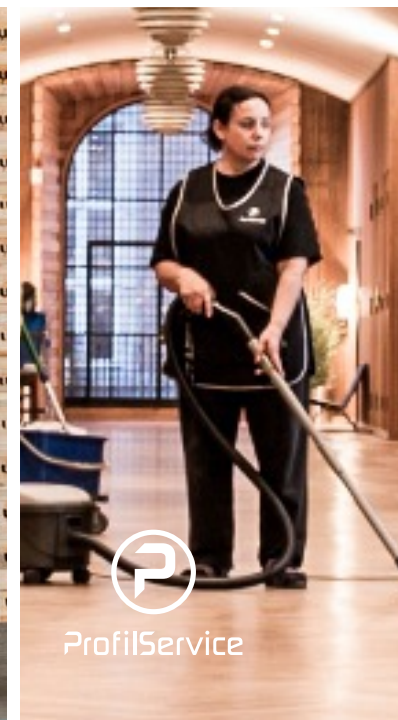


Impact Report 2021

Den Sociale Kapitalfond Invest I K/S

den sociale
kapitalfond
invest



Contents

LETTER TO OUR STAKEHOLDERS	3	IMPACT MANAGEMENT	15	PORTFOLIO COMPANIES	25
2021 ESG MANAGEMENT HIGHLIGHTS	4	Our impact management journey	16	HITSA A/S	26
ABOUT US	5	Updated impact management framework	17	Koatek A/S	28
Den Sociale Kapitalfond Invest	6	Portfolio ESG impact management	18	Refurb A/S	30
Our impact approach and targets	7	Special focus: Social impact due diligence and management	19	Danpal A/S	32
Broader impact management	8	2021 PORTFOLIO IMPACT	20	ProfilService A/S	34
Our group and investors	9	2021 portfolio company overview	21	Auto Mobil ApS	36
FROM INVESTMENT TO IMPACT	10	2021 portfolio ABC highlights	22	APPENDICES	38
Marginalization threatens social cohesion	11	2021 social impact performance	23	ESG data definitions	39
SMEs: Overlooked heroes of inclusive growth	12	2021 SDG contribution	24	Overview of standards and initiatives	42
Creating role models	13			Organisational setup	44
Our theory of change	14			Investment policy	45
				Commentary on SFDR alignment	46
				Contact information	47

ABOUT THIS REPORT

Our Impact Report 2021 covers the activities of Den Sociale Kapitalfond Invest I K/S (the Fund) for the financial year 1 January 2021 to 31 December 2021. It introduces the Fund, our strategic investment approach, impact methodology and framework as well as impact results for the year. We apply a portfolio-based approach to reporting on social impact on an aggregated portfolio level and at a company-by-company level. We also disclose ESG data for our portfolio companies and provide a comment on SFDR alignment. Social impact disclosures included in this report stems from the annual consolidated and audited portfolio social impact report available to the Fund's Limited Partners. The report has been approved by the Fund's management team and was published in June 2022.

GET IN TOUCH

We welcome any comments, suggestions, or questions you may have regarding this report. Please send an email to info@socialkapitalfond.dk.

MORE INFORMATION

Stay up to date on the most recent developments at skfinvest.dk and follow Den Sociale Kapitalfond group on [LinkedIn](https://www.linkedin.com/company/den-sociale-kapitalfond-invest).

Letter to our stakeholders

Den Sociale Kapitalfond Invest I K/S (the Fund) is Denmark's first social impact investment fund investing in small and medium-sized enterprises (SMEs) creating new opportunities for marginalized people. We see good business as a foundation for social impact – and social impact as a key to make good business better by realizing untapped potential.

Since the Fund was founded in 2017 as a Limited Partnership with a total commitment of DKK 289.3 million, we have built our investment portfolio and worked with our portfolio companies to improve their financial returns, social impact and increasingly also their broader environmental, social and governance (ESG) performance.

In 2021, the Fund closed its fifth and sixth investments with ownership stakes of 55.0% in ProfilService A/S and of 38.8% in Auto Mobil ApS. Together with the Fund's four earlier investments including ownership stakes in HITSA A/S (48.9%), Koatek A/S (45.0%), Refurb A/S (48.0%) and Danpal A/S (40.0%), the six companies constitute the portfolio companies covered by this Impact Report 2021.

It is our second public Impact Report, and, in the report, we provide a status on the progress of the Fund's social impact, ESG management and present highlights from our portfolio companies.

Overall, our companies in 2021 improved their financial performance and demonstrated a positive social impact in line with our impact objectives.

In 2021, we have begun to extend our scope from a primary focus on social impact with basic ESG screening towards a broader ESG impact management approach with "Social" at the centre, by supplementing our social impact methodology and metrics with more comprehensive ESG management standards. This movement represents a natural next step for the Fund but is also a transformation process.

To facilitate this process, during 2021, we made a comprehensive review regarding market standards for impact management for investors and impactful SMEs as basis for our new impact management setup in cooperation with our competence partner Accenture.

As part of ongoing work to expand our investment ecosystem, we have in 2021 also partnered with UN Global Compact Denmark and the consultancy Viegand Maagøe, to support our efforts and ambition towards improved management, impact and reporting in our portfolio.

“We see transparency as a key to success within impact management”

This report will in some ESG-areas including on environmental data be somewhat light-reported, reflecting the status of data gathering across our portfolio. We see this as a starting point for the evolution in our ESG impact reporting. We anticipate to include more metrics, results and case stories as we improve management of more material ESG factors in our companies.

Our social impact and ESG management work, as well as this report, is “work in progress”. As we move into 2022, we look forward to the next steps on Fund's impact management journey and to work with our portfolio companies to create role models that generate strong financial returns and make a positive impact through their actions to avoid harm, benefit stakeholders and contribute to solutions that address social challenges in our society.



Lars Jannick Johansen
Managing Partner



Torben Agerup
Partner






Mads Aaen
Partner



Ziad Sbeinati
Investment Director

2021 ESG impact management highlights

 <p>ENVIRONMENTAL</p>	<p>Spurring climate action The Fund among others worked with Viegand Maagøe to improve climate action management on a fund level and in portfolio companies.</p> <p>Half of the portfolio companies report on CO2-emissions in 2021 with more to come.</p>	<p>Commitment to set climate targets All portfolio companies agree to commit to the Science Based Targets initiative (SBTi) during 2022/23 and to set climate targets aligned with the 1.5°C pathway based on their climate footprint covering scope 1, 2 and 3.</p>	<p>Helping our portfolio to 360-degree impact management As we accelerate our impact management journey to focus more broadly on ESG factors, so does our portfolio.</p> <p>In 2022, we will continue our work to improve the Fund’s ESG management, reporting framework and impact tools for portfolio companies with the ambition of developing a “best in league” and easy-to-implement 360-degree ESG management model with social impact at its core.</p>
 <p>SOCIAL</p>	<p>Progress on social impact targets Our portfolio companies have overperformed with 134% achievement of their 2021 social impact targets.</p> <p>54% of the overall, five-year social impact targets for our portfolio companies were met with an average of approx. two years gone by.</p>	<p>Empowering marginalized people 19.7% on average of the employees in our portfolio companies were current or formerly marginalized persons.</p> <p>This brings our portfolio companies among the very top of socially inclusive small and medium-sized enterprises (SMEs) in Denmark.</p>	
 <p>GOVERNANCE</p>	<p>Guided by international commitments The Fund formally signed up to the UN Principles of Responsible Investment (PRI) and the UN Global Compact (UN GC), having followed these from the Funds establishment.</p> <p>All portfolio companies today follow and commit to sign-up to UN GC in 2022/23.</p> <p>The portfolio companies continued their work with contributing to the UN Sustainable Development Goals (SDGs).</p>	<p>Increasing transparency on ESG and impact The Fund worked with Accenture to develop its environmental, social and governance (ESG) impact management framework.</p> <p>All portfolio companies have published their first ESG report in Q2 2022.</p> <p>The Fund has from 2022 applied the Impact Management Project’s ABC-model to steer overall portfolio impact.</p>	

ABOUT US

Den Sociale Kapitalfond Invest is the first private equity fund in Denmark to generate both financial returns and social impact in the form of new opportunities for marginalized people through our investments.

