a restricted pathway for future choices. At the time of sale or purchase of the finished product (or turnkey system), both the final supplier and the end customer share joint responsibility for the GHG emissions that will occur over its lifespan.

Shared impact responsibility

The tangible, empirically measurable impact of avoided GHG emissions can occur only once in the physical world. In carbon markets – both voluntary and mandatory – where claims about real-world emission reductions are monetized, sold, and traded, issues can arise from multiple or overlapping accounting of contributions to emission avoidance. It's crucial to recognize that attributing a company's role in GHG emissions or their reduction involves a different concept: the more abstract notion of "shared responsibility." This shared responsibility can overlap and be attributed multiple times within a value chain, reflecting the complex, interconnected, and conditional relationships that exist in reality. However, companies engaged in collective impact initiatives should exercise caution in their impact claims to avoid suggesting a misleading sense of causal exclusivity.

Typical attributions

For instance, a climate solution OEM can justifiably assert that they have facilitated 100% of the future real-world emissions avoidance embedded in their finished hardware product. Likewise, a developer or general contractor overseeing the entire deployment process – including engineering, procurement, contracting, and installation of the final product or system – can also claim responsibility for 100% of the future emissions avoidance achieved during the deployment phase. In contrast, the contributions of key suppliers and subcontractors can be estimated based on their proportionate value addition to the final product or installed system's overall cost. Specific circumstances, such as supply bottlenecks or local market dominance, may warrant even greater levels of attribution.

How we support the impact & ESG investing ecosystem

As a dedicated climate impact investor, Vidia plays an active role in the broader sustainable finance community. By supporting and engaging with key climate initiatives, frameworks, and standards, we strive to accelerate the transition to a sustainable and Paris-aligned global economy. From the outset, we have joined important nonprofit organizations and communities of practice within the responsible and impact investing ecosystem. As a private equity asset manager, we recognize that our contributions to positive impact extend beyond our investment activities, and we are committed to supporting the impact and ESG investing ecosystem.

This ecosystem primarily comprises non-profit organizations and initiatives that can be supported through signatory agreements and memberships. These entities promote and adopt voluntary standards and best practices while also backing science-based climate awareness and advocacy initiatives, such as “The Investor Agenda” and “Race to Zero.”

For us, translating theory into practice encompasses three key principles:

1. We embed best practices and standards into our decision-making processes, guiding how we select, manage, and exit our portfolio companies.
2. Our investment decisions are grounded in measurable CO_2 avoidance targets that are externally validated, and we actively monitor and report our progress throughout the holding period.
3. We take a proactive stance as advocates for climate policy action, participating in collective efforts to drive impactful change.

Commitments

Signatory of:

PRI Principles for Responsible Investment

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Operating Principles for Impact Management

Memberships

GIIN GLOBAL IMPACT INVESTING NETWORK

Bundesinitiative IMPACT INVESTING

ESG Data Convergence Initiative

LEVEL 20

Standards

GREENHOUSE GAS PROTOCOL

IMPACT MANAGEMENT PROJECT

PROJECT FRAME

IMPACT FRONTIERS

Awareness & Advocacy

THE INVESTOR AGENDA
ACCELERATING ACTION FOR A NET-ZERO EMISSIONS ECONOMY

Signatory of: PRI Principles for Responsible Investment · CDP · IIGCC The Investor Group on Climate Change

RACE TO ZERO

Initiatives and frameworks in detail

Supported initiatives and frameworks

Some of the initiatives and frameworks we support as members or signatories include:

- The UNFCCC's "Race to Zero" embodies our core mission. Achieving a net-zero GHG emission economy by mid-century, followed by a swift transition to net-negative emissions through high-quality carbon removal, is crucial for stabilizing the earth's climate at well below 2°C. This represents a vital milestone in our efforts to combat climate change.

- The Investor Agenda offers a comprehensive framework designed to motivate investors to accelerate their climate-related initiatives, focusing on corporate engagement, investment, disclosure, and policy advocacy. Although we are not a member organization, we endorsed the 2022 Global Investor Statement to Governments on the Climate Crisis, as it strongly champions ambitious climate policies.

- The UN Principles for Responsible Investment (PRI) stands out as a globally recognized leader in investment practices. Long before ESG became mainstream, PRI signatories were already required to integrate ESG factors into their investment decision-making and active ownership strategies. The current agenda prominently features the initiative to "Champion Climate Action." As members of PRI, we recently endorsed a joint letter urging the European Commission to maintain a high level of ambition for the European Sustainability Reporting Standards (ESRS).

- The Impact Principles, now hosted by the Global Impact Investing Network (GIIN), outline the fundamental elements of a robust and effective impact measurement and management (IMM) system. In addition to a clearly defined impact strategy and strong impact governance, a successful real-world IMM practice is a key factor that distinguishes climate impact investing from traditional ESG investing. Signatories are required to provide regular disclosures detailing their implementation of the Impact Principles.

- The Science-based Targets Initiative (SBTI) provides its signatories with an extensive array of guidelines and tools designed to establish decarbonization targets aligned with the Paris Agreement. As a recognized framework, the SBTI serves both portfolio companies and financial institutions, while emphasizing the essential role of robust policy action by governments to facilitate and guarantee the successful achievement of these targets.

Key principles

Most of the initiatives, frameworks, and standards we are supporting are aligned with the following key principles:

Paris-aligned

The initiative contributes to a Paris-aligned vision for a global economy aimed at stabilizing the Earth's climate system by the end of this century, targeting a temperature rise of "well below 2°C" and striving to reach as close to 1.5°C as possible. Every fraction of a degree Celsius is crucial in this endeavor.

Science-based

The foundational assumptions, proposed strategies, and measures of the initiatives are largely aligned with current scientific insights and a critically rational approach grounded in the principles of critical rationalism.

Sustainability-aligned

The initiative's pursuit of a vision aligned with the Paris Agreement closely aligns with the concept of a sustainable operating space, which is defined by planetary boundaries and a foundation of social equity and justice.

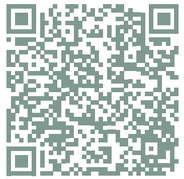
Advocacy-supporting

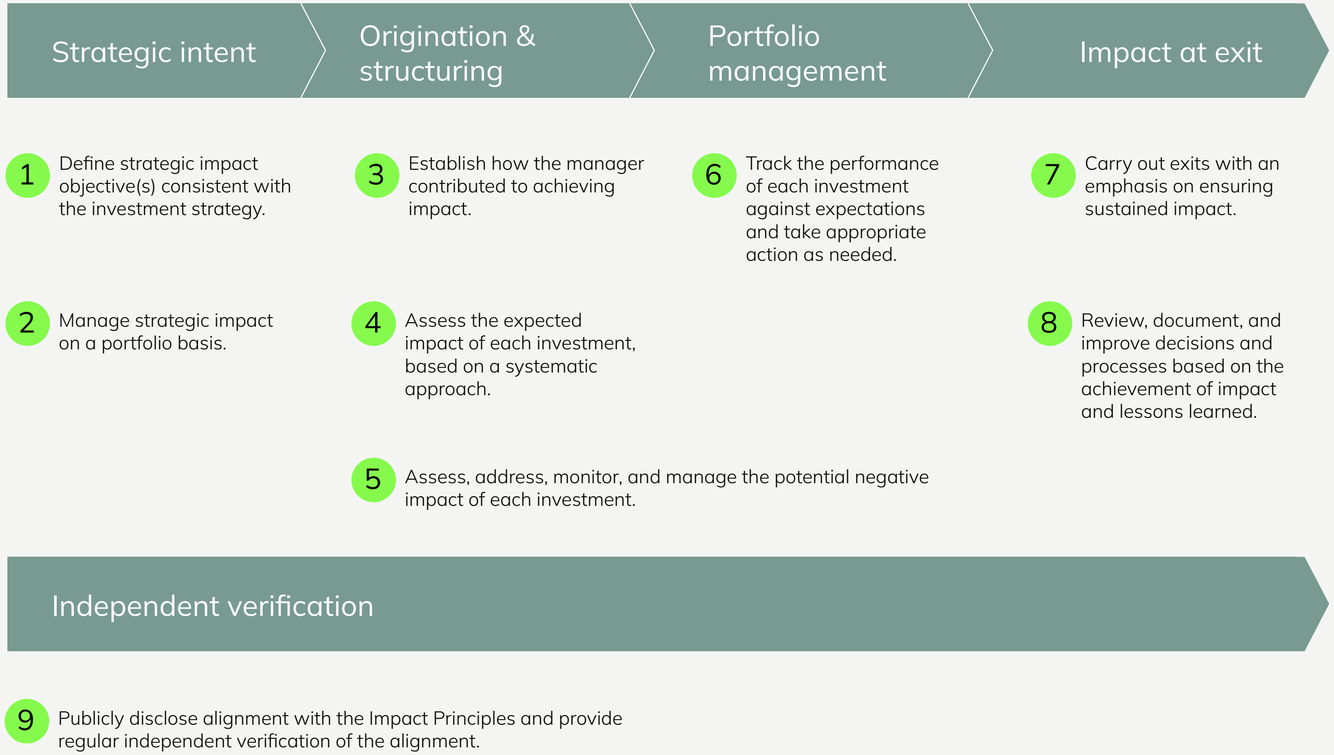
The initiatives' activities directly or indirectly bolster advocacy for effective, well-designed climate policies and public support programs that create opportunities for successful climate solutions in a net-zero economy.

The operating principles for impact management

The operating principles for impact management, known as the "Impact Principles," establish an internationally recognized standard framework for developing and implementing effective impact management systems tailored for impact asset managers, as hosted by the Global Impact Investing Network (GIIN). Vidia proudly became a signatory in 2023 and reaffirmed this commitment in 2024.
As signatories, we are dedicated to transparently disclosing how our impact frameworks and management practices align with each of the nine Impact Principles.

Our 2024 disclosure statement
can be downloaded here:





Impact across all Vidia teams

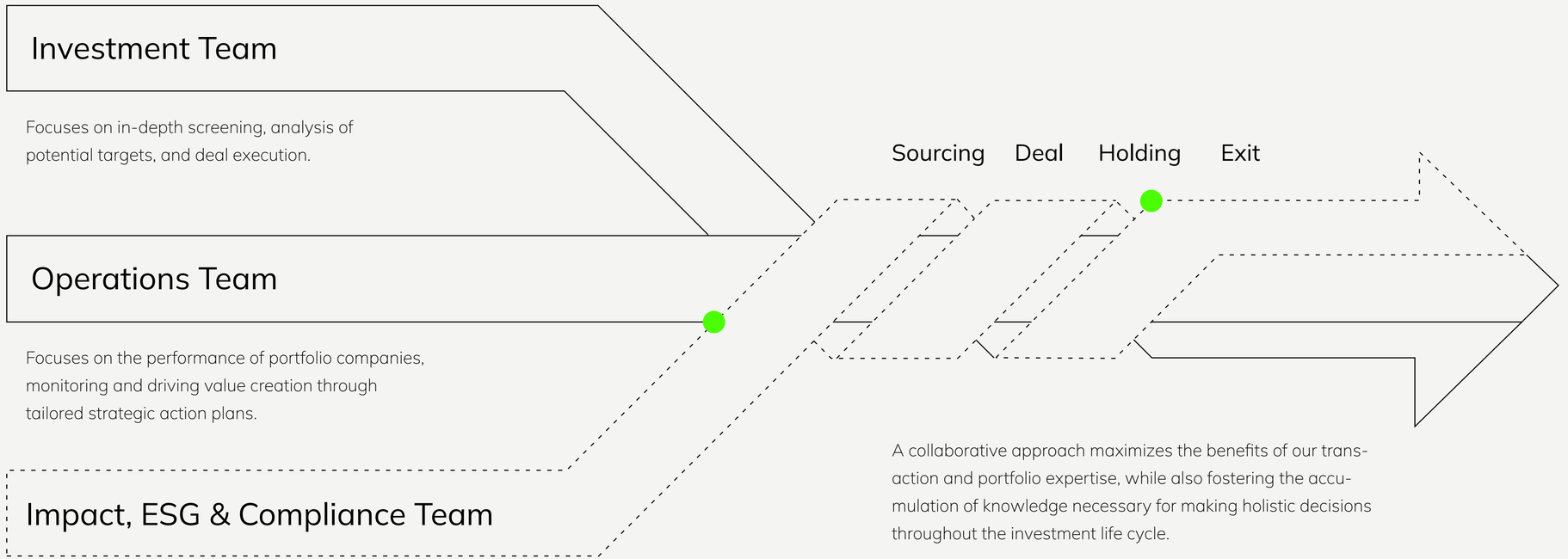


To drive both financial value creation and impact performance across our portfolio, our integrated Investment, Operations, and Impact teams must meet ambitious science-based targets.

Vidia has been purposefully structured to achieve these goals, featuring three main teams: Investments, Operations, and Impact, ESG & Compliance.

These teams work in close collaboration to fulfill our shared mission and maximize value creation throughout the entire investment lifecycle, leveraging deep specialization.

