

The background of the slide is a dramatic photograph of a rocky coastline. Large, dark, jagged rock formations rise from the sea. Massive waves are crashing against the base of the rocks, creating a thick spray of white water and foam that fills much of the frame. The sky is overcast and grey. In the upper right, a small, dark, rectangular building or structure is perched on a rocky outcrop, with a few tiny figures of people visible nearby, emphasizing the scale and isolation of the location.

# **Impact Principles Disclosure Statement 2023**

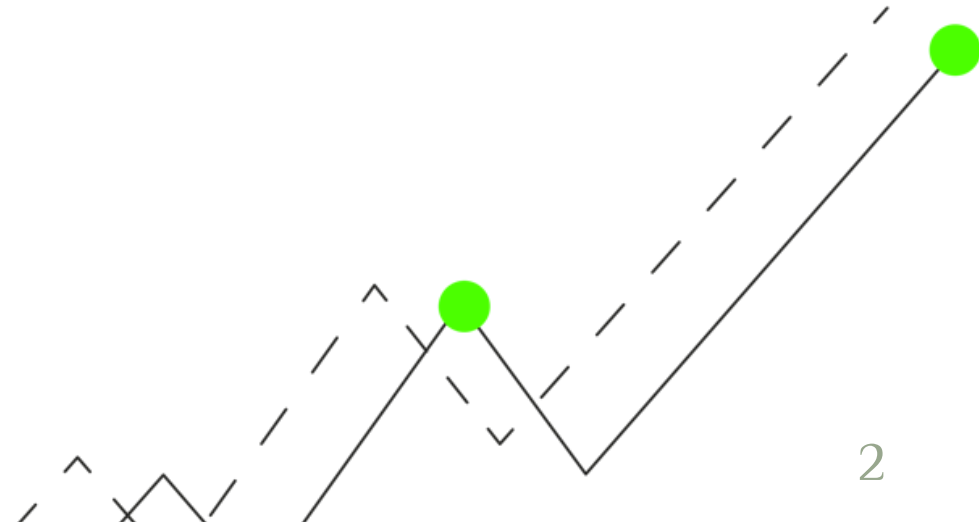


## Preamble

- Vidia is a purpose-driven private equity asset manager. Next to delivering superior financial returns, it is our mission to accelerate industrial decarbonization and create positive climate impact by acquiring and actively supporting climate solution companies.
- Vidia (the "Signatory"), hereby affirms its status as a signatory to the Operating Principles for Impact Management (the "Impact Principles"), an internationally recognized standard framework for the design and implementation of impact management systems for asset managers hosted by the Global Impact Investing Network (GIIN).
- The above principles require signatories to publicly disclose their alignment with the Impact Principles. This document describes how Vidia's impact methodology and impact management practice align with each of the Impact Principles. Further details have been made available on the [Vidia homepage](#).
- This Disclosure Statement applies to the first fund under management by Vidia, "Climate Fund I". Following the final close, all assets under management shall be aligned with the Impact Principles.
- Financial year 2022 deployed/covered assets amounted to \$0.

Munich, April 28<sup>th</sup> 2023

Johanna Struthmann  
Founder & Managing Partner  
Vidia





# 1. Define Strategic Impact Objective(s), Consistent with the Investment Strategy

*"The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio."*



Operating Principles for  
Impact Management



The main strategic impact objective of Vidia's "Climate Fund I" is to make a significant contribution to the reduction, avoidance and removal of anthropogenic greenhouse gas emissions (GHG) by virtue of private equity investments into lower-midcap climate solution companies in the German speaking area and the Nordics. We plan to build and manage a portfolio of climate solution providers that improve the scale and pace of industrial decarbonization.

- In particular, we aim at building a portfolio that contributes "substantially" to an ambitious weighted average of (enabled) avoided greenhouse gas emissions expressed in terms of a carbon return on equity (tons CO<sub>2</sub>e p.a. per € million invested)
- At the same time, we aim at a well-defined majority share of our fully deployed portfolio being committed to science-based net-zero targets (SBNZT), with an ambitious and well-defined average target achievement rate for scope 1 and 2 emissions reductions.

At portfolio company level, each business is required to meet minimum expectations to help ensure that the targets of the portfolio as a whole can be achieved:

- Over an average 5-year hold period, we expect each company to contribute "substantially" to avoided greenhouse gas emissions (enabled, across the value chain) of a minimum and well-defined volume of tons CO<sub>2</sub>e p.a. per € million invested.
- Portfolio companies are expected to comply with SBNZTs within a specified timeframe.
- At time of exit, portfolio companies are expected to:
  - Meet or exceed the business plan initially agreed with management, with a particular emphasis on the climate solution products and services related to business growth.
  - Meet a specific decarbonization target achievement rate (for scope 1 and 2 emissions)
- Portfolio companies are encouraged to support industry-level climate policy advocacy to accelerate the net zero transition.