We see good business as a foundation for social impact – and social impact as a key to make good business better by realising untapped potential.

THIS SECTION:

- Den Sociale Kapitalfond Invest
- Our impact approach and targets
- Broader impact management
- Our group and investors

Den Sociale Kapitalfond Invest

Established in 2017, Den Sociale Kapitalfond Invest I K/S (the Fund) is Denmark's first social impact investment fund creating financial return on investment as well as new opportunities for marginalized people through investments in small and medium-sized enterprises (SMEs).

Growth journeys that make an impact

The Fund combines minority and majority equity investments in a balanced portfolio of established, social SMEs with potential for economic growth and for creating positive social impact. We aim to generate an attractive, risk adjusted financial return combined with a social impact of empowering hundreds of marginalized people through one or more social impact models – and to create role models in this regard for other companies to follow.

Our philosophy is to invest in overlooked financial and social potential. We focus on companies in niche markets supported by favourable trends with the potential to empower marginalized persons or people in marginalized areas through the creation of jobs, training-positions, education, and enabling services and products according to one or more social impact models.

Investing in social SMEs

We target companies with:

- 10-249 employees in Denmark and (opportunistically) Southern Sweden.
- Quality niche products embracing / robust vis-à-vis megatrends.
- Competent management team with positive social values – matching the Fund management team's value creation model and capabilities.
- Strong growth potential – aligned with or potential for one or more social impact models.
- Revenue range typically from DKK 25-250 million.
- Investor need - typically looking for growth capital, partial capitalisation, generational change and/or management-buy-ins.

Our aim is to have a portfolio of 10-15 investments including all three social impact models.

We typically engage with portfolio companies for four to seven years, with the possibility of involving professional co-investors, and supplement equity with subordinated loans. Our investment philosophy entails that positive social contribution and impact is good business in more than one sense: Good business is not only the foundation of social impact - social impact can also make good business better as it creates attractive work-places, stronger brands, better customer relationships and increasingly is a key to a high valuation.

Accordingly, we combine a firm focus on economic growth and earnings, based on our many years of experience in buying, developing and selling companies, with professional expertise in transforming positive social impact and ESG performance into good business. Thereby, we help companies solve social problems in a way that is integrated with good business and makes a good investment better.

Social impact models

SOCIAL BUSINESS MODEL



Companies that employ and work with marginalized people as a significant resource.

SOCIALLY RUN



Companies that provide impactful products & services to resolve a recurring and sizeable social issue for marginalized people.

GEOGRAPHICALLY FOCUSED BUSINESS MODEL



Companies that focus on creating local growth and opportunities in socially deprived areas.


Our impact approach and targets

Our fund targets

When established, Den Sociale Kapitalfond Invest I K/S targeted a gross Internal Rate of Return (IRR) of approx. 14% p.a. and a projected social impact of empowering +600 marginalized persons and persons in marginalized areas through the creation of jobs, training-positions, education and enabling services and products. The projected impact was based on impact simulations with a total fund size of DKK 289 million and 15 investments and was a model case calculation subject to the final composition of the Fund's portfolio.

Satisfactory 2021-performance

At the end of 2021, the Fund had investments in six companies covering two types of social impact models - social business models and (mainly) socially run companies. In 2021, we overall performed well with a financial result of DKK 59.7 million and a gross IRR of 38.8% p.a. as of 31 December 2021. In terms of social impact, the Fund in 2021 achieved 134% of the year's target, among others including that at the end of the reporting period, the 6 portfolio companies in total employed 116 currently or formerly marginalized persons.

INVESTMENT STRATEGY	Mainstream investing			Impact investing		Philanthropy
	Traditional	Responsible	Sustainable	Impact	Impact-focused	Donation
INVESTMENT FOCUS	Competitive market rate	Mitigating ESG risks	Pursuing ESG opportunities	Attractive returns and positive ESG impact 	Positive ESG impact over market rate	Positive ESG impact
Competitive financial returns				Measurable positive societal impact		

Source: OECD

The “impact” in impact investments fund management

Based on Den Sociale Kapitalfond group's experiences, we have clear views on what it takes to be a genuine *impact* investment manager. To us, an impact investment fund should:

- Have a Theory of Change.
- Develop specific impact objectives.
- Follow a set methodology to measure impact.
- Define measurable impact targets.
- Measure progress and results.
- Report to investors on impact.
- Embed impact objectives and targets in the management incentive structure.
- Seek to follow and comply with international best practice impact management standards to ensure transparency and build stakeholder trust.

Since the outset of the Fund, we have sought to operate according to this approach while recognizing that impact management is (also) a continued journey of improvement.

Broader impact management

What is ESG?

ESG stands for Environmental, Social, and corporate Governance factors of material relevance to the company. Addressing ESG risks and opportunities in a balanced way is increasingly becoming the norm for companies' responsible business conduct and part of many companies' framework for corporate sustainability.

We assist our portfolio companies in developing their ESG plan and reporting approach to follow best practice and further support their resilience and value-creation towards becoming industry role models.



Anchorage of Den Sociale Kapitalfond Invest I K/S is within social inclusion and from the outset in 2017 our primary focus has been on the social aspect of sustainability and impact.

However, we have also from the beginning worked with the SDGs as a framework for the broader societal impact created by our portfolio companies, mapping and assessing company-specific SDGs contributions as a tool to focus their efforts. Finally, we have from the onset screened investments for other ESG factors.

From 2021 we have raised our ambitions in this regard and expanded the scope of our ESG approach. We now see, to assess and manage impact and performance on all three overall ESG-factors more systematically and hence also encompass environmental and governance perspectives directly through our impact management framework and reporting programme.

Among others, from 2021, we have asked our portfolio companies to not only measure their social impact, but to also to begin measuring, addressing, and improving their climate footprint and assessing the need to work on company specific governance factors, including, e.g., diversity in their leadership teams.

Our portfolio companies are embracing the new developments and as they embark on the broader ESG agenda, we provide support and actively take part in the process.

In 2021, we specifically targeted four of the 17 SDGs



Our group and investors

The Fund is part of Den Sociale Kapitalfond group - a specialised, value-driven and professional investment management group focused on developing and scaling impact investment products with the potential to combine financial returns and social impact for the benefit of marginalized groups and social capital and cohesion in society.

Since the group was established in 2011 by Managing Partner Lars Jannick Johansen and TrygFonden, more than 150 socially impactful companies have been engaged through field-building activities including pilot investments and business development programs. On this basis, we have developed our social impact measurement methodology.