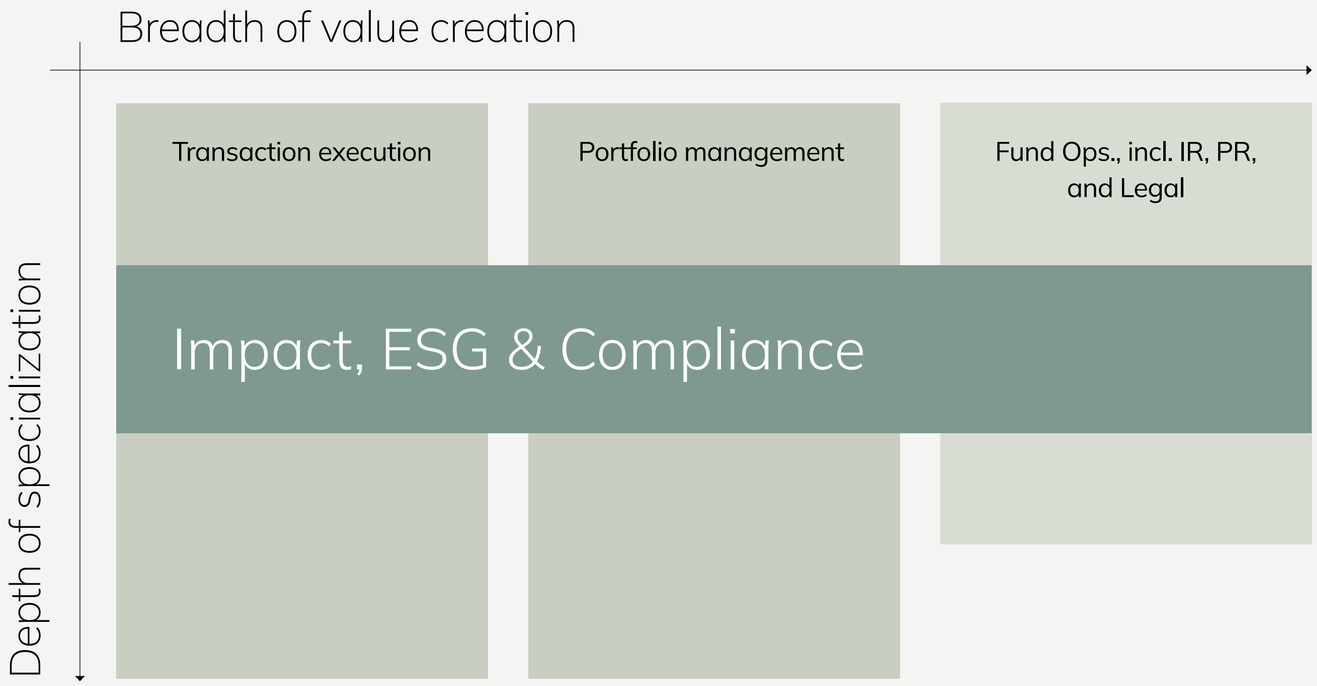
At Vidia, we generate superior results by combining our forces throughout the entire investment life cycle



A collaborative approach maximizes the benefits of our transaction and portfolio expertise, while also fostering the accumulation of knowledge necessary for making holistic decisions throughout the investment life cycle.

The synergy of our teams' abilities serves as a fundamental driver of our operations-first strategy for value generation.

The Vidia team leverages experience across core business areas and an agile set-up for target screening, deal execution, and portfolio management to maximize impact and financial returns



Impact, ESG & Compliance
The Impact, ESG & Compliance Team collaborates with our investment and operations experts to enhance thesis development, conduct in-depth research, and strategically map the market. We specifically focus on assessing a company's climate impact potential and ensuring adherence to regulatory compliance requirements.

Investment Team
In close partnership with operations and impact specialists, the Investment Team spearheads lead generation, thesis development, and transaction execution. After investment, it collaborates with operations professionals to define key operational and strategic initiatives, while also leading M&A execution and exit preparation.

Portfolio Management Operations
Our Operations Team plays a vital role in the thesis development phase by identifying opportunities for value creation. After the investment phase, our operations experts collaborate with the management teams of our portfolio companies to develop and implement effective operational transformation strategies, ensuring successful execution of onsite changes.

Fund Operations
Our fund is based in Germany and is wholly managed by Vidia. Our fund operations encompass various essential functions, including investor relations, marketing, fund administration, and controlling.

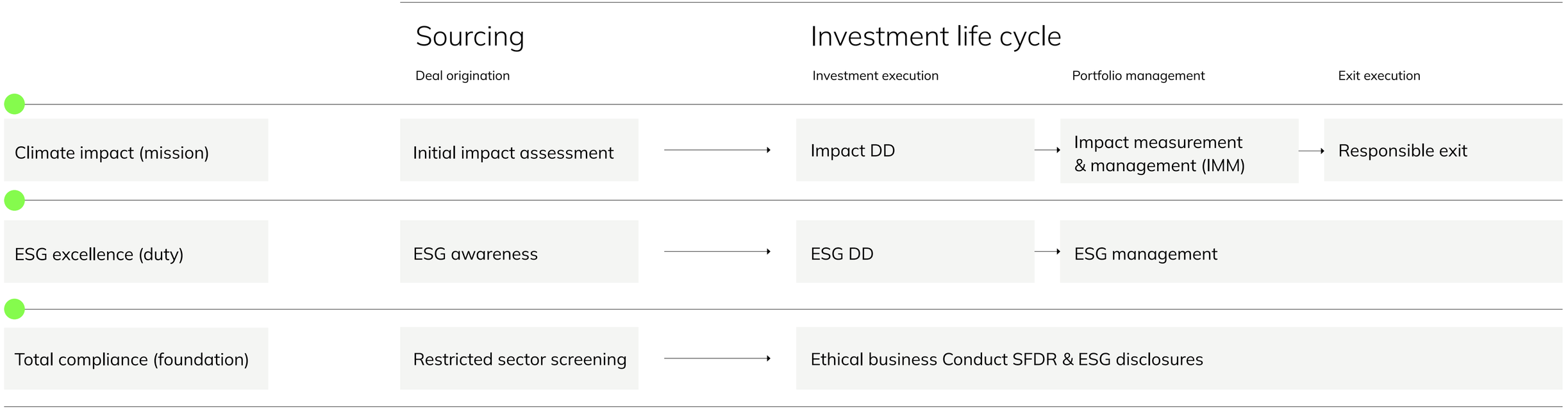
Impact along the entire investment life cycle



At Vidia, we integrate impact into every phase of the investment lifecycle, ensuring that each step – from sourcing to exit – maximizes climate benefits while achieving strong financial returns. Our rigorous approach encompasses thorough due diligence, ongoing ESG management, and a responsible exit strategy, which helps maintain positive outcomes even after divestment.

By focusing on strategic partnerships, customized operational support, and transparent impact measurement, Vidia consistently drives sustainable transformation in our portfolio companies. This alignment fosters growth alongside a steadfast commitment to decarbonization and ESG excellence.

Vidia is purpose-driven, seamlessly integrating Impact, ESG, and Compliance into every aspect of our operations and throughout the entire investment life cycle



Vidia's commitment to impact has been clearly outlined in an internal impact methodology paper created before the establishment of VCF I. A standout aspect of this approach is our impact-oriented capital allocation process, which ensures a strong alignment – or "collinearity" – between impact and financial performance in our portfolio companies (see the section "Driving Impact & ESG through Operations").

From the outset of our investment sourcing process, we prioritize opportunities that align with clearly defined minimum climate impact thresholds. This includes a negative screening approach that evaluates a comprehensive list of restricted sectors known to be exposed to high ESG risks. In addition, we conduct positive screening to evaluate the quality and potential of climate solutions, ensuring they can substantially contribute to significant GHG emission reductions.

During the investment execution stage, we perform thorough due diligence. As part of our climate impact assessment, we analyze the potential scale of avoided emissions in greater depth and implement a comprehensive climate impact scoring system, ensuring we meet or exceed established minimum impact thresholds. Additionally, our detailed ESG due diligence further strengthens our approach, acting as a safeguard to identify and address any significant non-climate impact risks and red flags. This process is conducted with the support of external experts.

We identify Vidia deals by leveraging well-defined characteristics and conducting comprehensive financial, commercial, and impact due diligence to reveal hidden value creation opportunities

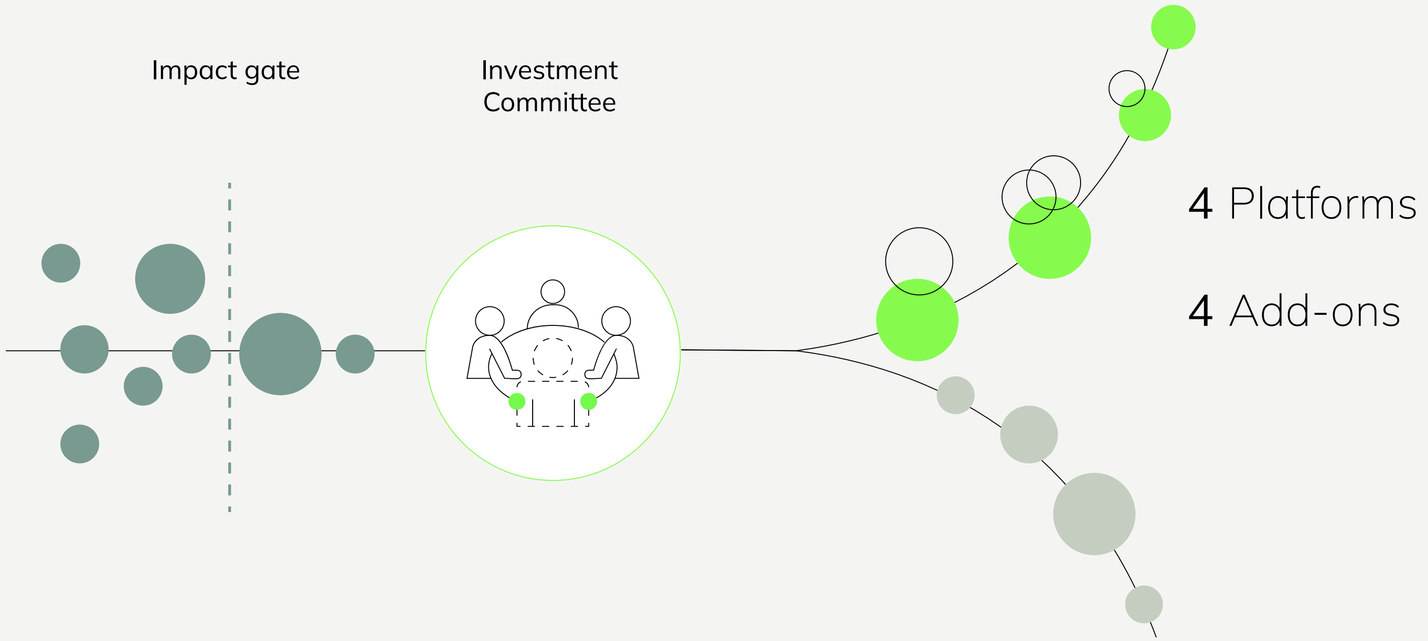
While the potential for financial returns and impact both delineate the boundaries of our investable universe, only the results of the impact assessment act as gate to the Investment Committee. We have established two minimum impact thresholds:

1

A minimum score based on a climate impact scorecard that evaluates multiple dimensions, including the target's effectiveness in contributing to climate solutions, the potential for creating additional investor impact as newly active operational owners, and the long-term relevance of the climate solution technology.

2

For each of our portfolio companies, we have established a minimum impact threshold based on the "Climate Impact Return on Equity". This threshold mandates that the average annual CO_2e avoidance per million euros invested must meet or exceed 1,000 tons per annum. Additionally, the corresponding projections for greenhouse gas emission avoidance undergo external review to ensure their plausibility and consistency.



Selected opportunities: Climate solution niche market leaders that demonstrate significant potential for operational value creation, along with a high collinearity between impact and financial returns.

Driving impact through operations



03

Vidia's operational value creation



Enhancing operational support and boosting the competitiveness of climate solution companies to expedite the reduction of GHG emissions is central to our theory of change.

At Vidia, we unlock the full potential of our portfolio companies by offering hands-on support throughout the entire investment lifecycle. Our Operations Team engages early in the due diligence process, delivering insights that refine and strengthen the investment thesis.

During the holding period, Vidia's teams collaborate closely with management and allocate project resources to enhance operational efficiencies. They concentrate on key areas such as ESG, supply chain optimization, digitalization, and strategic growth. This co-operative approach guarantees the effective execution of value creation plans, empowering each company to achieve its growth and impact objectives.

As the investment moves closer to exit, Vidia facilitates a smooth transition by strategically preparing and executing exit plans that prioritize both climate impact and financial returns.

A changing landscape

As decarbonization efforts accelerate across industries, businesses are encountering both new challenges and exciting opportunities. While many companies providing climate solutions have experienced moderate growth historically, recent trends indicate a transformative shift in market dynamics. Rising demand, favorable consumer sentiment, and supportive regulations have created unprecedented growth expectations for climate solutions. However, many companies find it difficult to adapt swiftly enough to seize this industrial transition, making them vulnerable in increasingly competitive markets. In this landscape, a company's ability to innovate its products, refine its market positioning, and restructure internally is more crucial than ever.

Vidia's investor impact

Our operational approach centers around ensuring that a company possesses adequate management capacity. We go beyond simply providing financial support; we collaborate closely with each portfolio company's management to cultivate a shared understanding of its market positioning and operational performance. We systematically evaluate business practices against industry benchmarks and best-in-class methods, crafting targeted, value-driven improvement strategies. During the implementation phase, having the right capacity and expertise is crucial. Vidia offers access to a network of industry experts and a talent pool built through strategic recruitment, equipping companies with the resources and skills necessary to transform effectively and enhance their competitive edge by refining their strategic profile.