## 2. Manage Strategic Impact on a Portfolio Basis

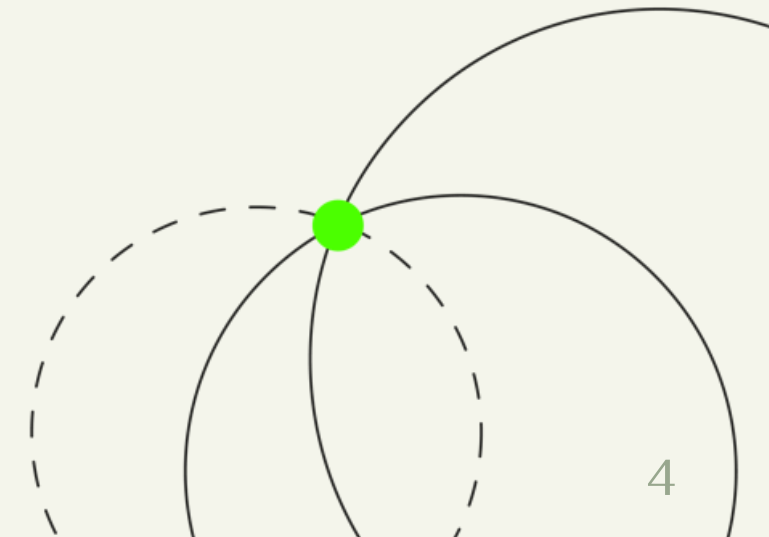
*"The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance."*



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- At Vidia, we have a process in place to continuously monitor, measure and manage the impact performance at a portfolio level, while taking into consideration the weighted aggregate impact performance of our portfolio companies.
- Where feasible, we aim to include climate impact monitoring in regular business reviews pertaining to the business development, operational and financial performance of a portfolio company.
- By systematically aligning the financial performance with the performance of the climate solution business, Vidia ensures a high degree of incentive alignment at portfolio company level. As appropriate, compensation schemes for company management should also be linked to a portfolio company's impact performance.







### 3. Establish Manager’s Contribution to the Achievement of Impact

“The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.”

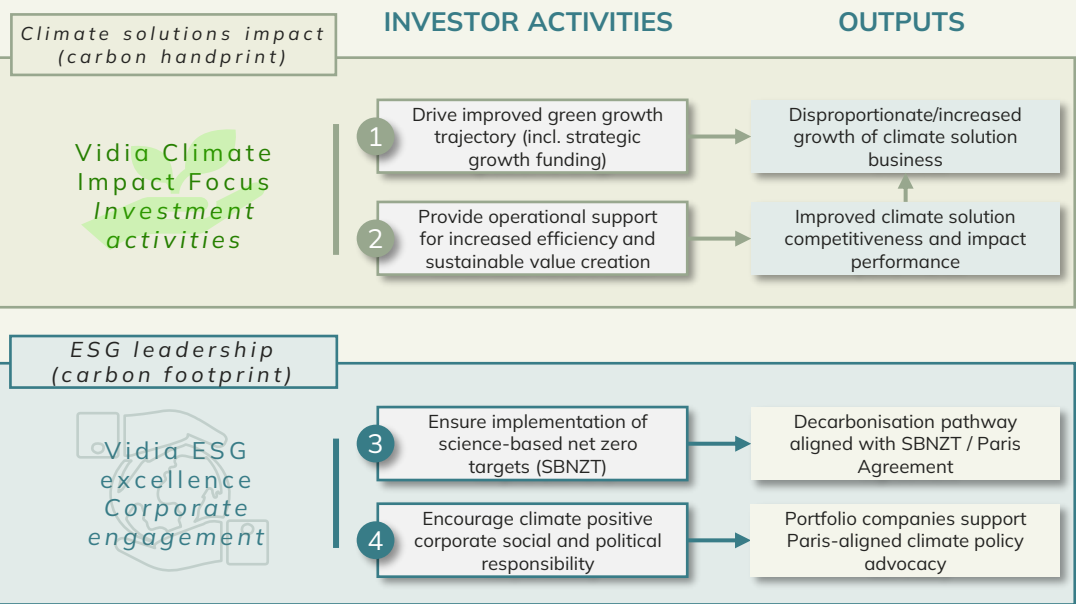
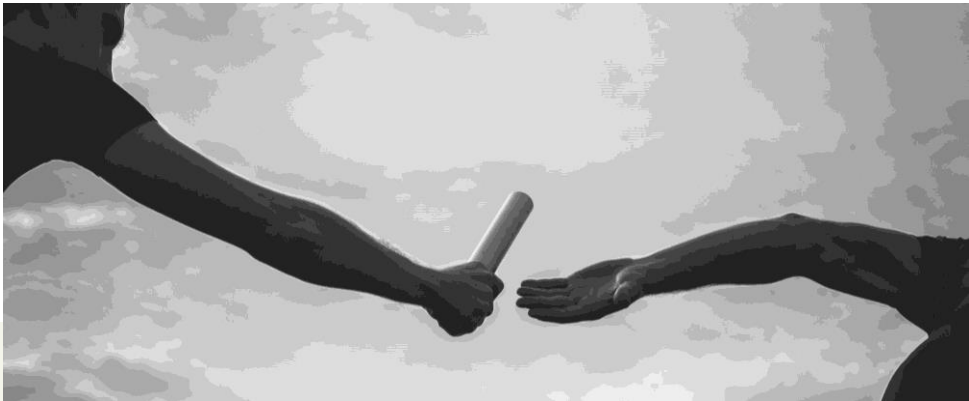