As a group, we are guided by our shared investment philosophy and manifest, which form the foundation for our work and commercial development. This includes our shared values and commitment to:

- Develop new and better, financially sustainable solutions to social problems.
- Contribute to the community and make real differences for the individual and for society.
- Long-term staying power - and the prioritisation of long-term effect over short-term gain.

The group is also a signatory to the UN Principles for Responsible Investment (PRI) and to UN Global Compact and both the UN Declaration of Human Rights and the UN Sustainable Development Goals (SDGs) are important landmarks for the group.

More information (in Danish)

[Investment philosophy](#)

[Manifest](#)

[Den Sociale Kapitalfond annual profile report 2021](#)



The Fund's Limited Partners

Based on the experiences in the group, Den Sociale Kapitalfond Invest I K/S was established as a Limited Partnership in 2017. It had its final closing in October 2018 with a total commitment of DKK 289.3 million.

The Fund's investors have entered into a limited partnership agreement and include both Danish and international professional investors, among others:

- The European Investment Fund (EIF)
- The Danish Growth Fund
- Novo Nordisk Foundation
- TryghedsGruppen
- Ferd (Norway)
- Hempel Foundation
- Færch Foundation
- Sparekassen Sjælland-Fyn
- Østifterne
- Færch og Døtre
- Den Sociale Kapitalfond Management team
- Senior Advisors

The Fund is organised as a private equity fund with a dual bottom line focussing on both profit and impact. Please, see p. 44 for details on our organisational set-up and carried interest.

FROM INVESTMENT TO IMPACT

Through our impact investment strategy, we address social challenges primarily in the Danish society and support economic growth.

We see SMEs as overlooked heroes of inclusive growth and aspire to create role models combining financial results and social impact for other SMEs to follow. Therefore, we as investment managers combine a strong focus on growth and earnings with professional expertise in social impact business integration.

THIS SECTION:

- Marginalization threatens social cohesion
- SMEs: Overlooked heroes of inclusive growth
- Creating role models
- Our theory of change

Marginalization threatens social cohesion

Despite decades of efforts, significant parts of the populations in the Scandinavian welfare societies still experience marginalization in the labour market, in the education system, and in society at large. This negatively affects individual well-being and personal opportunities, social capital and cohesion in society, as well as economic sustainability. Conversely, being part of a workplace, getting an education, and contributing actively in one's community boost self-respect, a sense of belonging, and self-reliance for marginalized individuals.

Accordingly, our primary social impact objective is to empower marginalized people and people in marginalized areas through the creation of jobs, training-positions, education and enabling services & products via the Fund's investment portfolio.

Creating positive impact for marginalized individuals

We define marginalized people as persons with physical, mental and social barriers to participate in society, e.g. the education system, the labour market or civil society, on ordinary or equal terms.

When we identify and verify individual marginalized persons in relation to measuring social impact in the portfolio companies, the barriers can either be identified via the public labour market or social sector system, or be based on objectively verifiable information that can be assessed by a specialised third party (e.g. a disability or substance abuse declared by the person but not resulting in a public sector system visitation).

Marginalization threatens well-being and social cohesion in Denmark



- Approx. 7% of the workforce is on cash benefits, sick leave, and/or other special benefits – many with physical, psychological and/or social problems.
- 7- 8% is on early retirement benefits for similar reasons.
- 7- 8% of a youth cohort neither get a job nor an education.



- In the last 30 years, the number of vulnerable housing areas with social challenges has increased from 128 to 358.



- 22% of the population feel completely or partially “marginalized” in society.
- Many vulnerable citizens are negatively affected by a complex public sector system that appear system focused rather than citizen focused.

Sources: TrygFonden 2017; VIVE - The Danish Centre for Social Science Research 2020; Reformkommissionen 2021; jobindsats.dk.

SMEs: Overlooked heroes of inclusive growth

In Denmark, SMEs account for the most significant share of value added and employment in the private sector. Their growth potentials are often high, but many could benefit from equity investments, competencies and employee attractiveness to fully realise them.

SMEs are also key contributors to the realisation of the SDGs through their products and services, and many are businesses socially run with positive local social impact through training, education and employment of marginalized people. These efforts are often made in close cooperation with local municipalities. Importantly, in Denmark:

- 70% of marginalized individuals that get private sector employment, (re)enter the labour market through SMEs.
- Around 10% of all SMEs have at least 10% or minimum five marginalized persons as employees.

To have products and services that contribute to solving social and societal problems and to be socially inclusive and value-driven strengthens the culture, identity and brand of a company. It can be a competitive advantage in a market where employer attractiveness, branding and stakeholder support is of increasing

importance. Furthermore, following recent years' developments in the ESG and impact investment market, we see that well-positioned and well-performing impact companies gain particular interest and 'premium' valuations from the growing number of ESG- and impact-seeking investors.

Untapped potential for social inclusion via SMEs

SMEs are key to inclusion in the Danish labour market ...

- 7 out of 10 employees in the private sector work in SMEs.
- 24% of all SMEs have employees from the margins of the labour market – and among SMEs with 10 or more employees it is more than 40%.

But there is room for improvement as only...

- 19% consider looking to 'the margins' in search for new employees.
- 4% have a written plan for social inclusion.

And the potential for social impact is noticeable...

- Today 3.4% of total private sector employment is subsidised by public sector labour market inclusion schemes.
- For example, increasing this to 4.7%, corresponds to moving 2/3 of marginalized youths into employment.

Sources: Statistics Denmark (2019-figures); VIVE - The Danish Centre for Social Science Research; Den Sociale Kapitalfond Management (2015-figures); Danish Board of Business Development, SME panel, autumn 2021.

Creating role models

Den Sociale Kapitalfond Invest I K/S focuses on social SMEs with economic growth potential and potential for creating positive social impact.

As an investment manager we combine a strong focus on business development, growth and earnings, and market positioning, based on our many years of experience in buying, developing and selling companies, with professional expertise in transforming positive social impact and ESG performance into good business and market positions.

Our goal is to help develop companies that combine industry leading financial performance with inspiring social impact and overall ESG-performance that altogether results in strong financial valuations based on “future-proof” impact models.

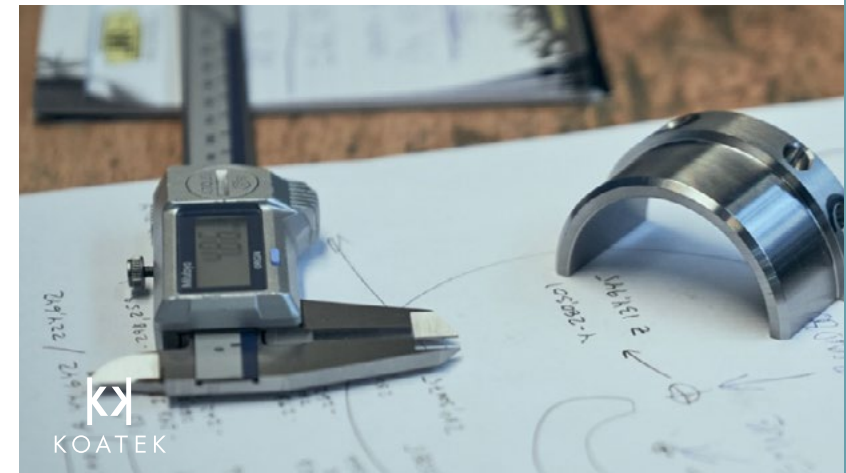
We aspire to create role models which can be a source of inspiration to other Nordic companies, investors, directors, etc., to follow – and thereby contribute to unleash more of the potential in the SME sector for inclusive growth and social capital and cohesion in society.