Exceptional operational and commercial performance are fundamental to a portfolio company's success in the marketplace. Leveraging technological capabilities is crucial for driving innovation and discovering new methods to reduce greenhouse gas emissions.
As companies grow and enhance their profitability, they broaden the impact of their climate solutions.
This synergy ultimately transforms climate impact into a competitive advantage, leading to financial success.

A fundamental aspect of our theory of change is to enhance the competitiveness of climate solution companies by providing operational support, ultimately accelerating the reduction of GHG emissions

		Activities	Outputs	Outcomes & impact
Climate solution business growth	1	Push for improved green growth trajectory (incl. strategic growth funding)	Increased growth of climate solution business	Contribution to enabled GHG emissions avoidance
	2	Provide operational support for increased efficiency and sustainable value creation	Improved climate solution competitiveness and impact performance	
Portfolio company decarbonization	3	Ensure implementation of science-based decarbonization targets (SBNZT)	Decarbonization pathway aligned with SBNZT/ Paris Agreement	Reduced company carbon footprint
Corporate social & political responsibility	4	Encourage climate-positive corporate social and political responsibility	Portfolio companies support climate-positive advocacy	Improved (industrial) climate policies and financial support



Strategy

Contribute to the reduction, avoidance, and removal of industrial GHG emissions



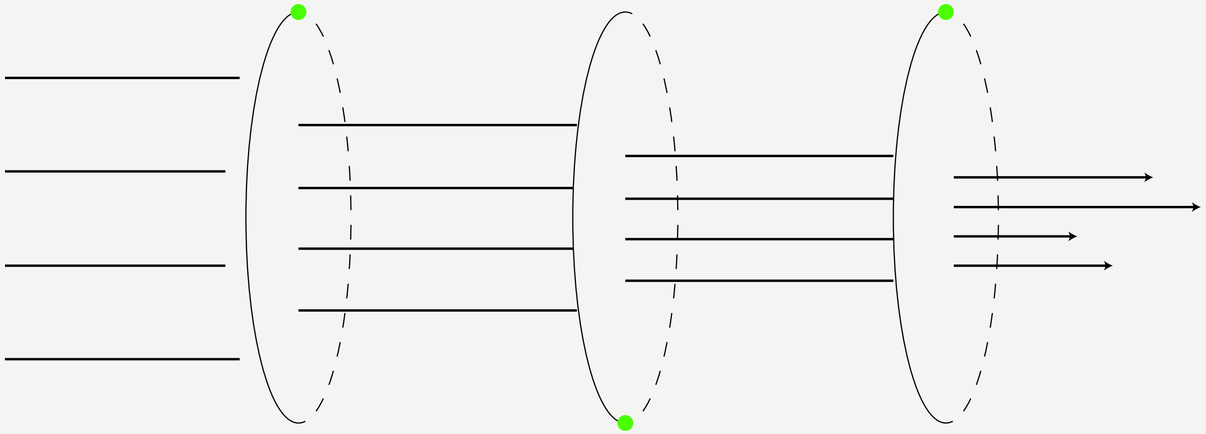
Vision

A climate-neutral global economy by 2050 (winning the #racetozero)

Get involved early
in due diligence

Improve platform
over holding period

Prepare and execute
a responsible exit



Our operational value creation thesis is at the core of every investment case

All Vidia teams actively collaborate throughout the entire process, from pre-deal to exit.

Key milestones

- Value creation plan & ESG roadmap defined
- Collaboration mode aligned with management

- Implementation of value creation plan and ESG roadmap completed
- Strong and effective ESG and operational resources established at company level

- Buyers identified that align with Vidia's responsible exit policy
- Exit executed with considerations of long-term sustainable impact

Core value creation areas

Clearly defined playbook focuses on ESG, HR, digitalization, sales, and supply chain

Holding period: a structured model for investor contribution to drive change

Operational value creation is centered around boosting collinear climate impact and financial returns. Vidia's approach to value creation is based on on industrial transformation and divided into three key phases.

Defining Operations 2.0

Developing a strategic roadmap for enhancing operational efficiency, grounded in a thorough understanding of specific needs. Collaborating closely with portfolio company management to establish clear priorities and set ambitious targets for operational capabilities, process efficiency, and the growth trajectory of climate solutions.

Define core strategic processes & KPIs

↓

Formulate execution plan

↓

Realize quick wins

Building operational capacity

Developing the necessary organizational and managerial capacities to effectively drive operational excellence and increase overall profitability.

- Embed project execution team
- Implement governance
- Drive operational efficiency and prepare for growth
  - ✓ Supply chain
  - ✓ Sales/commercial
  - ✓ Sustainability
  - ✓ Governance
  - ✓ Engineering
  - ✓ Digitalization
  - ✓ Organization
  - ✓ Production

Driving growth

Capitalizing on operational improvements, striving for growth by optimizing the current product portfolio, entering new markets, and/or acquiring new customers.

- Scale climate-positive solutions
- Optimize product mix
- Enter new markets
- Increase share of wallet
- Acquire new customers
- Consolidate fragmented markets

Prioritizing strategic value creation: Vidia as a strong operations partner

> “I now finally understand how much of a booster private equity can be to midcap companies like ours. Most importantly, as a sparring partner for strategic and operational questions.” – Thomas Wierig

Comprehensive execution of the value creation plan, aimed at establishing leadership in operations and ESG, to drive synergistic returns that enhance both impact and financial performance.

	Operational excellence	Strategic repositioning	Exit readiness
Vidia’s strategic priorities	Sales & supply chain	ESG leadership	Management continuity
	Operations set-up	Digitalization	Internal process documentation
	Human resources	Buy & build	Business model proven at scale
Vidia’s contribution	Implementing actions and initiatives that support organizational development while striving for operational excellence.	Often overlooked in midcap industrial companies, Vidia aims to implement structures and serve as a strategic partner to guide portfolio companies to their next stage of growth.	Additional operational capacity driving exit process to ensure a responsible exit.

Portfolio policies



After closing, Vidia presents its comprehensive ESG policy toolkit, consisting of high-level ESG-related commitments and policy statements that span all relevant ESG dimensions, to its portfolio companies. Organized into four key sections – “Business Ethics,” “Working Conditions and Human Rights,” “Occupational Health and Safety,” and “Climate and Environmental Protection” – the toolkit is designed to adapt and grow alongside portfolio companies as they encounter new challenges, while ensuring that they uphold a consistent set of values and principles. Moreover, the toolkit outlines the necessary procedural standards for effectively implementing these policy statements, including clear responsibility allocation, educational initiatives, whistleblowing mechanisms, and practical tools.

Vidia’s Operations and Impact, ESG, and Compliance teams are committed to assisting portfolio companies in the effective implementation of Vidia’s ESG policy toolkit. Depending on the unique needs and existing policies of a portfolio company, the Vidia ESG Group Policy can function as either a checklist or a template. Over time, more detailed and specific ESG policies can be formalized by each portfolio company as needed.

Impact & ESG at Vidia



Vidia is going beyond traditional carbon offsetting by implementing an innovative internal carbon management system that tracks the personal carbon footprints of team members, empowering them to take ownership of their private emissions. For 2023, we have established a carbon budget that allocates resources to impactful climate projects, featuring a diverse mix of standard climate mitigation initiatives from Atmosfair and a biochar project in collaboration with Carbonfuture. While Vidia's direct greenhouse gas emissions are minimal, we also allocate a portion of our carbon management budget to strategically support non-profit initiatives, including the production of sustainable aviation fuel (SAF) and the advancement of high-speed train networks.

In its 2023 ESG performance report, Vidia showcases a strong commitment to diversity and inclusion, specifically targeting gender disparities within private equity and its portfolio companies in the industrials sector. As part of its efforts to foster diversity, Vidia has become a sponsor and mentor with Level 20, actively promoting a more inclusive workplace by prioritizing gender diversity in its leadership and workforce.

Carbon management: our approach to managing our operational carbon emissions

Beyond carbon offsetting: setting an internal carbon fee
Traditionally, private companies have relied on voluntary carbon offsetting to meet their net-zero commitments. However, this approach has come under growing public scrutiny. In response, internal carbon fees have emerged as an increasingly attractive alternative. The concept is straightforward: a company imposes a self-determined carbon fee on its own emissions, using these funds to drive climate-positive initiatives. When establishing an internal carbon fee, two essential questions must be addressed:

1. Which carbon fee levels should be applied to different types of GHG emissions?
2. How should the climate action budget be allocated?

Carbon fee levels
At Vidia, we've elevated internal carbon pricing by expanding our focus beyond the workplace. We encourage our team members not only to adopt responsible practices in their business lives but also to reduce carbon emissions at home, fostering greater climate awareness and advocacy. To this end, we include the carbon footprints of team members' households in our internal carbon fee calculations. Recognizing the higher-than-average disposable incomes typical in the private equity industry, we calculate our carbon footprint estimate on an annual average that's 50% above the standard German GHG footprint.

Our chosen price levels for carbon far exceed the common range of 10-100 USD per ton of CO_2e. This higher pricing better reflects the funding needed for low-carbon alternatives (especially in sectors like aviation) and more accurately accounts for the social cost of carbon emissions. By setting these higher prices, we aim to accelerate the transition to Paris Agreement-aligned technologies, a shift that could be significantly expedited if broader adoption of higher carbon pricing were implemented.

Vidia's approach to carbon management 2023
Based on our carbon fee levels, we established a climate action budget for 2023. Since Vidia has a relatively small and well-managed Scope 1 and 2 emissions footprint, opportunities for direct investment in operational decarbonization are limited. As a result, we allocated a significant portion of Vidia's climate action budget to two impactful climate mitigation projects to amplify their benefits.

- We contributed funds to Atmosfair, a well-regarded German non-profit specializing in climate mitigation projects. Rated highly by "Stiftung Warentest," Atmosfair's initiatives reflect the emissions from our team's private households and Vidia's household, as well as our spend-based GHG emissions.

- To address our remaining office and business travel emissions, we supported a premium carbon removal project involving artisanal biochar from Dutchcarboneers, purchased and retired through Carbon Future (https://carbonfuture.earth/).

To further our commitment to reducing Scope 3 emissions, we have decided to allocate the remaining portion of our budget to support two non-profit initiatives focused on reducing hard-to-abate GHG emissions from aviation:

- FairFuel Standard: Developed by Atmosfair, this initiative sets a stringent sustainability standard for sustainable aviation fuel (SAF) production and currently operates a pilot facility to advance SAF technology.

- Allianz pro Schiene e.V.: This non-profit is dedicated to enhancing the competitiveness of high-speed rail travel in Germany, where the majority of Vidia's rail travel occurs.

We are aware that purely voluntary approaches to climate action result only in incremental progress through small steps, which is is far from sufficient to achieve the goals of the 2015 Paris Agreement. Competitive pressure and the limitations of economic feasibility prevent most companies from voluntarily going beyond the minimum standard. Until economic incentives, mandatory standards, and climate policies ensure that Paris-aligned decarbonization becomes either economically attractive or a legal requirement, we believe it is best to lead by example. For that reason, Vidia supports climate mitigation projects and advocates systemic solutions.

Carbon management budget

atmosfair
50%
- Climate mitigation project mix
- To compensate Vida team's private household and spend-based Scope 3 GHG emissions

Carbonfuture
24%
- Artisanal biochar project
- Remaining office-/work- and business travel-related emissions

fairfuel 13% Allianz pro Schiene 13%
- Strategic support to reduce hard-to-abate GHG emissions from aviation

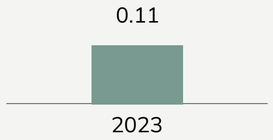
Vidia’s operations have been set up for carbon-efficient operations

Vidia Scope 1+2 GHG emissions (kt CO_2e)



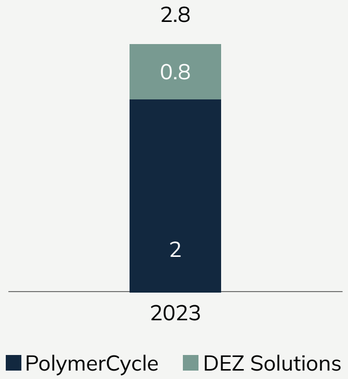
i.e., electricity & heating

Vidia GmbH Scope 3 (cat. 1-14) GHG emissions (kt CO_2e)



e.g., business travel

Vidia GmbH Scope 3 (cat. 15) GHG emissions (kt CO_2e)



Portfolio Scope 1+2

PolymerCycle brand name of Plastic Recycling & Trade platform, DEZ Solution brand name of Roof Energy Services platform

Scope 1+2+3 category 1-14 (VCF I)

Compared to the Scope 3, category 15 GHG emissions – which reflect the emissions footprint of VCF1’s portfolio companies – Vidia’s operational GHG emissions (Scope 1+2+3, excluding category 15) are minimal. In 2023, Scope 1 and 2 emissions from the portfolio companies totaled approximately 2.8 kt CO_2e, whereas Vidia’s Scope 1-3 (excluding category 15) emissions were estimated at just 0.11 kt CO_2e.