Figure 1: Investor activities for the achievement of investor impact




- Being effective in our role as majority owner while positively influencing a portfolio company’s climate impact performance is key to us at Vidia. In contrast to a “Brown-to-Green” transition strategy, we build on the climate impact performance at the time of investment in a climate solution company, while supporting performance improvements during the hold period in line with the Vidia business case. We intend to generate investor impact through four main activities as shown in figure 1.
- The first two activities include strategic priorities that are a direct result of our focus on climate impact. The climate solution business of a company plays an important strategic role for sustainable value creation. Accordingly, we take advantage of a relatively high degree of “lockstep”/“co-linearity”: the improvement of the climate impact largely goes hand in hand with an improvement of a company’s financial performance. The other two activities are driven by our commitment to ESG excellence.
- During the hold period, our impact measurement and management activities include periodic qualitative assessments, e.g. through interviews with the management of a portfolio company with regard to the quality of our investor impact and its contribution to any overachievements of the initial standalone business plan.



# 4. Assess the Expected Impact of Each Investment, Based on a Systematic Approach

“For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: (1) What is the intended impact? (2) Who experiences the intended impact? (3) How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment’s expected impact. In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager’s strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.”



DIMENSION	CATEGORY
 <b>STANDALONE</b> The quality of the standalone climate solution	<ul style="list-style-type: none"><li>▪ <b>Scale</b> of avoided emissions across the value chain</li><li>▪ <b>Revenue share</b> of climate solution</li><li>▪ <b>Quality</b> of contribution to avoided emission across the value chain</li></ul>
 <b>ADDITIONALITY</b> Improvement potential for investor impact	<ul style="list-style-type: none"><li>▪ <b>Green growth trajectory</b> contribution</li><li>▪ <b>Operational efficiency / competitiveness</b></li><li>▪ <b>Own decarbonisation acceleration</b> potential</li></ul>
 <b>OUTLOOK</b> Quality of long-term relevance of climate solution	<ul style="list-style-type: none"><li>▪ <b>Technology impact and commercial potential</b> at maturity after 2030</li></ul>

- Vidia has developed a bespoke climate impact scorecard used for screening and investment processes as well as for investment committee discussions. As we move through the investment process, our assumptions and inputs are updated and substantiated with the goal of arriving at a thoroughly assessed climate impact score for the final investment decision. In addition, our climate impact scorecard serves as a basis for impact measurement and management activities during the post-investment phase. The main parameters currently used to determine the climate impact scoring are detailed in figure 2.
- In general, we require a minimum climate impact score for a target to qualify for further due diligence. The climate impact of qualified climate solution companies correlates with the unit volumes of climate solution products and services being sold annually. Hence, sales growth projections included in the company’s business plan serve as a proxy for climate impact performance. Prior to investment, our comprehensive climate impact assessment includes a qualitative assessment of climate impact-specific risks, unintended consequences for real-world GHG emissions, uncertainty/sensitivity of key assumptions, scientific controversies, and potential business activities enabling the fossil fuel industry.