By year-end 2021, the companies in our portfolio were altogether in our own assessment well on their way to demonstrate their role model potential, based on their financial results, social impact, and broader ESG performance.

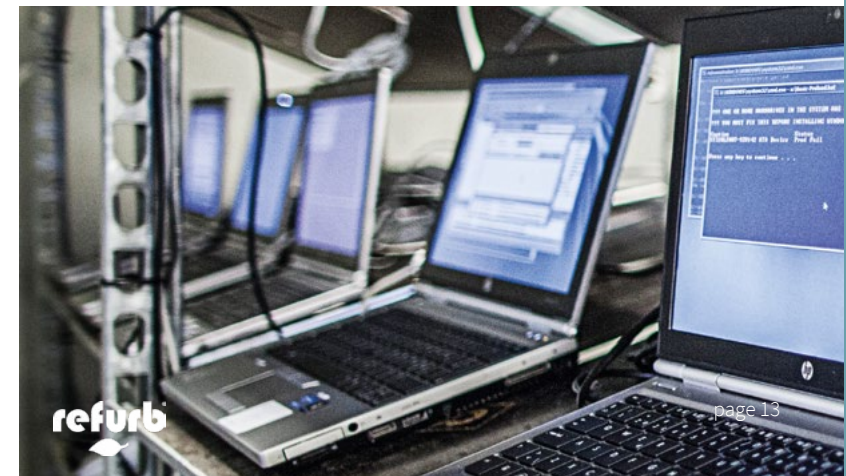
HITSA is a Scandinavian leader in urban space furniture. HITSA creates positive urban experiences while being socially run with a focus on employing persons from the margins of the labour market and with a strong focus on its environmental impact and climate footprint.



KOATEK is a Danish expert in machining fine mechanical components of the highest quality. Koatek is a socially run company with, among others, apprentices diagnosed with Autism Spectrum Disorder who are attracted by the company's high and specialized professional standards and mentorship model.



REFURB is a leading IT asset disposal and refurbishment company and a long-term frontrunner in the circular economy within used IT electronics in Denmark. The company has a “triple bottom line” dedication to combining financial results, environmental contributions and social impact.



Our theory of change

Our theory of change at its core is about generating attractive financial returns and increased social capital for marginalized people through investments in SMEs. Our theory of change outlines how the Fund’s strategic investment approach and activities aim to produce a series of results that contribute to achieving our final

intended impacts at both the individual level and at company level. With time, we aspire to have an impact more broadly in the Danish SME sector, although we have not yet systematically assessed and measured our sector level impact.

	Input	Activity	Output	Outcomes	Moderation of impact	Impact	KPI selection
INDIVIDUAL LEVEL: Marginalized persons	Time Competencies	Training Work	Qualifications Employment	Competences Salary	Alternative training / work Alternative income	Independence Social capital	Training Employment
COMPANY LEVEL: Portfolio companies	Capital Competence	Execution of and ongoing management support for: • Commercial plan • Social impact and ESG plan	Increased: • Growth • Earnings Improved: • Social impact KPIs • ESG metrics	Improved: • Valuation • Exit opportunities • Social and ESG performance	Pre-existing momentum Alternative investors Other external factors	Investor attraction Social impact model ‘future-proofed’ Brand and industry (role model) status	Financial return Social impact targets ESG reporting standards
SECTOR LEVEL: SME sector	Cases Intellectual capital	Development work Communication	Cases Reports	Examples Inspiration and templates	Market trends Other external factors	Trends Policies	Media coverage Followers

IMPACT MANAGEMENT

In 2021, we began to expand our impact management framework from our primary focus on social inclusion and our social impact measurement methodology to also include a more proactive, holistic ESG impact management methodology for the Fund and the SMEs in our portfolio.

Our impact management framework was developed based on our analysis of best practice standards for impact funds and companies.

THIS SECTION:

- Our impact management journey
- Updated impact management framework
- Portfolio ESG impact management
- Special focus: Social impact due diligence and management

Our impact management journey

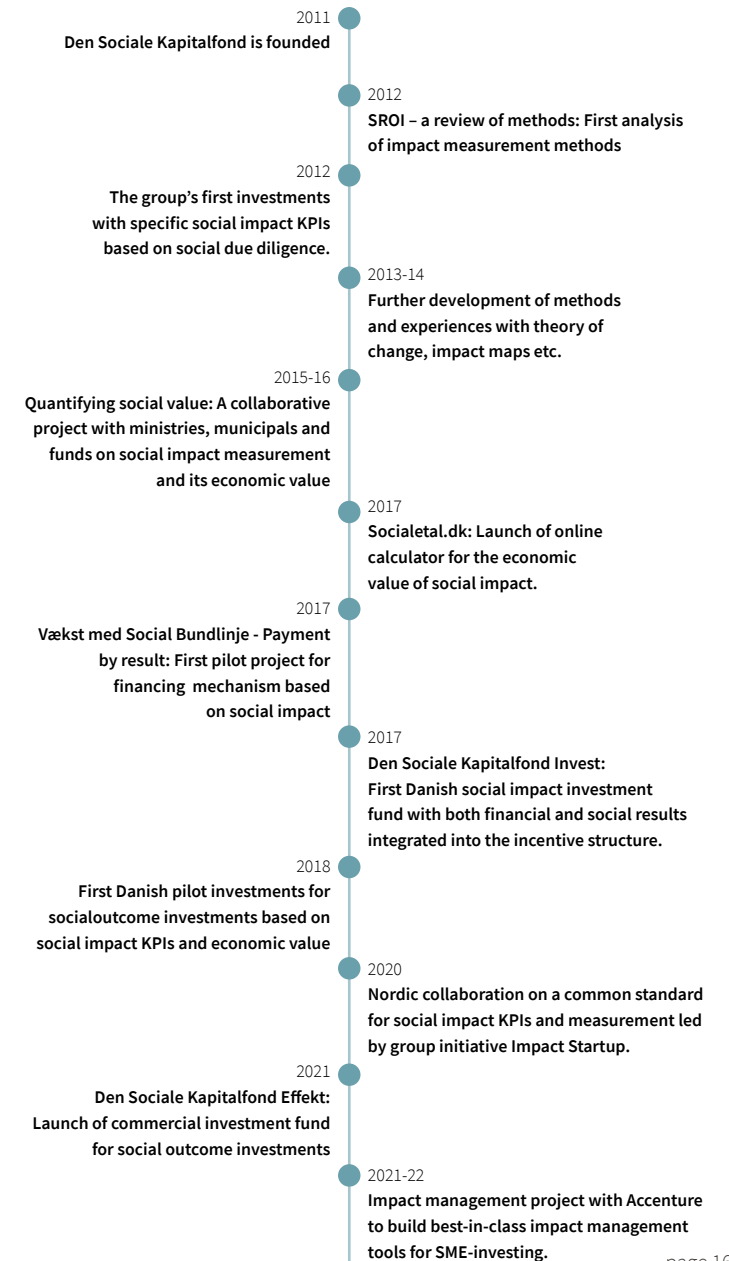
Den Sociale Kapitalfond group was born with a focus on developing and scaling impact investment products with the potential to combine financial returns and social impact for the benefit of marginalized groups in society. Since the group was established in 2011, methods for analysing and measuring social impact of its investments has been developed and tested. This applies to both methods of assessing, measuring and forecasting or targeting social impact at company and portfolio levels, and to calculate social effects and their economic value at the societal level to be used in municipalities and at national level. The work has been done in collaboration with Danish and international experts, as well as stakeholders in the field.