Given the significant contribution of Scope 3 Category 15 GHG emissions from its investment holdings, Vidia’s primary strategy for decarbonization involves actively engaging with portfolio companies to set and implement science-based decarbonization targets. This approach is complemented by support for emerging regulations and technological advancements essential for achieving rapid, economically viable decarbonization.

Vidia embraces diversity both as a societal responsibility and for optimal outcomes

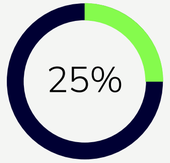
We are deeply committed to fostering diversity, recognizing it not only as a critical factor for building high-performance teams but also as a cornerstone of an open and inclusive society. We actively promote diversity in its broadest sense, encompassing gender, ethnicity, age, religion, and socio-economic background. Within the private equity industry, gender diversity remains one of the most pressing and persistent DEI challenges.

Given the competitive landscape and limited talent pool, attracting and hiring female investment team members can be particularly challenging.

Addressing the gap between the demand for qualified talent and the availability of it is a challenge that requires coordinated, collaborative efforts – beginning with making private equity careers more accessible and appealing to female students. Our portfolio companies in the industrial sector face a similar challenge in achieving gender diversity in blue-collar roles, whereas administrative roles are generally more balanced. In response, Vidia has committed to developing talent early on by actively recruiting female interns. Our efforts have seen encouraging success, and we remain committed to expanding these initiatives.

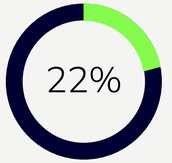
Vidia's gender diversity profile

Partner gender diversity



This metric refers to four Partners, with the founding Partner being female.

Non-Partner gender diversity



This metric refers to all non-Partner employees (excluding interns and working students)



To further promote gender diversity, we have joined Level 20 as sponsors and mentors in 2023

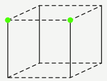
Portfolio impact & case studies



04

Transformative solutions

To decarbonize the highest-emitting sectors, we concentrate on three core themes of transformative solutions. These encompass both direct climate solutions and indirect technology providers that drive GHG reductions across value chains. Our operational expertise and proven impact framework facilitate the business transformation necessary to unlock sustainable competitive advantages at scale.

Focus industries	Core investment themes	Selected sub-segments
Energy Industrials Transportation Buildings Food & agriculture	 Electrification	– Wind & solar – Electric vehicles – Electric boilers/furnaces – Energy storage – Renewables efficiency
	 Circular economy	– Recycling – Waste management – Material recovery – Equipment refurbishment – Sharing & leasing models
	 Industrial materials	– Industrial efficiency – Low-carbon metals – Refrigerants – Green buildings – Sustainable timber

Portfolio case studies

Case I: Plastic Recycling & Trade	Case II: Roof Energy Services	Case III: Wind Energy Services
bpm BETTER FOR THE PLANET	wierig Dach / Energie / Zukunft	vento energy support
In portfolio as of 12/2023		
pb	JNS DACHTECHNIK GmbH	neowa
	SCHMIDT Bedachung	

Our achievements

4
high-impact platforms

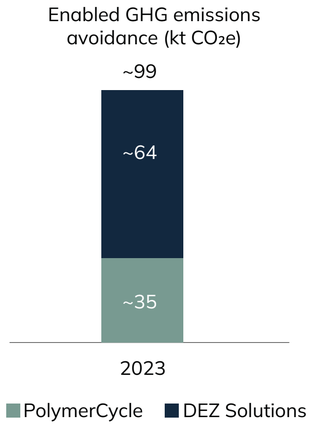
8
transactions

~ 100,000 tons
CO_2 enabled avoidance in 2023

100%
of primary situations involve acquisitions directly from founders or family members

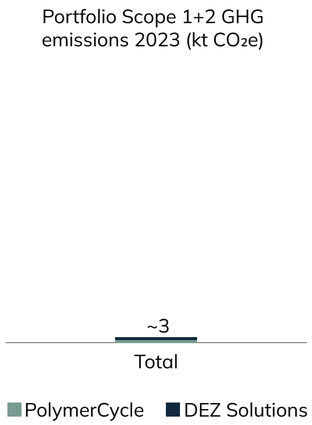
VCF I portfolio summary 2023: focus on handprint scale-up potential

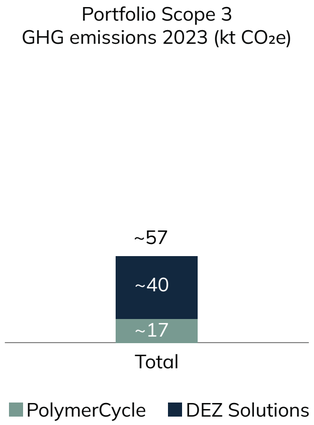
Carbon handprint



By the end of 2023, our two portfolio companies are projected to enable approximately ~100 kt CO_2e of avoided greenhouse gas emission.

Carbon footprint





The 2023 estimates for Scope 1 and 2 emissions are primarily activity-based, making them relatively robust. In contrast, the companies' Scope 3 data for 2023 consists of estimates that are expected to evolve as more specific and reliable information becomes available in the coming years. Generally, the Scope 3 GHG emissions for both portfolio companies are significantly higher than their combined Scope 1 and 2 emissions. This discrepancy arises because Scope 3 includes upstream and downstream activities from other companies – such as suppliers and customers – that lie beyond the direct control of the reporting companies. Upstream GHG emissions are influenced by the cradle-to-gate carbon footprints of purchased goods and services, including materials, components, business travel, and logistics. Downstream emissions stem from assumptions regarding the processing and use of sold products or services, as well as projections related to end-of-life emissions in the future.

Developments and milestones in 2023

Vidia began actively investing in VCF I in Q3 2023, resulting in two platform investments by the end of the year.

08/2023

bpm BETTER FOR THE PLANET

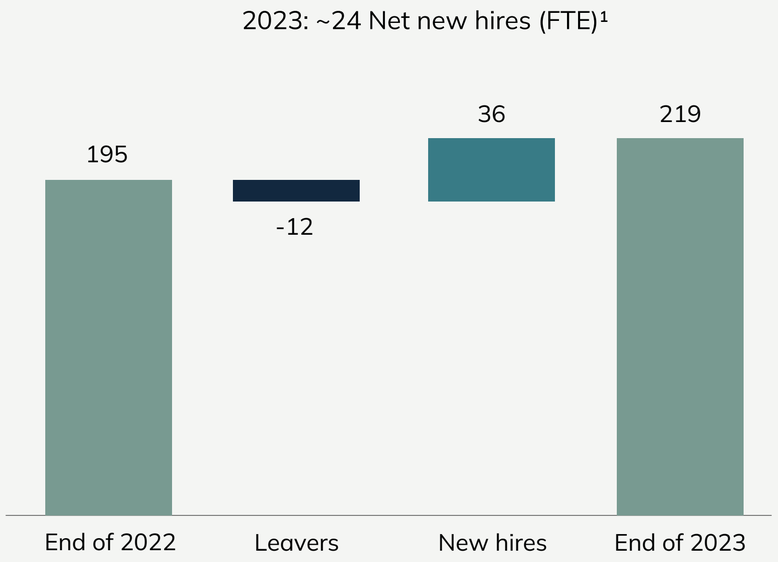
Plastic Recycling & Trade platform (PolymerCycle) acquired best plastic management

12/2023

wierig Dach / Energie / Zukunft

Roof Energy Services platform (DEZ Solutions) acquired Wierig Group

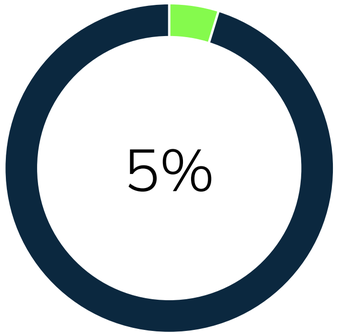
VCF I portfolio summary 2023 – ESG performance



ESG policies

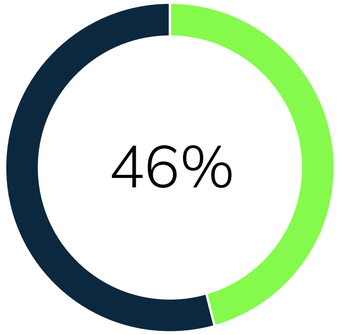
Our portfolio primarily consists of privately owned SMEs. At this scale, it's not uncommon for companies to have informal compliance systems in place at the time of investment. This presents a unique opportunity to enhance and professionalize a portfolio company's ESG and compliance management capabilities during the holding period through the formalization of ESG policies. Additionally, EU-based SMEs, which often have limited exposure to global markets, typically lack incentives to explicitly align with international ethical standards such as the UN Global Compact (UNGC) principles or the OECD Guidelines for Multinational Enterprises. Establishing a clearer alignment with these standards sends a strong, positive signal to employees, customers, and other stakeholders.

The data presented reflects the full-year ESG performance of our two portfolio platforms as of 12/2023, excluding any subsequent investment activities that occurred in 2024.[2]



2023 unadjusted gender pay gap (weighted avg.)

Average	2022
Germany	18%
EU 27	13%



2023 board gender diversity (weighted avg.)

Target quotas	2022
Germany	30%
EU	40%

[1]Note that a company's workforce measured in full-time equivalents (FTEs) represents an adjusted figure assuming only full-time emplyoment contracts were in place. In contrast, headcount figures count partial and full employment contracts equally.

[2] Portfolio weighting does not include temporary fund-level cash or comparable temporary assets & liabilities as they do not represent investments made by VCF I. For these reasons, the figures differ from compared to the PAI reporting in the SFDR disclosures

Unadjusted gender pay gap

The average unadjusted gender pay gap presented here is derived from a limited sample of just two portfolio companies. This metric reflects the difference in average income among all employees by gender, without accounting for variations in job roles. Consequently, it serves as a rough indicator of the representation of women in a company's highest-paying positions, rather than accurately representing the principle of "equal pay for equal work."

Board gender diversity

The SFDR defines "Board" as the "administrative, management, or supervisory body of a company." In most cases, our portfolio companies are too small to have a supervisory board; therefore, we track diversity at managing directors' level. As SMEs typically have only one or two managing directors, the addition or departure of a single female CEO can significantly impact this metric.

Rate of accidents, per compared to the average rate per 1,000 FTEs

When extrapolated, the 2023 total rate of accidents in our portfolio (12 accidents) would be notably higher than the German average of accidents per 1,000 FTE in comparable industries. Going forward, accident prevention will stay among the priority areas for ESG-related initiatives within our portfolio companies.

Days lost per FTE

The weighted average of 2023 total days lost per employee with >3 days absence (e.g., due to illness or injury) is lower at VCF I (11 days) than the German average in 2022 (15 days).

Plastic Recycling & Trade



Plastic is one of the most versatile materials in the world, yet it comes with significant downsides. Its energy-intensive production process contributes to greenhouse gas emissions, and a substantial portion of plastic waste is incinerated at the end of its lifecycle. With plastic consumption projected to more than double by 2050, immediate action is imperative. Recycling plays a crucial role in the circular economy by reducing reliance on virgin materials and lowering energy consumption. Additionally, the wholesale trading of sorted plastic waste and regranulates facilitates collaboration among various stakeholders in the recycling ecosystem. Investors are stepping in with capital and expertise, helping these players improve efficiency and transition from virgin plastics to recycled materials.

In our portfolio, PolymerCycle is evolving into a comprehensive one-stop shop for the plastic regranulate value chain, with two group companies already integrated into this platform:

bpm BETTER FOR THE PLANET — Since 2023

pb — Since 2024

PolymerCycle covers the entire plastics recycling value chain and aims to provide a one-stop shop solution for demanding customers

Product/service	Polymer recyclates and sorted polymer waste as input for recycling
Climate solution	Mechanical plastic recycling
NACE industry	E38.3 Recovery of sorted materials G46.77 Wholesale of waste and scrap
Employees (Headcount)	~40 (Dec 2023)
Website	BPM PB Group

3 key investment considerations

01

Strong market tailwinds due to consumer preferences and regulatory requirements

02

Tangible organic and inorganic growth opportunities in a fragmented industry

03

Aim to position BPM as one of the leading plastic recycling companies in the DACH region through scale-up of on-site capacity and selected add-on acquisitons

Business model

Mechanical plastic recycling, production of regrinds & regranulates from post-industrial and post-consumer waste

Vidia's sweet spot

Business positioned within Vidia's core themes of industrial materials and circular economy

Footprint

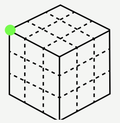
Footprint extending across Germany, encompassing Bösel, Bötzingen, Schömberg, Nordhausen, and Hoppegarten

Impact case

Reducing the need for virgin plastics, enabling the transition towards a circular economy

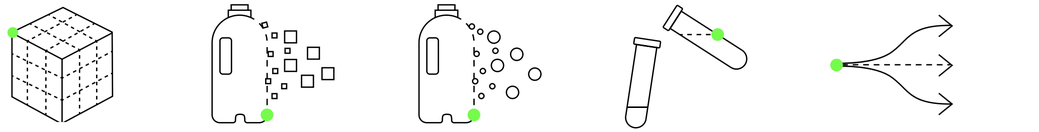
Investor impact

High potential for operational investor impact through organic and inorganic growth along value chain and professionalization of the organization

Regrinds	Regranulates	Contract manufacturing	Secondary raw materials trading
			
Sorted plastic waste is shredded and ground to be further processed into regranulated polymer compounds by customers	Regrinds are processed through separating, melting, filtering, and extruding to produce reusable, high-quality regranulate pellets that are almost as versatile as the virgin material	Customers deliver input material, PolymerCycle delivers a finished regranulate/regrind according to customer specifications (e.g., with additives and coloring)	Trade with secondary raw materials, mainly from post-industrial waste and the German dual system

We are creating a true one-stop shop for recycled polymers with capabilities to serve attractive target industries using a range of plastic waste streams

PolymerCycle



Secondary raw materials trader

Regrinding facility

Regranulating

Compounder

rXX trader

> “Becoming part of PolymerCycle is an exciting step for us. Together, we will advance our processing and separation technologies, while providing our customers with an even broader portfolio of products and services, from unsorted raw materials to finished recyclates.”