Figure 2: Climate Impact Scoring Model



# 5. Assess, Address, Monitor, and Manage Potential Negative Impacts of Each Investment

*“For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees’ ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.”*



Operating Principles for  
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ENVIRONMENT	SOCIAL	GOVERNANCE	
<ul style="list-style-type: none"><li>▪ Climate change</li><li>▪ Pollution</li><li>▪ Water and marine resources</li><li>▪ Biodiversity and ecosystems</li><li>▪ Resource use and circular economy</li></ul>	<ul style="list-style-type: none"><li>▪ Own workforce<ul style="list-style-type: none"><li>○ Working conditions</li><li>○ Occupational health and safety</li><li>○ Equality, diversity, inclusion</li></ul></li><li>▪ Workers in the value chain</li><li>▪ Affected communities</li><li>▪ Consumers and end users</li></ul>	<ul style="list-style-type: none"><li>▪ Business conduct<ul style="list-style-type: none"><li>○ Anti-corruption and anti-bribery</li><li>○ Data protection &amp; privacy</li><li>○ OECD Guidelines &amp; UN GC principles</li></ul></li><li>▪ Governance, risk mgmt. and internal controls<ul style="list-style-type: none"><li>○ Risk &amp; compliance management</li><li>○ Governance structure and composition</li></ul></li></ul>	<ul style="list-style-type: none"><li>▪ As majority equity owners, Vidia recognizes that a high level of operational and strategic influence corresponds with a proportionate level of entrepreneurial responsibility.</li><li>▪ In our view, impact risks equal ESG risks when applying a double materiality perspective. Therefore, identifying, monitoring and managing risks (and opportunities) in connection to ESG is an integral part of Vidia’s impact management practice. ESG-related opportunities for improvement and risk mitigation serve as the basis for specific projects and initiatives in cooperation with the management of a portfolio company.</li><li>▪ Additionally, for each investment, Vidia mandates an external expert consultancy with a comprehensive ESG due diligence. This includes an assessment of the target company’s capacity to manage ESG/climate risks. During the ESG due diligence, relevant ESG factors are evaluated across the company’s value chain, including the alignment with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights. The following table shows environmental, social and governance aspects to be considered.</li><li>▪ Both the climate impact assessment and the ESG due diligence report determine possible operational targets for the management of the portfolio company. Together with Vidia, management will develop a near-term (e.g. 100 days) and mid-term (e.g. 3-5 years) ESG and impact action plan. Where appropriate, key climate impact and ESG risk mitigation measures should be linked to the compensation of the management of a portfolio company.</li></ul>

Figure 3: Overview of ESG due diligence areas



## 6. Monitor the Progress of Each Investment in Achieving Impact Against Expectations and Respond Appropriately

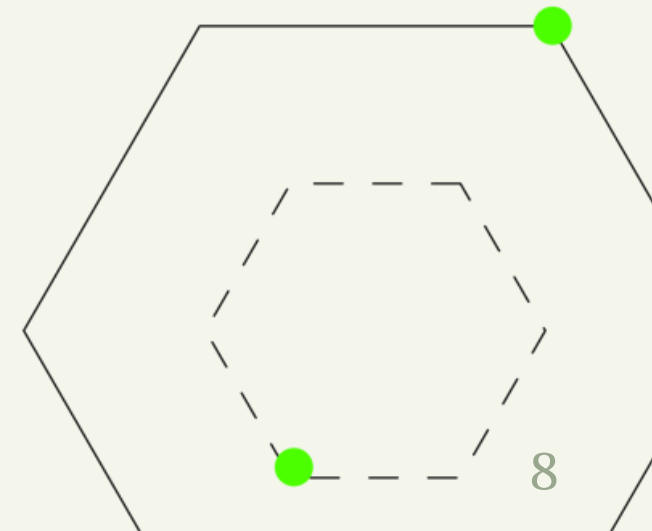
*"The Manager shall use the results framework (referenced in Impact Principle 4) to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes."*



Operating Principles for  
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- Based on the specific needs and circumstances of each portfolio company, Vidia plans to provide active operational and strategic support. This also includes supporting and enabling portfolio companies to effectively monitor and manage ESG- and climate impact-related risks and opportunities as needed. Towards the end of each year, or quarterly if required, a pre-determined contact at each portfolio company will collect (mostly from internal or already existing sources) and transmit a predefined range of impact and ESG performance indicators to Vidia's Director of Impact & ESG.
- While the mandatory and optional principle adverse impact (PAI) indicators defined by the SFDR as well as the indicators defined by the ESG Data Convergence Initiative (EDCI) represent a significant share, the remaining indicators have been selected taking into account the GIIN's IRIS+ standard as much as possible. Altogether, the impact and ESG performance datapoints should allow Vidia to create a state-of-the art impact report as well as meet regulatory reporting requirements.
- During the hold period, progress towards achieving prioritized climate impact targets and ESG risk mitigation measures are regularly monitored and reviewed with the portfolio company's management.