Also, we have since the establishment of the Fund used the SDGs as a framework for the broader impact created by our portfolio companies, and from the onset screened investments for other ESG factors based on, e.g., the UN Global Compact. In 2021, we began to expand our impact management scope from our primary focus on social impact supported by basic SDG assessments and ESG screening to focusing systematically on broader and more comprehensive ESG impact management with "Social" at the centre in our portfolio.





To support this process, we have cooperated with [Accenture](#) to review a plethora of impact frameworks, certification schemes, impact fora and impact reporting tools to assess market standards, current best practice and future trends within impact management. Based on the analysis, we have developed our impact management framework and practise for us as a fund and for our portfolio companies.

We have also engaged with [UN Global Compact Denmark](#) and consultancy [Viegand Maagøe](#) to support the use of the 10 principles, tools in their ESG management and implementation of climate reporting and climate target setting.

The ongoing development of our impact management is a continuous journey like everything else within the sphere of sustainability. As we move forward, we will continue to develop and refine our impact management approach, our tools and the way in which we engage with our portfolio companies on ESG impact.



Updated impact management framework

	Our Fund	Our portfolio companies		
Aim	We follow best practise standards for impact funds	We build on IMP and are guided by the three types of impact - A, B and C (ABC-model) - in our engagement		
Impact management	Manage to maximise positive impact	Act to avoid harm	Benefit stakeholders	Contribute to solutions
Key focus	Impact investment Good governance in private equity	Responsible business conduct ESG reporting	Climate action SDG aligned	Social impact models Impact business mode
Standards & initiatives				
Approach and targets	<ul style="list-style-type: none"> Impact management supported by UN PRI, UN Global Compact (UNGC) and Impact Management Project (IMP). Social impact models build on EIF/SIA standard and approaches by Den Sociale Kapitalfond. SDG integration builds on the UNDP SDG Impact Standards for Private Equity Funds. Impact review in due diligence supported by impact tools and questionnaires. Impact support to portfolio companies with full ESG focus. Follow good governance as stated by Active Owners Denmark. 	<ul style="list-style-type: none"> Impact forums and frameworks with a focus on signing up to UNGC – no later than 2022/23. Climate action with a commitment to the Science Based Target initiative (SBTi) – no later than 2022/23. Social impact model for social inclusion developed together with the Fund based on recognised standards. Reporting on social KPI performance including annual audit by an external auditor. SDGs used as a development tool to broaden the scope of impact. Impact reporting based on standard aligned with SDG strategy, UNGC recommendations and ESG data as recommended by CFA Society Denmark, Nasdaq Copenhagen and FSR - Danish Auditors. 		

The Fund's impact management framework from 2022. For a short description of standards and initiatives, Please see p. 42.

Portfolio ESG impact management

From the very onset of our engagement with (potential) portfolio companies, the Fund’s management focuses on what their impact and commercial potentials are - and how the two are interlinked.

The social impact and broader ESG potential is assessed from the initial screening of a potential investment, as part of the due diligence, and in the investment plans that are developed together with the portfolio company management teams. They are formalized as part of the investment agreements and a key part of the ongoing work with portfolio companies – both for the Fund’s management team and representatives, and for our network of partners and consultants.

While we seek to work systematically with portfolio companies on impact performance management, we still seek a “bureaucratic-light” approach. Taking into account the resources available in SMEs, we do not require excessive prior documentation except for e.g. legally mandatory workplace assessment schemes etc. Instead, we use desk research, questionnaires and interviews in our assessments as the onset for developing impact plans together with the companies’ management teams and make extensive use of “ready to implement” tools and templates to help companies to an expedient implementation.

Our updated ESG impact management process for portfolio companies from 2022 includes the following main steps:

Deal flow	<ul style="list-style-type: none"> • Screening of potential investment vis-à-vis A, B and/or C (IMP’s ABC-model) and one or more social impact models.
Due diligence	<ul style="list-style-type: none"> • Questionnaire and structured interviews on A, B and/or C classification and qualification (what, who, how much, contribution, risks). • Assessment of all three ESG dimensions and according to the Fund’s mandatory compliance requirements. • Special focus on social impact models.
Investment plan	<ul style="list-style-type: none"> • Social impact development plan including targets, KPIs, etc. • Special SDG-impact goals at “B” and especially “C” levels • Overall ESG development plan, including general ESG performance at level A, B and/or C.
Investment agreement	<ul style="list-style-type: none"> • Social impact purpose, targets and KPIs, and development plan included according to the Fund’s guidelines • Overall ESG management targets part of social impact plan, including company specific SDG-focus, mandatory UNGC sign-up, SBTi commitment, other ESG commitments, use of the Fund’s management and measurement approaches and templates, etc.
Portfolio work	<ul style="list-style-type: none"> • Continuously work with the portfolio company on managing positive and potential negative impacts related to the company.
Reporting	<ul style="list-style-type: none"> • Continuously monitoring and reporting on progress, including annual audited social impact report and publicly available overall ESG impact report.

Special focus: Social impact due diligence and management

A significant potential for creating positive social impact is a prerequisite for investments by the Fund.

Accordingly, the Fund's management has a special focus on assessing past achievements as well as future potential for social impact as part of the investment process, and on establishing social impact targets, measurement and management approaches together with the companies.

The Fund's social impact assessment approach and measurement methodology is based on the work and practice developed by Den Sociale Kapitalfond group and the standards of the European Investment Fund's Social Impact Accelerator (EIF/SIA) program, which fits well with the group's practice. In summary, the process involves a series of progressive steps.

1
Identify social purpose, key stakeholders, and impact model.

Establish theory of change & impact map.

2
Analyze impact model. Including past performance, future potential and the contribution of the investment.

3
Assess alignment between business model and social impact model.

Will revenue growth lead to increased impact?

4
Define and select social impact objectives and 1-5 Key Performance Indicators (KPIs).

5
Develop social impact action plan.

Test targets in simulation model aligned with the commercial development plan.

6
Select specific social impact targets and weight their relative importance, summarized in a Social Impact Multiple (SIM) per company.

Include both annual (intermediate) and five-year (unique) targets.

7
The Fund's Investor Advisory Board validates the KPIs and targets – and potential changes*.

8
Each portfolio company SIM is weighted by invested capital per company and summarised in a "Portfolio SIM",

"Portfolio SIM" represents the overall ratio of fulfilment of social impact goals on a portfolio level.

9
Continuous management and reporting on portfolio impact – including the ratio of actual social impact vis-à-vis annual and five-year social targets.

2021 PORTFOLIO IMPACT













In 2021, the Fund helped create impact via six Danish SMEs across sectors.

Social impact and contributions to the SDGs were in particular targeted in addition to overall responsible business conduct and ESG reporting.