Patrick Blessing, Managing Director of PB Group and new Managing Director of PolymerCycle

Case study: Partnership with PB Group strengthens PolymerCycle

PolymerCycle has taken a strategic step forward by partnering with PB Group in 2024, a leading player in plastics recycling and secondary raw materials trading. This collaboration significantly enhances PolymerCycle’s capabilities, moving one step closer to becoming a true one-stop shop and offering a comprehensive solution across the plastic recycling value chain.

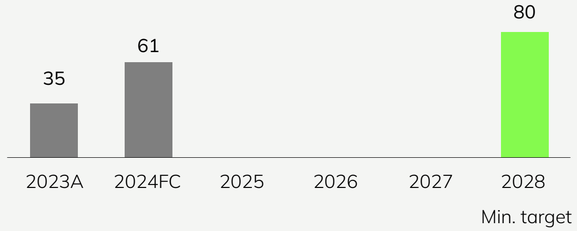
Founded over 20 years ago, PB Group has established a strong reputation for its dependable processing and trading of post-consumer and post-industrial plastic waste. With a network of four production facilities across Germany and an impressive annual handling capacity of around 90 kilotons of plastic waste, PB Group effectively links diverse waste streams to recyclers throughout Europe. This partnership allows PolymerCycle to expand its product and service offerings, ranging from raw materials to high-quality finished recyclates. It brings together PB Group’s expertise in sourcing and processing with PolymerCycle’s advanced technologies in separation and regranulation

As a result, customers benefit from improved processing capabilities, enhanced product quality, and a more diversified portfolio of recycled polymers, supporting the transition to a circular economy. The partnership represents a pivotal move for PolymerCycle to a full-range offering of recycled polymers, poised to meet the growing demand for sustainable materials in Europe.

PolymerCycle: impact profile

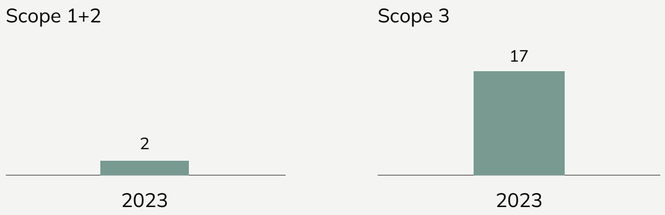
Climate impact logic	The production of virgin plastic is a carbon-intensive process that involves converting fossil fuel-based inputs into granulates of different polymer types. These granulates are then transformed into a variety of plastic products. By recycling plastic waste into high-quality “recyclates” and supplying these recyclates to processors as a sustainable alternative to virgin plastic, we can significantly reduce the carbon footprint associated with virgin plastic production.
Company’s role in the value chain	The platform plays an integral role to the trading and manufacturing phases of the mechanical plastic recycling process. Its operations encompass a comprehensive range of activities, from sourcing sorted waste streams to their separation, processing, and grinding, ultimately resulting in the production and sale of regranulated plastic pellets. A relatively small portion of the business focuses on offering contracted grinding or regranulation services.
Investor impact thesis	The Group’s strategy is focused on establishing itself as a comprehensive one-stop shop for recycled polymers. This approach integrates roles that are traditionally separate, including waste trading, regrinding and regranulation facilities, compounding, and recyclate trading. BPM, our initial platform investment, is currently dedicated to expanding sales and material supply while improving the organization’s digitalization and professionalization efforts. The acquisition of PB Group, our first add-on for PolymerCycle, significantly enhances the platform’s access to feedstock markets through PB’s extensive network in the European secondary raw materials market. Additionally, PB’s advanced separation technology allows us to efficiently process complex material mixtures during the recycling process. This acquisition not only expands PolymerCycle’s product and service offerings but also enhances our geographical reach, production capabilities, and access to skilled human resources.

Enabled GHG emission avoidance (kt CO_2e)
actual and forecasted vs. 5-year impact target

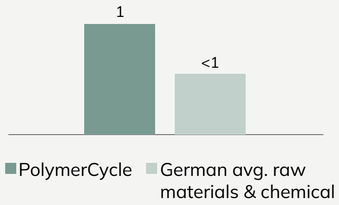


PolymerCycle: ESG profile

GHG emissions (kt CO_2e)



2023 number of reportable work-related injuries



Note: DGUV accident rates based on 1,000 FTEs have been adjusted to match actual portfolio company FTEs
Source: DGUV

	Status 2023	Outlook 2024
GHG Emissions	In 2023, we conducted our first estimation of GHG emissions. The majority of our Scope 1 and 2 emissions stem from significant electricity consumption during the regranulation process. It's important to highlight that our Scope 3 GHG emissions estimate reflects an unusually high proportion of downstream emissions associated with the conversion of recyclates into plastic products by PolymerCycle's customers. Moreover, at the end of their lifecycle, a considerable amount of plastic waste is likely to be incinerated unless measures such as mandatory collection and enhanced sorting systems are implemented to facilitate recovery.	The downstream Scope 3 estimate for 2023 represents a rough estimate that will need to be further substantiated and improved in 2024. The estimated GHG emission footprint for the add-on PB Group will be consolidated at the Group level. Based on an initial commitment to science-based decarbonization, targets that support the Paris Agreement will need to be formalized at the Group level in 2024-2025.
Waste and pollution	Currently, the amount of production waste that is considered "hazardous" is limited. Waste is disposed of in compliance with the requirements of German environmental regulations.	In the near to mid-term, the EU will implement stricter regulations on pellet losses. It will be essential to assess risks and mitigation strategies at the Group level.
OH&S	A safe and healthy work environment is a key concern for companies with manufacturing operations. German regulatory requirements involving external audits are in place to ensure high standards.	An initiative to improve accident prevention measures is to be developed in 2024-2025 at the Group level.
Human & labor rights	The risk of human or labor rights violations in the German/EU-based plastic recycling value chain is limited.	The Group-level ESG policy will explicitly commit to safeguarding universal human and labor rights.
ESG policies	ESG policies or a code of conduct had not yet been established at the time of investment.	A Group-wide ESG policy and code of conduct designed to ensure compliance with environmental, social, and international standards is planned to be formalized in 2024.

Roof Energy Services



Buildings and infrastructure play a significant role in contributing to global greenhouse gas emissions. Germany's low renovation rate is a major factor in the energy inefficiency of its existing structures. Upgrading industrial buildings' flat roofs includes improving insulation and installing rooftop solar photovoltaic (PV) systems.

We are tackling this challenge through DEZ Solutions, an initiative in Germany that embodies the concepts of Roof, Energy, and Future (Dach, Energie, Zukunft). DEZ Solutions unites three prominent companies specializing in energy-efficient flat roof refurbishment:

wierig Dach / Energie / Zukunft	JNS Dachtechnik GmbH	Schmidt Bedachung Hamburg
Since 2023	Since 2024	Since 2024

DEZ Solutions integrates flat roof refurbishment, solar installations, and related services into a comprehensive, roof-focused energy management solution tailored for blue-chip industrial and commercial clients

Product/service	Roofing services
Climate solution	Rooftop retrofits and insulation improvements PV system installations
NACE industry (rev.2)	F 43.91 Roofing activities F 43.21 Electrical installation
Employees (Headcount)	210 (Dec 2023)
Website	Wierig JNS Schmidt

3 key investment considerations

01

Established market position in the industrial flat roof refurbishment and solar installation market combined with a strong blue-chip client base

02

Powerful regulatory tailwinds and substantial government funding initiatives are propelling the modernization of energy in industrial and commercial buildings across Germany

03

Vidia has the opportunity to provide operational support for both organic and inorganic business growth, with a key focus on scaling the solar PV installation business

Business model

Industrial and commercial flat roof refurbishment, solar PV installation, and adjacent services/products

Vidia's sweet spot

Strong fit with Vidia's core theme of electrification, leveraging the team's prior experience

Footprint

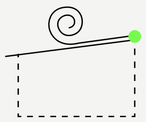
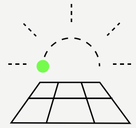
Operations focused on Germany: Wierig HQ in Siegburg (near Cologne) and Plankstadt, HQs of Schmidt in Tarmstedt and JNS in Feldkirchen-Westerham (near Munich)

Impact case

Increasing energy efficiency of buildings through energetic refurbishment and the installation of solar PV systems

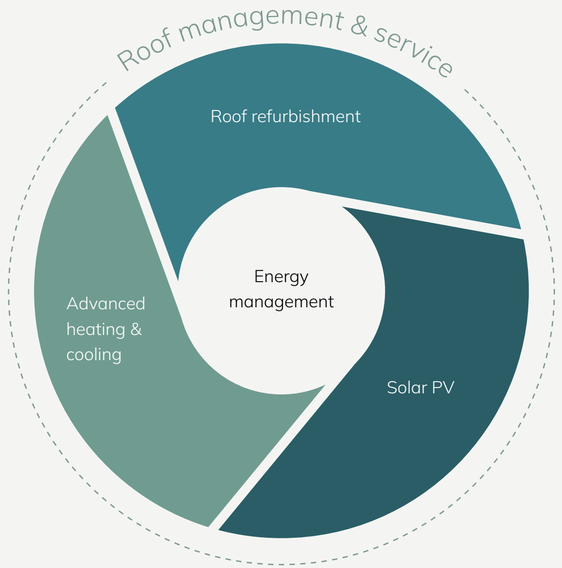
Investor impact

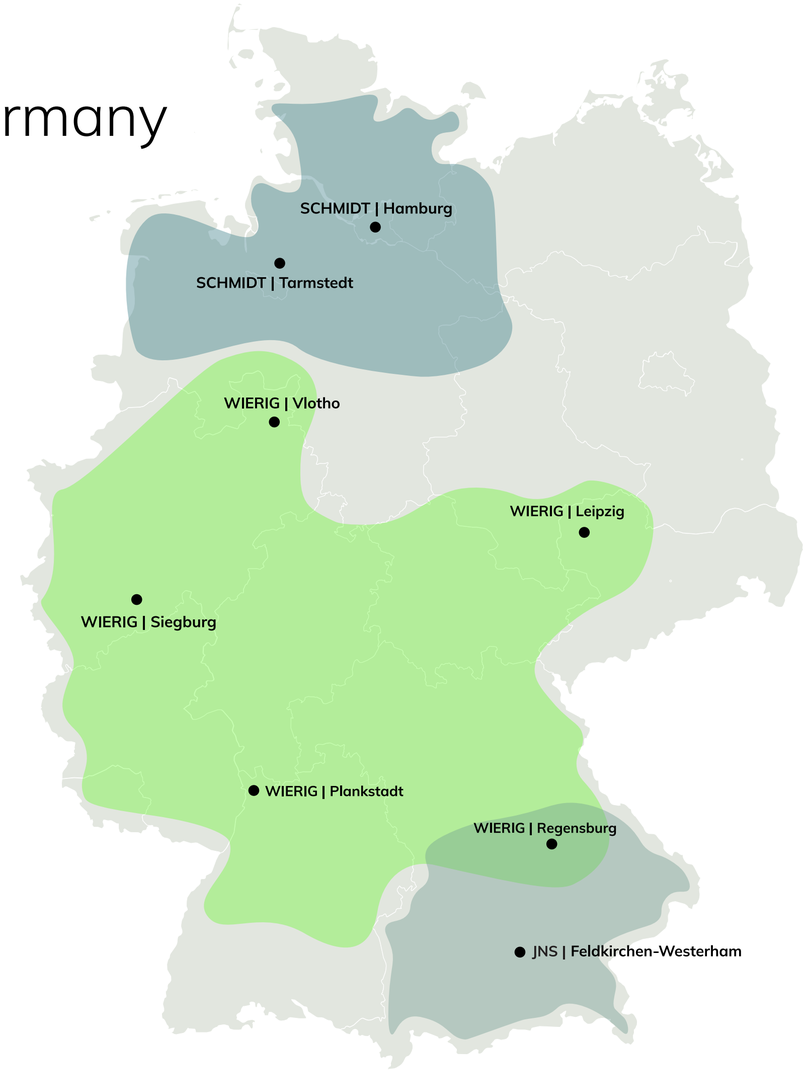
Strong potential for operational investor impact by driving inorganic growth and scaling up the organization

Roof	Solar	Services	Liquid	Kraftwerk
				
Refurbishment (>70%) and new build (<30%) of flat roofs of commercial and industrial buildings	Installation of solar PV systems (incl. roof assessment, permits, installation, procurement, and grid connection)	Roof safety installations, leakage testing, roof maintenance, and roof monitoring systems	Liquid plastic waterproofing and coating of flat roofs	Installation of heat pumps, ice energy storage, and air collectors

During the first year after acquisition, we significantly expanded the footprint of DEZ Solutions to cover Northern & Southern Germany

Vidia's vision: Transformation of the business model from roof & solar PV towards holistic roof energy management





- Provider of flat roof and facade construction, refurbishment, and adjacent services (i.e., green roofing and solar PV installation)
- Main geographic business areas revolve around Munich and Rosenheim, located in the region of Upper Bavaria
- Closing: Q3 2024

- Leading expertise in roofing and carpentry, specializing in flat roofs
- Operating from two locations in Northern Germany
- Closing: Q3 2024

After the initial acquisition of Wierig, the top priority was to expand its core roof refurbishment business into new, untapped regions through strategic add-on acquisitions.