## 7. Conduct Exits Considering the Effect on Sustained Impact

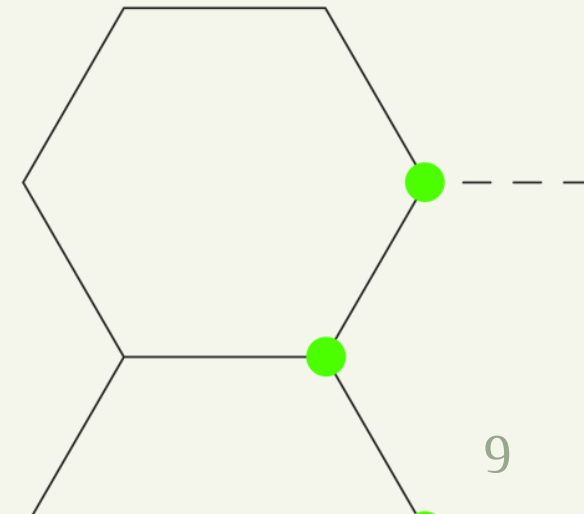
*"For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage Environmental, Social and Governance (ESG) risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' ESG risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events."*



Operating Principles for  
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- Within the constraints of an asset manager's fiduciary duties, Vidia recognizes that it is mandated both with the optimization of exit valuations and sustained post-exit climate impact. While a high degree of lockstep generally helps ensure that this is the case, there is a risk that certain corporate buyers might lack the capability or willingness to maintain and build on the post-exit climate impact.
- To ensure responsible exits, Vidia plans to conduct a risk assessment of the projected post-exit climate impact performance trajectory considering the motivation and track record of the potential buyer(s), as well as the timing, structure and process of the exit. Furthermore, Vidia will evaluate the extent to which potential buyer(s) are committed to managing ESG risks and maintain good ESG practices. Whenever needed, a Limited Partner Advisory Committee is available to advise the GP.





## 8. Review, Document, and Improve Decisions and Processes Based on the Achievement of Impact and Lessons Learned

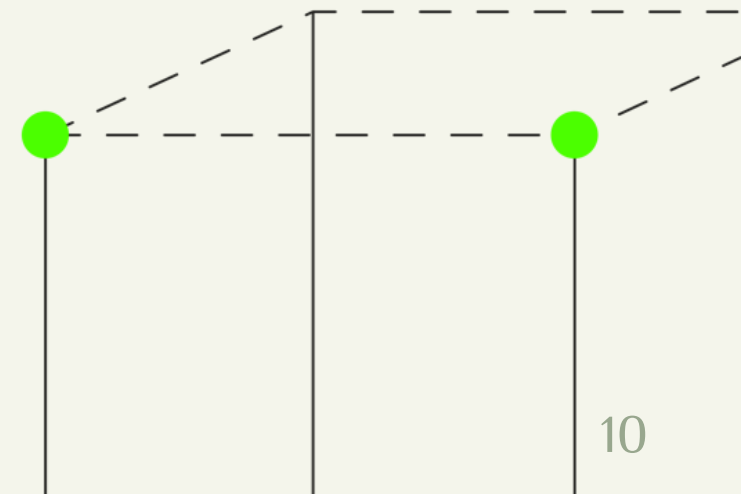
*"The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes."*



Operating Principles for  
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- For each portfolio company, Vidia plans to review, analyze and document positive as well as negative aspects of impact & ESG performance on an annual basis.
- The expected impact estimated during the pre-investment phase will be analyzed against the actual impact achieved over time. Analysis results and lessons learned shall be used to continuously improve impact measurement and management-related processes, and inform future operational and strategic improvements of our impact strategy and methodology.
- Based on our impact & ESG performance reviews, Vidia plans to publish a detailed annual impact & sustainability report for our LPs, alongside a shortened, aggregated public version.





## 9. Publicly Disclose Alignment with the Principles and Provide Regular Independent Verification of the Alignment

*"The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns."*



Operating Principles for  
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- Following this initial Disclosure Statement, we plan to review and, if needed, update the design of our impact management system on an annual basis.
- Bi-annually, our alignment with the Impact Principles shall be subject to an independent external verification, with the first verification due in 2025.



## Disclaimer

Vidia publishes this document and the information contained herein as a signatory to the Impact Principles and nothing in this document should be understood as, or construed to be, a solicitation of an offer to buy or sell any fund interests or other financial instruments. This document contains summary statements only which are by nature incomplete and temporary only and provided solely for information purposes. No representation or warranty is made or implied concerning, and Vidia assumes no responsibility for, the accuracy, reliability, or comparability of the information contained herein. Vidia undertakes no obligation to update the information contained herein.

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