THIS SECTION:

- 2021 portfolio company overview
- 2021 portfolio ABC highlights
- 2021 social impact performance
- 2021 SDG contribution

2021 portfolio company overview

Company	Vintage	Ownership stake (%)	Sector & main business activity	FTEs	Social impact model	SDG focus	EBITDA (mDKK)	Social inclusion rate (%)	Key impact management targets 2022
 HITSA WE SUPPLY URBAN SPACES	2018	48.9	Industry: Development, manufacturing and sales of urban furniture that promotes (urban) quality of life.	103	 SOCIALLY RUN	8, 11, 12	23.8	17.3	<ul style="list-style-type: none"> • Sign-up to UN Global Compact • Commit to SBTi • ISO 14001 certification
 KOATEK	2019	45.0	Industry: Specialized mechanical manufacturer of high quality turned and milled precision components	85	 SOCIALLY RUN	3, 4, 8, 12	27.2	15.0	<ul style="list-style-type: none"> • Sign-up to UN Global Compact • Commit to SBTi • Climate reporting
 refurb	2020	48.0	IT: IT asset disposal, refurbishment and sales.	45	 SOCIALLY RUN	8, 12, 17	4.6	23.6	<ul style="list-style-type: none"> • Sign-up to UN Global Compact • Commit to SBTi • Introduce Code of Conduct
 danpal	2020	40.0	Industry: Manufacturing of new customised wood pallets and repair and recycling of used pallets.	34	 SOCIALLY RUN	8, 9, 12, 13	19.1	14.7	<ul style="list-style-type: none"> • Sign-up to UN Global Compact • Commit to SBTi • Introduce Code of Conduct
 ProfilService	2021	55.0	Service industry: Cleaning, plant service, security and real estate service.	204	 SOCIALLY RUN	8, 12, 17	10.2	21.0	<ul style="list-style-type: none"> • Sign-up to UN Global Compact • Commit to SBTi • Climate reporting • Nordic Swan Ecolabel certification
 AUTO MOBIL	2021	38.8	Transportation: Mobility solutions to people with disabilities by furnishing, selling and renting out disability cars.	10	 SOCIAL BUSINESS MODEL	3, 8, 10, 12	1.3	26.0	<ul style="list-style-type: none"> • Sign-up to UN Global Compact • Commit to SBTi • Climate reporting

2021 portfolio ABC highlights

Portfolio impact highlights and outlook categorised according to the Impact Management Project’s ABC-model.

<p>Act to avoid harm</p>	<p>Commitment to corporate sustainability and responsible business conduct In 2021, the Fund’s key focus has been to develop management models for a broader ESG-impact approach across our portfolio by more actively encompassing environmental and governance factors, and on the assessment and implementation of international standards in support hereof. We have introduced a relatively comprehensive ESG-impact management programme vis-à-vis the size of our portfolio companies.</p> <p>UN Global Compact and ESG-reporting Accordingly, we have assisted our portfolio companies in developing their first ESG report to increase transparency, published in the second quarter of 2022. Also, among others, our six portfolio companies, which always have followed the compact during the Fund’s investment period, will all formally be joining the UN Global Compact during 2022/23.</p>
<p>Benefit stakeholders</p>	<p>Commitment to climate reporting and climate action As part of the Fund’s focus on climate action, a key first step is to identify the climate footprint of the portfolio companies. This work has accelerated in 2021 and will continue into 2022 as we support the companies in measuring, tracking, and addressing their climate footprint across scope 1, scope 2, and scope 3. Another key step in 2021/22 has been for our portfolio companies to agree on joining the Science Based Targets initiative (SBTi) during 2022/23 to stimulate climate action and set climate targets aligned with the 1.5°C pathway.</p> <p>More gender diversity in focus Most of our portfolio companies are SMEs in the Danish manufacturing industry and they have yet to meet diversity ambitions amongst their leadership teams. A focus for the coming years is to build plans for a better gender balance (male/female ratio) of board members, and to develop strategies and appropriate KPIs to support the companies on this journey while considering industry characteristics.</p>
<p>Contribute to solutions</p>	<p>Strong social impact performance Our portfolio companies have overperformed their intermediate social impact targets for 2021, reaching 134% of their 2021 social impact targets. Furthermore, 54% of the overall, five-year social impact targets for six portfolio companies have been after an average two-year investment period.</p> <p>Further developing their SDG impact management A key focus has been to strengthen the local social impact created by our portfolio companies. However, our portfolio companies typically make significant contributions to SDGs “beyond the social” and contribute to solving environmental challenges. We seek to further develop management and measurement tools for this impact in the future.</p>

2021 social impact performance

The results by year-end 2021 demonstrate a strong social impact performance of our six portfolio companies. They all have training and employment of marginalized people as a key shared social impact objective and thereby address a societal challenge through their business. On average, 19.7% of their employees are current or previously marginalized people. Based on our analyses, this leaves the portfolio companies at the very top of the most inclusive SMEs with 10-249 employees in Denmark.

In 2021, the portfolio SIM based on the annual social impact targets reached index 1.34x or 134% of the annualized targets, which implies that the Fund's portfolio companies are ahead of their social impact plans at an aggregate level.

In terms of the portfolio SIM based on the five-year social impact targets, the result in 2021 was index 0.54 – after an average of two years out of the five-year period for the overall targets. This is an increase compared to last year when it was standing at 0.44. The result should be seen in the context of on-boarding two new portfolio companies in 2021 with ambitious unique targets. Hence, the results demonstrate good overall progress against the set five-year targets.

We ascribe the strong performance in 2021 to the growth across all six companies, which reflects on both their financial and social performance.

Social impact performance 2021

Index 1.34x
on the portfolio's annual social impact targets.

Index 0.54x
on the portfolio's five-year social impact targets.

19.7%
marginalized people (current or previously) employed on average by the portfolio companies.

Social KPIs and SIM

Social KPIs and targets are defined for each of the first three years of the Fund's holdings (intermediate targets), and a five-year target is also set (unique target).

The targets are weighted by importance and summarised in a Social Impact Multiple (SIM) per company and for the portfolio as a whole.

Examples of social KPIs from selected portfolio companies:

Total number of marginalized people, who have completed a minimum of three months of special work assessment / training in the company during the reporting period.

Number of current or formerly marginalized people, who are at the company as employees or in education, qualification and training programs at the time of measurement.



2021 SDG contribution

All portfolio companies aim to contribute to solutions to societal challenges and the 2030 Agenda for Sustainable Development including the 17 UN Sustainable Development Goals (SDGs).