Leading regional players Schmidt and JNS joined the Group, paving the way for synergies with supra-regional customers.

DEZ Solutions: impact profile

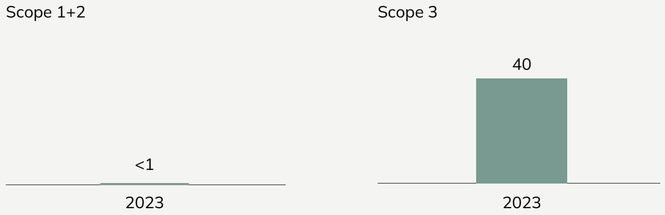
Climate impact logic	GHG emissions can be avoided at scale by combining energy-efficient roof refurbishment and solar PV system installation. Energy-efficient roof refurbishment can significantly reduce building heat loss, especially when it comes to older buildings. PV systems installed on industrial flat roofs generate low-carbon electricity mainly for own consumption or to improve the overall electricity mix in Germany.
Company's role in the value chain	As a general contractor, the entire EPC (engineering, procurement, and construction) process for energy-efficient roof refurbishment and solar PV system installations is owned and overseen by DEZ Solutions. Both roofing services and solar PV system installations on large flat roofs require specialized know-how. At the end of the process, the customer receives a completely installed climate solution that is ready to operate.
Investor impact thesis	Vidia's growth strategy for DEZ Solutions is based on two pillars: 1. The first pillar focuses on unlocking untapped operational potential within the existing platform business. By implementing a structured sales approach, we can increase lead generation and eliminate operational bottlenecks, thus expanding our capacity to serve more clients. Additional improvements include enhancing and adding second-level management, which will allow the C-suite to dedicate more time to strategic initiatives, business development, and managing key accounts. 2. The second pillar emphasizes value creation through selective add-on acquisitions, leveraging the fragmented nature of the roofing and solar PV installation markets. Inorganic growth can be achieved by expanding capacity, increasing regional coverage, and capitalizing on synergies.

Enabled GHG emission avoidance (kt CO_2e)
actual and forecasted vs 5-year impact target

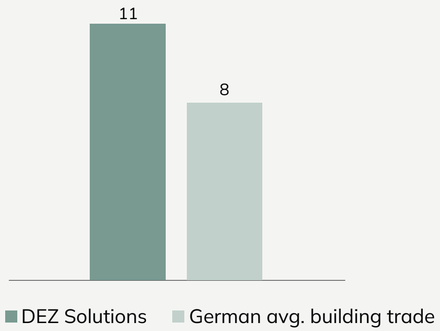


DEZ Solutions: ESG profile

Total Company Scope 1+2, 3 GHG emissions (kt CO_2e)



2023 rate of reportable work-related injuries



Note: DGUV accident rates based on 1,000 FTEs have been adjusted to match actual portfolio company FTEs
Source: DGUV

	Status 2023	Outlook 2024
GHG emissions	GHG emissions were estimated for the first time in 2023. The largest share of Scope 1+2 emissions is caused by the company's current vehicle fleet. Note that Scope 3 GHG emission estimates include a disproportionately large share of upstream emissions, mostly for solar PV systems, insulation materials and roofing membranes, which are outside the control or influence of DEZ Solutions. However, during the average lifetime of more than 20 years, the cumulative downstream emission avoidance far exceeds the upstream carbon footprint.	The upstream Scope 3 estimate for 2023 serves as a preliminary figure that will require further validation and improvement in 2024. The GHG emission footprint estimates for the add-ons, JNS and Schmidt, will be integrated at the Group level. Additionally, a formal commitment to science-based decarbonization and targets aligned with the Paris Agreement will be established at the Group level in 2024-2025.
Waste and pollution	Improving the energy efficiency of flat roofs necessarily involves the replacement and disposal of old insulation material and roofing membranes. Especially old mineral wool from before 2000 is generally deemed hazardous. All roofing-related waste disposal is handled responsibly by well-regulated and well-established environmental service providers.	The 2023 estimate of hazardous waste serves as a preliminary indication that requires further improvement and consolidation at the Group level.
OH&S	Occupational health and safety is a key concern, especially for roofing companies, due to the risk of working at elevated heights. Germany's regulatory requirements involving external audits are ensuring a high standard. However, the risk associated with working at elevated heights did not result in any serious accidents, thanks to DEZ Solutions' commitment to stringent occupational health and safety standards.	A Group-level initiative aimed at improving accident prevention measures will be developed in 2024-2025.
Human & labor rights	The solar PV modules installed by DEZ Solutions are sourced from reputable large-scale European wholesalers. However, it is essential to monitor the manufacturing of solar PV, particularly concerning the specific regions where the processed polysilicon is produced.	There is a need to engage with solar PV module suppliers regarding certifications of origin. A Group-level ESG policy will also include an explicit commitment to the protection of universal human and labor rights.
ESG policies	At the time of investment, ESG policies or a code of conduct had not been formalized yet.	A Group-level ESG policy and code of conduct designed to ensure compliance with environmental, social, and international standards is planned to be formalized in 2024.

Wind Energy Services



Leveraging wind energy presents significant opportunities for reducing carbon emissions, and the evolution of wind turbines has led to larger and more sophisticated designs. This advancement has given rise to a complex value chain surrounding wind turbine generators (WTGs), encompassing numerous specialized processes needed to maximize the technology's potential. However, inefficiencies – especially in maintenance – can curtail turbine lifespan and diminish energy output.

In response, private investors are stepping in to provide essential operational support at key stages of the value chain, facilitating swift installation and promoting long-term turbine efficiency. Our portfolio unites two leading companies from Denmark and Germany within our Wind Energy Services platform:

vento energy support

Since 2024

neowa

Since 2024

The Wind Energy Services platform offers highly-skilled installation, maintenance, blade repair, site mgt., and repowering services to blue-chip OEMs, wind park owners, and operators

Product/service	Wind turbine and blade installation, maintenance, and decommissioning
Climate solution	Wind power generation
NACE industry (rev. 2)	F42.22 Construction of utility projects for electricity
Employees (Headcount)	~400 (Oct. 2024)
Website	Vento, neowa

3 key investment considerations

01

Scalable organization fundamentally prepared for organic and inorganic growth with existing blue-chip as well as new customer base

02

Robust market momentum driven by the demand for clean, cost-competitive energy, coupled with substantial legislative backing

03

Vidia has the opportunity to organically expand its service offerings in specialized niches while also pursuing inorganic development opportunities

Business model

Extensive range of wind power services leveraging international project management and a highly-skilled technician base

Vidia's sweet spot

Transaction sourced after detailed analysis of the wind energy value chain within Vidia's core theme of electrification

Footprint

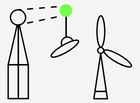
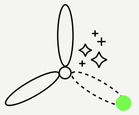
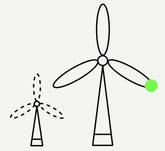
Operations managed from headquarters in Ringkøbing (Denmark) and Lüneburg (Germany) with global footprint of operations

Impact case

Transitioning from fossil fuel energy to the widespread adoption of competitive wind power generation on a global scale

Investor impact

Vidia to provide operational investor support driving an international inorganic growth strategy as well as organic growth in the DACH and Nordics regions

Installation	Service	Blade service	Site management	Repowering
				
On- and offshore installation incl. inspection, pre-assembly, and cable work services	Scheduled/unscheduled maintenance and upgrade/retrofit services	High-altitude operations, including installation and production-related blade repair services	Construction and installation site management and supervisors	Decommissioning primarily as part of repowering projects

Appendix



Design parameters of impact measurement approach		Vidia approach
Design parameters	Possible parameter values	Planned: Impact estimate is based on planned/achieved unit sales of products/services per year.
Planning horizon	1-3-5-10 years	Following the year of investment, we assume a 5-year average portfolio company holding period until exit.
Type of impact	Enabled vs realized impact	Companies within the climate solution value chain play a vital role in enabling the avoidance of greenhouse gas (GHG) emissions, achieved through the subsequent use of the products and services they provide. The moment a product or service is purchased and delivered to the end user is critical in establishing a pathway for future usage. The impacts – both positive and negative – generated by market demand are made possible (enabled) by the supply side.
Impact time orientation	Forward-looking vs backward-looking	Forward-looking: we anticipate the average lifetime impact potential at the time of sale for each year of our planning horizon, as opposed to aggregating the impact of the total operational installed base (or operating fleet) i.e., "enabled" by sales in the past.
Counterfactual	Dynamic vs static	We typically employ a dynamic counterfactual that considers anticipated developments, such as changes in the electricity mix, building stock, or the installed base and operating fleet.
	Absolute or marignal	Marginal counterfactuals consider the average standards of the addressable market (the state of the art) and the dynamics of competitive markets. They provide a more accurate representation of a climate solution's observable impact on annual GHG emissions. In contrast, absolute counterfactuals reflect the total contribution of a climate solution technology compared to an alternate scenario where that technology does not exist. This encompasses GHG emission reductions achieved in the past and maintained through "business as usual." While we generally prefer marginal counterfactuals, the choice between the two approaches can be justified based on the specific product or service and the market context, as seen in cases like recycling.
Attribution	Attribution across the value chain	Whenever possible, value chain attribution factors are estimated based on a company's role in the value chain, the value chain stage, and the quality of its contribution.
	Attribution for financial weight	Financial attribution can be applied when it comes to reporting "financed" GHG emissions, for example.

Frameworks, tools & indicators

Product/Service Handprint

Climate impact

Climate Impact Score

We use a bespoke balanced scorecard as part of our pre-investment impact due diligence process to assess each target's climate impact potential, risk profile, and overall quality of impact contribution.

Avoided GHG Emissions (Scope 4)

We develop and use tailored Excel models internally to evaluate the scale of a target's contribution to GHG emission avoidance (also known as Scope 4) during pre-investment screening and post-investment impact management. This approach is grounded in the "Vidia Impact Methodology" and follows high-level guidance from the non-profit initiative "Project Frame."

Operational Footprint

Environmental, Social, & Governance Factors

GHG Emissions (Scope 1, 2, 3)

The GHG protocol provides widely recognized methdological guidance for the assessment and reporting of a company's direct and indirect (enabled) GHG emissions across its value chain.

Portfolio Coverage

Financial institutions committed to science-based targets, following standards set by the SBTI, can assess and report the percentage of their managed assets covered by validated science-based targets, aiming to reach 100% coverage by 2040.

Principal Adverse Impacts (PAI)

The EU's Sustainable Finance Disclosure Regulation (SFDR) specifies a set of mandatory and optional metrics that are indicative of significant negative impacts and risks related to e.g., GHG emissions, environmental aspects, human rights and international standards, occupational health and safety, and gender equality.

ESG Indicators

The EDCI is a voluntary initiative within the private equity industry that establishes a core set of metrics for benchmarking ESG performance and risks. These metrics cover areas such as GHG emissions, decarbonization efforts, occupational health and safety, gender equality, and job creation.

Overview of our case studies & their logic models

A “logic model” represents a well-established impact framework that describes a linear causal chain from inputs and activities over an organization’s outputs (e.g., in terms of impactful product and service salves) to outcomes and impacts. Such a framework can be applied to each portfolio company that plays a substantial role within a climate solution’s value chain. In this case, the inputs represent the company’s resources and capabilities as well as its procurement and value creation activities.

The outputs are the units of climate-related products and services sold. Climate mitigation outcomes in terms of avoided (or reduced/removed) GHG emissions can be estimated in comparison with a counterfactual baseline, or “reference scenario.” At a more general societal impact-level, the positive climate mitigation outcomes collectively contribute to an acceleration of the pace of industrial decarbonization as well as the pace of humanity’s “race to zero.” The following overview summarizes our case studies, and their logic models.