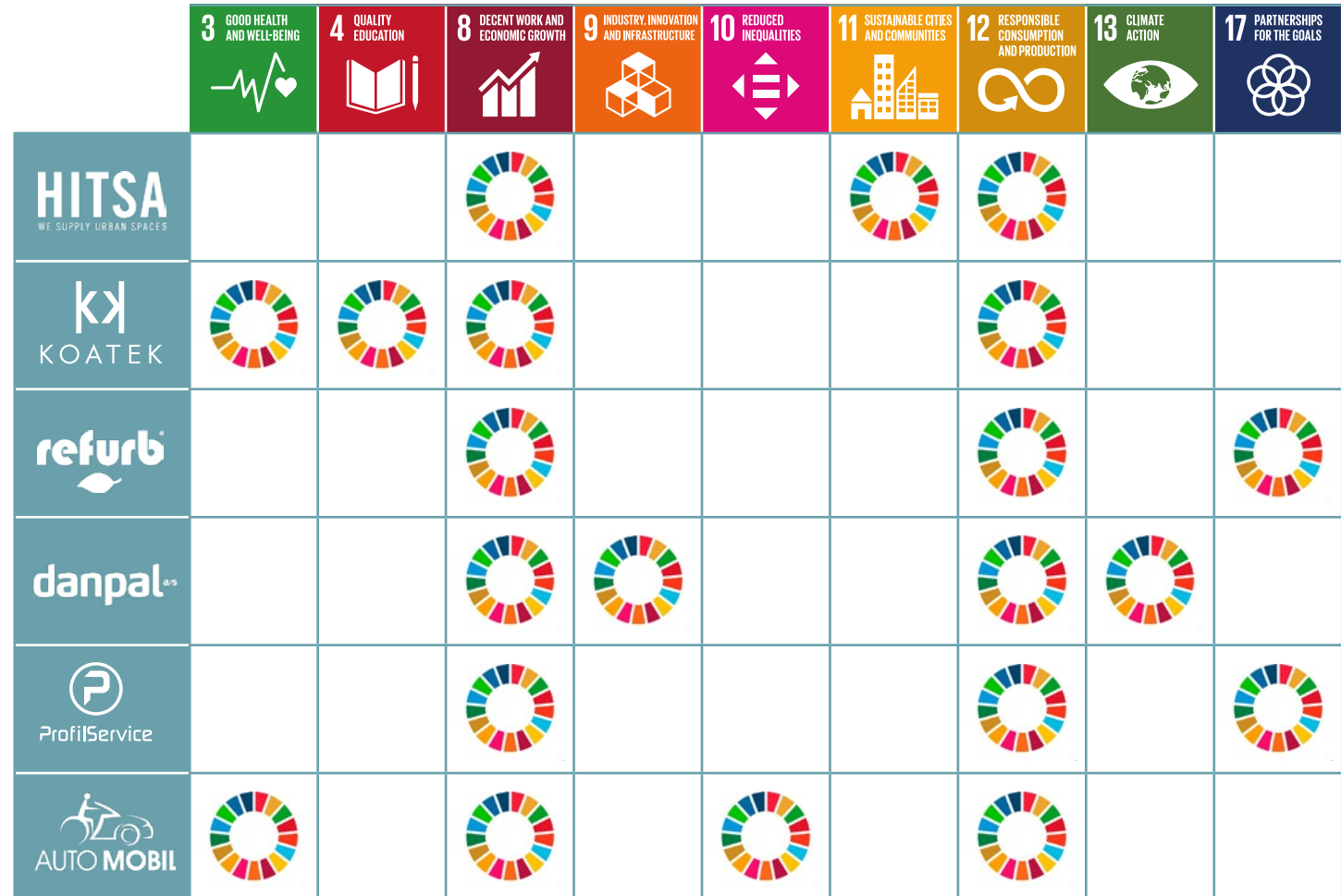
Portfolio companies' contributions are assessed as part of our due diligence, and we collaborate with the portfolio companies to strengthen their SDG focus, alignment and performance and seek to facilitate potential cross-company collaboration.

Across our portfolio, the key focus is on SDG 4: Quality education, SDG 8: Decent work and economic growth, SDG 12: Responsible consumption and production, which is overall supported by SDG 17: Partnership for the goals.

Examples of SDG targets and supporting business activities

SDG	Target	Supporting business activities
	12.2: By 2030, achieve the sustainable management and efficient use of natural resources	Portfolio companies focus on climate actions supported by efficient production. Furthermore, services within lifetime extension in selected companies.
	8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	Portfolio companies align with the social impact model and have an inclusive HR-culture to secure decent jobs, also for marginalized people.

SDG focus across our portfolio companies



PORTFOLIO COMPANIES

In 2021, we developed the ESG reporting framework to be applied by our six portfolio companies. In the second quarter of 2022, each of the companies have published their first annual ESG report covering 2021.

The aim is to increase management and transparency on the impact, and ESG performance of the portfolio companies towards their stakeholders.

THIS SECTION:

- HITS A/S
- Koatek A/S
- Refurb A/S
- Danpal A/S
- ProfilService A/S
- Auto Mobil ApS

HITSA A/S

About the company

HITSA is one of the leading manufacturers of urban space inventory in northern Europe with a special focus on urban space furniture, cycling products, and collective transport solutions. The company is headquartered in Kolding, Denmark, and also has operations in Latvia and Sweden.

HITSA

Industry: Urban / outdoor furniture

Vintage: 2018

Ownership stake 2021: 48.9%

Employees: 103 FTEs

Sustainability approach

Since 2020, HITSA has worked with sustainability in support of its business strategy. This includes climate accounting and target setting as well as initiating FSC and ISO 14001 certification processes.

Key financial and social figures

	2021
EBITDA	23.8mDKK
EBT	18.4mDKK
Equity	40.3mDKK
Balance sheet total	101.7mDKK
Social inclusion ratio at year-end	17.3%

Key impact management target 2022

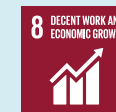
Sign-up for UN Global Compact and SBTi commitment

Social impact model

As part of HITSA's social impact efforts, the company educates vulnerable young people and employs people from the margins of the Danish labour market.



SDG focus



HITSA A/S

Continued

2021 impact and progress highlights



First year of climate accounting

covering scope 1 and 2 as the baseline for setting climate targets.



17.3% of the employees

are current or previously marginalized people.



Code of Conduct launched

to establish HITSA's ethical framework and behavioral standards.



ISO 14001 process started

and certification is expected to be completed by 2022.

ESG key figure overview

Data	2021	Target (timeframe)
Environment		
CO2-eq, scope 1 (tonnes)	759.4	30% reduction (2030)
CO2-eq, scope 2 (tonnes)	227.2	30% reduction (2030)
CO2-eq, scope 3 (tonnes)	-	
CO2-eq, total (tonnes)	986.6	
Carbon intensity (tonnes/DKK)	-	
Energy consumption (GJ)	12,739.87	
Energy intensity (GJ/DKK)	-	
Renewable energy share (%)	30.4	
Water consumption (m3)	579	
Waste (tonnes)	162*	10% reduction (2025)
Social		
Marginalized people (accumulated since 2018)	13	18 (2025)
Social inclusion ratio (%)	17.3	20 (2025)
Collective bargaining (%)	54**	
Full-time workforce (FTEs)	103	
Employee turnover ratio (%)	25	
Sickness absence (Days/FTE)	8.2	
Employee satisfaction ratio (%)	-	
Accidents at work (factor)	15	
Gender diversity (%)	30	
Customer retention ratio (%)	-	
Governance		
Gender diversity, board (%)	0	
Board meeting attendance rate (%)	95	
Gender diversity, management (%)	24	
CEO pay ratio (times)	2.6	
Gender pay ratio (times)	1.05	

*Departments in Sweden and Latvia are not included. / **Department in Latvia is not included.

Koatek A/S

About the company

Koatek is a leading Danish specialised mechanical manufacturer of custom made components with high quality and tolerance requirements. Products are made in materials such as titanium, wolfram, aluminum, plastic and stainless steel. The company is located in Jægerspris.