Plastic Recycling & Trade

Platform company	PolymerCycle GmbH
Composition (as of 10/2024)	Platform: bpm (entry in 2023) and add-on PB Group (in 2024)
Date established	08/2023
Impact period	2024-2028
Overall climate solution	Plastic recycling
Climate impact logic	Substitution of virgin plastic; prevention/delay of waste incineration
Value chain stage	– Regrinding and extrusion of recycled plastic into high-quality recyclates – Secondary raw material trading – Tolling (Recycling-as-a-service)

Products/ services	Sorted secondary raw material, plastic regrinds and regranulates
Inputs	Plastic waste from post-industrial or post-consumer sources
Outputs	Tons recyclate sold (or enabled) p.a.
Climate outcomes	Avoided GHG emissions from virgin plastic production
Climate impacts	Accelerating the pace of industrial decarbonization

Roof Energy Services Roof refurbishment

Platform company	Dach Energie Zukunft Solutions GmbH
Composition (as of 10/2024)	Platform: Wierig (entry in 2023) and add-ons JNS and Schmidt (in 2024)
Date established	12/2023
Impact period	2024-2028
Overall climate solution	Rooftop insulation systems
Climate impact logic	Reduced heat energy losses result in lower heat energy demand
Value Chain stage	Deployment (General Contractor/EPC)

Products/ services	Energy efficiency retrofits
Inputs	– Insulation materials – Roofing membranes
Outputs	m2 area retrofitted p.a.
Climate outcomes	Avoided GHG emissions from average building heating
Climate impacts	Accelerating the pace of industrial decarbonization

Roof Energy Services Solar

Platform company	Dach Energie Zukunft Solutions GmbH
Composition (as of 10/2024)	Platform: Wierig (entry in 2023) and add-ons JNS and Schmidt (in 2024)
Date established	12/2023
Impact period	2024-2028
Overall climate solution	Solar PV systems
Climate impact logic	Substitution of average electricity mix with low carbon electricity
Value chain stage	Deployment (General Contractor/EPC)

Products/ services	Solar PV system planning & installation
Inputs	Solar PV system hardware
Outputs	KWp installed p.a.
Climate outcomes	Avoided GHG emissions from average electricity generation
Climate impacts	Accelerating the pace of industrial decarbonization



Wind Energy Services

Platform company	VEN-TO ApS & neowa GmbH
Composition (as of 10/2024)	Platform: Vento (entry + new add-on neowa in 2024)
Date established	06/2024
Impact period	2025-2029
Overall climate solution	Wind power installation, maintenance, and repair services
Climate impact logic	– Installation and maintenance of windpower systems – Decommissioning to enable repowering
Value chain stage	– Installation – Use (Maintenance) – End of life
Products/ services	– Installation – (Blade) Service – Site management – Repowering
Inputs	– Specialist personnel – Equipment
Outputs	Available/productive energy generation capacity
Climate outcomes	Avoided GHG emissions from average electricity generation
Climate impacts	Accelerating the pace of industrial decarbonization

Logic Model for Vidia's Investor Impact

Category	Timeframe	Inputs (+Activities)	Outputs	Outcomes	Impact
Impact Planning	First 3-6 months	– Strategy workshops on near-/mid-term growth and operational improvement initiatives – Development of operational model and operational improvement priorities	– Impact growth strategy – Operational improvement strategy	– Shared understanding of strategic/ operational priorities – Clear management priorities and goals	– Improved climate solution product/service unit sales trajectory during hold period – Improved relative competitiveness of climate solution product/service => market share gains
Impact Improvement	On-going	– Implementation of impact (sales) growth initiatives – Implementation of operational improvement initiatives – Implementation of buy & build strategy	– Improved strategic/operational performance drivers – Add-ons acquired/integrated	– Improved operational metrics – New customer wins & market share gains – Synergy effects	
Impact Monitoring & Management	On-going	– Regular management reviews about progress on sales growth and operational improvement	– Regular management reviews	– Effective management decision making	
ESG Planning	First 3-6 months	– ESG workshop based on ESG Due Diligence Report – Preparation of ESG Roadmap with near-term priorities	– Agreement on ESG Roadmap/ near-term targets	– Shared understanding of ESG risks and opportunities – Clear management priorities and goals	– Value preservation through improved ESG risk mitigation – Value creation through opportunities for ESG improvements
ESG Improvement	On-going	– Implementation of ESG Roadmap – Integration of ESG aspects in monthly management reviews/annual targets	– Improved ESG performance drivers – Formalized ESG policies, procedures, and initiatives etc	– Improved ESG metrics – Reduced exposure to ESG risks/issues over time	
Impact & ESG Data Collection	Q1 every year	– Execution of Impact & ESG Data Collection – Review of assumptions for impact model – Carbon footprinting of scope 1-3	– ESG data collected – Carbon footprint estimated – Updated climate impact model	– Improved impact & ESG-related transparency and awareness – Improved robustness of impact performance data	
ESG Monitoring & Management	On-going	– Regular management reviews with focus on ESG improvement activities and management of any adhoc ESG risks & issues that may arise	– Regular management reviews	– Effective management decision making	

IMP 5 dimensions: Vidia Climate Fund 1 (VCF1)

Dimension	Definition (based on IMP)	Descripition	KPI	Comment/Mitigants
What	Outcome Type	– Climate mitigation performance of products/services (carbon "handprint") assessed by forward looking assessment of enabled lifetime GHG emission avoidance	– Enabled GHG emission avoidance (Tons CO_2e) through sales of products/services	– Contribution to the goals of the Paris Agreement (i.e. restoring safe levels of atmospheric CO_2e concentration (ppm))
	Outcome treshold	– Minimum significance threshold for selection process: ≥ 1.000 Tons CO_2e/EURm p.a. avoidance (projected average of 5-year holding period)	– Avg. enabled GHG emission avoidance (tons CO_2e) per holding year per EURm equity deployed	– Impact capital efficiency measured by average climate mitigation performance per holding year over EURm equity deployed
	Importance of outcome to stakeholder	– A stabilized Earth climate represents a critical requirement for the possibility of civilizational human progress for centuries to come and determines the quality of life, long-term safety, well-being of young people and future generations		– Target stakeholder group (young people and future generations) is severely underserved
Who	Stakeholder	– Climate: young people and future generations, vulnerable populations, life on earth – Business: employees, management, suppliers, customers, investors – Other: local communities, civil society, consumers, impacted parties across the value chain, biodiversity		– ESG Due Diligence and ESG Management help identify, mitigate and manage negative impact risks, including stakeholder participation risk
	Geographical boundary	– Global effects of GHG emissions – Geographic focus area for VCF1 investments: DACH and Nordics		
	Outcome level at baseline	– Based on most recent volume of climate solution unit sales prior to investment – Based on past growth performance and market dynamics at time of investment	– # units sold – Enabled GHG emission avoidance (tons CO_2e) per unit sold	– Incluences level of annual GHG emissions – Influences level of atmospheric concentration of CO_2e (ppm)
How much	Scale / Breadth	– The scale of climate mitigation impact is driven by 1) # of climate solution units sold and 2) GHG emission avoidance impact per climate solution unit sold	– # units sold – Enabled GHG emission avoidance (tons CO_2e) per unit sold	
	Depth	– The depth of climate mitigation impact is driven by quality of contribution: The importance of a company's products and services for the functionality and competitiveness of the climate solution's value chain impact	– Qualitative assessment – Attribution factor %	– Minimum level of "quality of contribution" (at least "fundamental" for the production/deployment/use of climate solution)
	Duration	– Assuming average 5-year holding period per portfolio company – Depending on type of avoidance effect: can be one-time/annual (e.g. recycling) or lifetime/service life (years) for long-lived goods	– Average service life per unit (years) – Holding period (years)	– Incluison
Contribution	Scale counterfactual	– Company impact: Projection of alternative (lifetime) GHG emissions in reference scenario absent company activity	– Counterfactual GHG emissions (tons CO_2e)	– Dynamic counterfactual takes into account expected changes during lifetime into account
	Depth/Duration counterfactual	– Investor impact: Improved growth performance and competitiveness of portfolio company compared to reference scenario without investor activity (i.e. standalone)	– Qualitative assessment	– Investor impact assessment through interview with portfolio company management
Risk		– See "IMP impact risk analysis"		

Vidia Climate Fund I - IMP impact risk analysis

Key issues	Definition (based on IMP)	Description	Severity	Likelihood	Comment/Mitigants
Evidence risk	The risk of insufficient quality of impact measurement data and inaccurate assumptions	– Risk that the climate impact assessment (avoided emissions estimate) is overly optimistic or overly pessimistic due to inaccurate/unrealistic assumptions	Low-medium	Low-medium	– Conservative assumptions and sanity checks – Preference for science-based/real-world measurement data – 4-eye principle and external validation
External risk	The risk that external factors disrupt your ability to deliver the impact	– Risk of adverse macro-trends: financial/economic crises, geopolitical conflicts, extreme weather events, trade & supply chain disruptions, technology or market trends, shifts in political power relations (national, EU), market failure – Excessive bureaucracy and regulatory headwinds	Low-medium	Low-medium	– Continuous monitoring of macro-trends and regulatory developments (national, EU) – Included in ESG DD: Physical climate risk assessment
Stakeholder participation risk	The risk that expectations and/or experiences of stakeholders is misunderstood or not taken into account	Potentially overlooked stakeholders include: – Climate: young people and future generations, vulnerable populations, life on earth/biodiversity – Business: employees, management, suppliers, customers, investors – Social: local communities, civil society, consumers, impacted parties across the value chain	Low-high	Low-high	– Whistlblower platforms – ESG Due Diligence – ESG Management
Drop-off risk	The risk that positive impact does not endure and/or that negative impact is no longer mitigated	– Risk of rebound effects (Jevon's paradox) – Risk of positive impacts being short-lived & becoming marginalized or saturated over time	Low	Low-medium	– Consideration of rebound risks in climate impact assessment – Consideration of long-term relevance of climate solution – Consideration of market transition dynamics
Efficiency risk	The risk that the impact could have been achieved with fewer resources or at lower cost	– Risk of more impactful alternative/nascent climate solutions being either displaced or displacing the current climate solution due to superior performance	Low	Low	– Competitive analysis – Technology benchmarking – Consideration of market transition dynamics
Execution risk	The risk that the activities are not delivered as planned	– Risk of below-target business plan achievement due to poor management performance – Risk of investment structures with negative impact (e.g., excessive fees/leverage)	Medium	Low	– Overlap with business plan execution risk; part of commercial DD – Requires conviction in portfolio company management's capabilities – Focus on value creation-driven LBO structures, avoid restructuring/ transformation cases
Alignment risk	The risk that impact is not locked into the enterprise model	– Risk of mission drift over time, i.e., risk of declining relative share of positive impact business/increasing share of negative impact business	Low-medium	Low	– Investment strategy and selection process to ensure high degree of collinearity – Responsible exit policy and post-exit impact risk assessment
Endurance risk	The risk that the required activities are not delivered for a long enough period	– Risk of a technology losing relevance as a climate solution over the next few decades (bridge technology, false solution) – "Impact at exit" risk: impact level is expected to stagnate/decline under new owner	Low-medium	Low-medium	– Consideration of long-term relevance of climate solution – Forward-looking assessment of climate solution impact potential – Responsible exit policy and post-exit impact risk assessment
Unexpected impact risk	The risk that significant unexpected positive and/ or negative impact is experienced by people and the planet	– Unexpected negative impacts can occur in terms of environmental pollution, social impacts across the value chain, and governance failures	Low-high	Low-high	– Whistlblower platforms – ESG Due Diligence – ESG Management

ESG & impact investing glossary (A–I)

Abbreviation	Meaning	Context	Type	Explanation
CSDDD	Corporate Sustainability Due Diligence Directive	Sustainability (EU)	Regulation	Mandatory statutory due diligence requirements within the EU to prevent human rights and environmental impacts across value chains
CSRD	Corporate Sustainability Reporting Directive	Sustainability (EU)	Regulation	Mandatory statutory sustainability reporting requirements within the EU to disclose a broad range of financially and non-financially material ESG factors
DNSH	Do No Significant Harm	Sustainability (EU)	Standard	Regulatory screening standards (applied – very differently – by SFDR and EU Taxonomy) to ensure the absence of severe social or environmental harm
EDCI	ESG Data Convergence Initiative	Sustainability (global)	Standard	Initiative within the private equity industry defining a standard set of comparable ESG metrics for benchmarking pruposes
EFRAG	European Financial Reporting Advisory Group	Sustainability (EU)	Organization	Technnical advisory group tasked with the definition of sustainability reporting standards within the EU
ESG	Environmental, Social, Governance	Sustainability (global)	Acronym	Conceptual framework categorizing risks and opportunities for non-financial impacts on people, environment, societies
ESRS	European Sustainability Reporting Standards	Sustainability (EU)	Standard	Underlying technical layer of requirements for CSRD reporting
EU Taxonomy	EU taxonomy for sustainable activities	Sustainability (EU)	Standard	EU regulatory framework defining economic activities that contribute to environmental sustainability objectives
GHG	Greenhouse Gas	Climate change	Acronym	Refers to gases that trap heat in the atmosphere, contributing to the greenhouse effect and climate change. Key GHGs include carbon dioxide (CO_2), methane (CH4), and nitrous oxide (N2O), all of which are regulated under climate protocols and frameworks such as the Paris Agreement.
GHG Protocol	Greenhouse Gas Protocol	Climate change	Standard	Set of guidance and rules to estimate a company's Scope 1-3 GHG emissions
GIIN	Global Impact Investing Network	Impact Investing	Organization	Member organization for asset owners and managers committed to impact investing best practices and peer learning
IEA	International Energy Agency	Climate change	Organization	Intergovernmental organization tasked with providing policy recommendations, analysis and data related to the global energy sector
IFRS	International Financial Reporting Standards	Sustainability (global)	Standard	Set of accounting and disclosure rules to ensure the international comparability of financial reports, including financially material ESG factors
IFRSF	International Financial Reporting Standards Foundation	Sustainability (global)	Organization	Standard setting body tasked with the development of global accounting and reporting standards
ILO	International Labour Organisation	Sustainability (global)	Organization	United Nations agency tasked with advancing social and economic justice by setting international labor standards
IMP	Impact Management Project	Impact Investing	Organization	Initiative that was tasked to develop an impact investing standard framework (has been succeeded by the non-profit organization, Impact Frontiers

ESG & impact investing glossary (I–Z)

Abbreviation	Meaning	Context	Type	Explanation
IOOC	Input, Output, Outcome, Impact	Impact Investing	Acronym	Simplified theory of change based on linear causal model
IPCC	International Panel on Climate Change	Climate change	Organization	Intergovernmental organization tasked with advancing scientific knowledge about climate change
ISSB	International Sustainability Standards Board	Sustainability (global)	Organization	Group within the IFRS Foundation tasked with development of sustainability disclosure standards
OECD	Organisation for Economic Co-operation and Development	Sustainability (global)	Organization	Intergovernmental member organization (consisting of 38 high income countries) tasked to stimulate economic progress and trade
OECD (Guidelines for MNEs)	Organisation for Economic Co-operation and Development Guidelines for Multinational Enterprises	Sustainability (global)	Principles	Principles and standards for responsible business conduct recommend by the OECD
OH&S	Occupational Health and Safety	Sustainability (global)	Acronym	ESG theme covering the safety and quality of working conditions
PAI indicators	Principal Adverse Impact indicators	Sustainability (EU)	Standard	Set of ESG indicators for mandatory disclosure under SFDR related to common ESG risks
SBTI	Science-Based Targets Initiative	Climate change	Organization	Voluntary verification body regarding the alignment of decarbonization targets with science-based normative aspirations
SFDR	Sustainable Finance Disclosure Regulation	Sustainability (EU)	Regulation	Sustainable finance-related disclosure rules within the EU
TCFD	Task Force on Climate-related Financial Disclosures	Climate change	Organization	Board tasked with developing of climate-related disclosure standards (mandatory in the UK), converging with ISSB and overlapping with ESRS
TOC	Theory of Change	Impact Investing	Acronym	Articulation of fundamental assumptions regarding a societal problem's root causes, causal relationships and feedback loops (system dynamics), and potential leverage points for generating (positive) change
TONIIC	(no acronym)	Impact Investing	Organization	Member organization for high net-worth individuals committed to impact investing best practices and peer learning
UNGC	United Nations Global Compact	Sustainability (global)	Principles	Voluntary framework by the United Nations for businesses to commit to sustainable and socially responsible policies, and to report on their implementation
UNPRI	United Nations Principles for Responsible Investment	Sustainability (global)	Principles	UN-supported member organization for investors committed to principles regarding the consideration of ESG issues during the investment lifecycle

SFDR disclosures

SFDR 2023 Disclosures

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852 establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Template periodic disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852

Product name: Vidia Climate Fund I GmbH & Co. KG **Legal entity identifier:** 391200F1GUN7J9YEPL64

Sustainable investment objective

Did this financial product have a sustainable investment objective?

☒ **Yes**	☐ **No**
☐ It made **sustainable investments with an environmental objective:** 100 %[1]	☐ It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments
☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
☒ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy	☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
	☐ with a social objective
☐ It made **sustainable investments with a social objective:** ___%	☐ It promoted E/S characteristics, but **did not make any sustainable investments**

To what extent was the sustainable investment objective of this financial product met?

The Fund's sustainable investment objective is to help accelerate the "decarbonization" of the economy in order to support the goals of the Paris Agreement through private equity investments. Therefore, the Fund only invests in companies whose business model, or parts thereof, it expects (and supports) to generate a significant direct or indirect positive climate impact by providing solutions for reducing, avoiding, or removing greenhouse gas emissions. 2023 was the Fund's first operational year, during which it acquired the first two portfolio companies, i.e. bpm Group and Wierig Group. In their respective business segments, both portfolio companies are serving as "platforms" for organic and inorganic growth strategies going forward. Through the sale of their products and services they contribute to the decarbonization of the economy. Moreover, the Fund recognizes the need for a rapid decarbonization of portfolio companys' operational GHG emission footprints in line with science-based decarbonization target pathways. The full realization of such science-based decarbonization target paths, however, will ultimately also depend on the future technological and regulatory environment as various decarbonization measures within the portfolio are not yet economically feasable. With both acquisitions just completed in August 2023 and December 2023, it is still too early to completely assess their acceleration effect on decarbonization which inter alia depends on how those portfolio companies will be developed going forward in line with the Fund's strategy as implemented by the companies' management. But as far as portfolio construction is concerned, the sustainable investment objective for 2023 can be considered to be met to the extent this is possible at this stage in the Fund's term (please refer to the following question/response for more detail). More robust assessments can be made as the portfolio is fully formed and the first portfolio companies become ready for an exit.

[1] The share of sustainable investments is calculated based on capital deployment into new and existing portfolio companies. Temporary accumulations of cash that are typical for closed-ended funds are not considered as "investments".

Sustainability indicators measure how the sustainable objectives of this financial product are attained.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

How did the sustainability indicators perform?

In 2023, the total scale of forward-looking GHG emission avoidance enabled through the sale of goods and services by our portfolio companies was estimated ~125 kt CO2e.

How did the sustainable investments not cause significant harm to any sustainable investment objective?

How were the indicators for adverse impacts on sustainability factors taken into account?

Prior to closing the acquisitions, an external service provider conducted ESG due diligences. Those ESG due diligences also assess whether the respective companies are causing any significant harm to any sustainable investment objective. The two ESG due diligence reports for the two portfolio companies stated "No significant harm to any of the environmental or social objectives have been identified and good governance practices are in place" and "No significant harm to any of the environmental or social objectives have been identified and good governance practices are fair with room for improvement" respectively. Recommendations for improvement have by now been integrated into the portfolio monitoring and ESG management practice.

Were sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

The ESG DD for the portfolio company investments in 2023 considered violations of OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. No violations were identified

How did this financial product consider principal adverse impacts on sustainability factors?

For each portfolio company, principal adverse impacts are assessed during the due diligence and post-investment as Vidia is monitoring and engaging with portfolio companies in order to avoid and manage principal adverse impacts, and risks thereof, on sustainability factors.

What were the top investments of this financial product?

The list includes the investments constituting **the greatest proportion of investments** of the financial product during the reference period which is: 2023

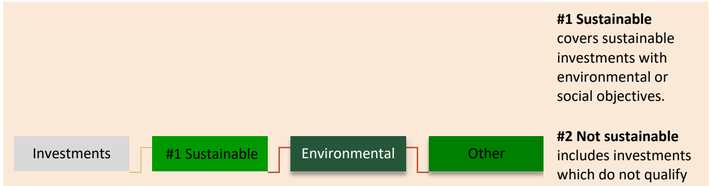
Largest investments	Sector	% Assets[2]	Country
Wierig Group	roofing services and PV system installation	54%	Germany
BPM Group	Plastic recycling	46%	Germany

What was the proportion of sustainability-related investments?

Asset allocation describes the share of investments in specific assets.

100% Sustainable – Environmental – Other vs. 0% "Not Sustainable"

What was the asset allocation?



#1 Sustainable covers sustainable investments with environmental or social objectives.

#2 Not sustainable includes investments which do not qualify as sustainable investments.

Enabling activities directly enable other activities to make a substantial contribution to an environmental objective

Transitional activities are economic activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels

In which economic sectors were the investments made?

bpm Group: Recovery of sorted Materials (NACE 38.32)

Wierig Group: Roofing Activities (NACE 43.91), Electrical Installation (NACE 43.21)

[2] Please refer to footnote 3.

To what extent were sustainable investments with an environmental objective aligned with the EU Taxonomy?

The Fund does not assess alignment of its investments with the EU Taxonomy. Therefore, we conservatively assume that 0% of its investments were Taxonomy-aligned. The Fund intends to only make sustainable investments for positive climate impact in line with its rigorous impact methodology. Whether or not an economic activity is Taxonomy-eligible or Taxonomy-aligned is not instrumental for the Fund's objective of accelerating "decarbonization" through private equity investments. Economic activities pursued at the portfolio company level may in some cases not be verifiably Taxonomy-eligible at the time of investment. Committing to a certain Taxonomy alignment would restrict the Fund's investment scope to Portfolio Companies with activities defined by the EU Taxonomy. Such limitation would not be warranted by our impact methodology and could negatively affect the Fund's impact and financial return prospects. Furthermore, for an activity which is Taxonomy-eligible, Taxonomy-alignment would require such activity to meet the requirements enumerated in the EU Taxonomy and the related delegated acts (i.e. technical screening criteria) which often depend i.a. on formal prerequisites such as life-cycle-analyses. Due to the Fund's investment scope its target companies are, and in most cases will remain to be, not required to produce such life-cycle-analyses. Therefore, they will not have such analyses pre-investment. Apart from the formal requirements, the Fund will also often not be able to conduct a full-scope alignment assessment pre-investment regarding the more substantive alignment requirements due to lack of data and time. Such assessment involves extensive analytical work based on, i.a., interviews with target companies' leadership and accounting teams. Under tight timelines in auction-processes realizing such full-scope assessment is difficult or even impossible.

Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy[3]?

☐ Yes:

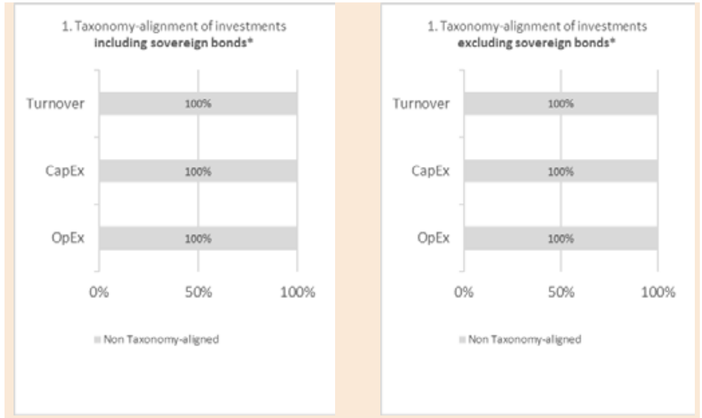
☐ In fossil gas ☐ In nuclear energy

☒ No

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.

[3] Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.



* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

What was the share of investments made in transitional and enabling activities?

Since The Fund does not assess alignment of its investments with the EU Taxonomy, the Taxonomy's specific definitions of "transitional" and "enabling" activities do not apply.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.

What was the share of sustainable investments with an environmental objective that were not aligned with the EU Taxonomy?

Given that we do not assess taxonomy-alignment of the Fund's portfolioc companies, we conservatively assume that 100% of our sustainable investments with an environmental objective were not taxonomy-aligned. For a detailed explanation of why the Fund pursues a non-aligned investment strategy, please refer to the descriptions above. Instead, the Fund's investment strategy is based on the Vidia Impact Methodology, a proprietary framework defining the environmental contribution along with the corresponding procedures and thresholds. The Vidia Impact Methodology has been approved by all investors in the Fund based on the shared conviction that its framework represents the right approach to achieve appropriate financial and impact results.

What was the share of socially sustainable investments?

The financial product does not include sustainable investments with a social objective. Therefore, the share of socially sustainable investments should be assumed to be zero notwithstanding any social aspects considered within the Do-no-significant-harm screening and included in regular ESG management activities. (please refer to the explanations provided above).

What investments were included under "not sustainable", what was their purpose and were there any minimum environmental or social safeguards?

None of the portfolio company investments in 2023 were included under "not sustainable".

What actions have been taken to attain the sustainable investment objective during the reference period?

The Fund's sustainable investment objective is pursued by implementing its collinearity-based investment strategy. Actions taken to attain the sustainable investment objective during 2023 include:

- Sourcing and pro-active scouting of investment opportunities
- Numerous climate impact due diligence and ESG due diligence processes, which eventually resulted in two investments.
- Moreover, post-closing, various workshops (including ESG) to jointly develop inorganic and organic growth strategies, were executed.

Opportunities for strategic and operational improvement during the holding period were identified and prioritized.

How did this financial product perform compared to the reference sustainable benchmark?

Reference benchmarks are indexes to measure whether the financial product attains the sustainable objective.

The Fund does not pursue any reference benchmark. Instead, the Fund's active investment strategy pursues its objective of reducing operational carbon emissions in support of the Paris Agreement as described in the Vidia Impact Methodology, a proprietary impact framework approved by all investors of the Fund.

While The Fund's primary purpose is to invest in and help profitably grow companies, which help avoid greenhouse gas (GHG) emissions through the sale of their products and services we also recognize the need for a rapid decarbonization of our portfolio companys' operations that is in line with science-based decarbonization target pathways. Within their spheres of influence, our portfolio companies are also committed to encourage GHG emission reductions within their value chains. However, it is important to keep in mind that the possibility for a full realization of science-based decarbonization targets over time crucially depends on future technological and regulatory conditions. For as long as the severe market failure of publicly subsidized fossil fuel prices and insufficiently rewarded climate mitigation performance prevails, decarbonization activities required to achieve a fully Paris-aligned pathway are not comprehensively economically feasible. In a competitive business environment, well-designed additional climate policies, sufficient carbon price levels, mandatory industry standards and attractive economic incentive structures will be necessary to ensure the full and timely implementation of Paris-aligned decarbonization pathways by 2050.

How did the reference benchmark differ from a broad market index?

N/A

How did this financial product perform with regard to the sustainability indicators to determine the alignment of the reference benchmark with the sustainable investment objective?

N/A

How did this financial product perform compared with the reference benchmark?

N/A

How did this financial product perform compared with the broad market index?

N/A

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