Industry: Precision components

Vintage: 2019

Ownership stake 2021: 45.0%

Employees: 85 FTEs

Sustainability approach

Sustainability is integrated in Koatek's business strategy. The initiatives to minimise resource consumption in the production is supported by consulting customers in their choice of material and through automation and recycling of scrap.

Key financial and social figures *

	2021
EBITDA	27.1mDKK
EBT	13.8mDKK
Equity	43.4mDKK
Balance sheet total	97.4mDKK
Social inclusion ratio at year-end	15.0%

*) Financials are corporate group figures (Metallum Holding)

Key impact management target 2022

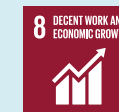
Sign-up for UN Global Compact and SBTi commitment

Social impact model

Focus on formalising training and education of marginalized and other employees, increasing employee satisfaction and improving the working environment to attract and retain employees.



SDG focus



Koatek A/S

Continued

2021 impact and progress highlights



Recycling: 84 tonnes

of scrap recycled.



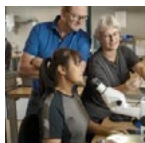
Biodiversity in focus

through the project 'Vild med Vilje' and conversion of more than one hectare from grassland to flower meadow.



15% of the employees

are current or previously marginalized people.



Gender diversity: 17% are women,

among all employees, which is above industry average.



Girls' day in science

supported with local activities.

More information:

Koatek: [Bæredygtighedsrapport 2021](#)
www.koatek.dk

ESG key figure overview

Data	2021	Target (timeframe)
Environment		
CO2-eq, scope 1 (tonnes)	-	SBTi commitment (2022)
CO2-eq, scope 2 (tonnes)	-	SBTi commitment (2022)
CO2-eq, scope 3 (tonnes)	-	SBTi commitment (2022)
CO2-eq, total (tonnes)	-	SBTi commitment (2022)
Carbon intensity (tonnes/DKK)	-	-
Energy consumption (GJ)	4,745	Not targeted
Energy intensity (GJ/DKK)	-	Not targeted
Renewable energy share (%)	-	Not targeted
Water consumption (m3)	1,122	Not targeted
Waste (tonnes)	84	Not targeted
Social		
Marginalized people (accumulated since 2019)	11	13 (2023)
Social inclusion ratio (%)	15	Not targeted*
Full-time workforce (FTEs)	85	Not targeted
Employee turnover ratio (%)	2	Not targeted
Sickness absence (%)	3.78	<3
Employee satisfaction ratio (0-5 scale)	3.8	Not targeted
Accidents at work (accidents)	1	0
Gender diversity (%)	17	Not targeted, ongoing assessment
Customer retention ratio (0-5 scale)	4.2	Not targeted
Governance		
Gender diversity, board (%)	0	Not targeted, ongoing assessment
Board meeting attendance rate (%)	100	100
Gender diversity, management (%)	0	Not targeted, ongoing assessment
CEO pay ratio (times)	~ 3	Not targeted

*Koatek works with absolute numbers for its social inclusion targets.

Refurb A/S

About the company

Refurb buys used IT equipment from both public and private companies, renovates and upgrades it with the latest software before it is resold to private consumers, businesses and the public sector. The company is located in Hornslet, Denmark.



Industry: IT refurbishment

Vintage: 2020

Ownership stake 2021: 48.0%

Employees: 45 FTEs

Sustainability approach

Refurb was born as a circular business with the overall purpose of creating a sustainable business based on recycling and refurbishment of used IT equipment. The company aims to inspire and demonstrate that responsibility and profitability goes hand in hand.

Key financial and social figures

	2021
EBITDA	4.6mDKK
EBT	2.3mDKK
Equity	7.7mDKK
Balance sheet total	29.2mDKK
Social inclusion ratio at year-end	23.6%

Key impact management target 2022

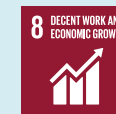
Sign-up for UN Global Compact and SBTi commitment

Social impact model

Refurb aims to create an inclusive and diverse workplace, which is characterised by collaboration and loyalty and where everyone is allowed to realize their potential and create value, for both the company, the individual, colleagues and society.



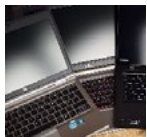
SDG focus



Refurb A/S

Continued

2021 impact and progress highlights



143 tonnes of used IT equipment

has been collected for recycling.



23.6% of the employees

are current or previously marginalized people.



IT equipment donated to Kwera

to help fund an innovative education model that creates social impact through higher education and supports social change locally.



18 kilotonnes of CO2 emissions saved

through the sale of recycled IT equipment.

ESG key figure overview



Data	2021	Target (timeframe)
Environment		
CO2-eq, scope 1 (tonnes)	184	Reduced by 50% (2030)
CO2-eq, scope 2 (tonnes)	21	Reduced by 50% (2030)
CO2-eq, scope 3 (tonnes)	1,831	Net zero (2050)
CO2-eq, total (tonnes)	2,037	SBTi commitment (2025)
Carbon intensity (tonnes/DKK)	-	Must not increase per unit (2025)
Energy consumption (GJ)	488.21	Must not increase per unit (2025)
Energy intensity (kWh/unit)	2.062	Reduced by 10% per unit (2025)
Renewable energy share (%)	100	100 (2025)
Water consumption (m3)	159	Must not increase (2025)
Waste (tonnes)	5.57	Must not increase (2025)
Social		
Marginalized people (accumulated since 2020)	13	19 (2024)
Social inclusion ratio (%)	23.6	+20 (2025)
Collective bargaining (%)	59	50 (2025)
Full-time workforce (FTEs)	45	60 (2025)
Employee turnover ratio (%)	19	80 (2025)
Sickness absence (%)	9	5 (2025)
Employee satisfaction ratio (e-NPS)	67	+50 (2025)
Accidents at work (accidents)	1	0 (2025)
Gender diversity (%)	19	30 (2025)
Customer retention ratio (%)	-	
Governance		
Gender diversity, board (%)	20	50 (2030)
Board meeting attendance rate (%)	93.3	90 (2030)
Gender diversity, management (%)	20	40 (2050)
CEO pay ratio (times)	2.3	3 (2025)
Gender pay ratio (%)	+/- 3.5	0 (2025)

Danpal A/S

About the company

Danpal is a leading Danish manufacturer and recycler of wooden pallets, and the range includes, amongst others, return pallets, disposable pallets and pallet frames. The company operates nationwide and is headquartered in Karlslunde with sites in Faxe and Vamdrup.



Industry: Wood pallet production and recycling

Vintage: 2020

Ownership stake 2021: 40.0%

Employees: 34 FTEs

Sustainability approach

To use recycled pallets and ensure that recycled pallets return to circulation, extends the life of pallets and is of benefit to the climate and the environment. In 2021, Danpal has been working to reduce its climate footprint and has been FSC certified purchaser of wood.

Key financial and social figures

	2021
EBITDA	19.1mDKK
EBT	16.1mDKK
Equity	24.2mDKK
Balance sheet total	46.4mDKK
Social inclusion ratio at year-end	14.7% (2021)

Key impact management target 2022

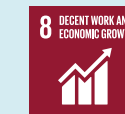
Sign-up for UN Global Compact and SBTi commitment

Social impact model

Danpal seeks to grow the number and 'quota' of marginalized employees and to create a role model with social and general sustainability differentiation.



SDG focus



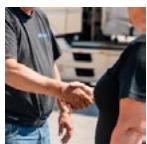
Danpal A/S

Continued

2021 impact and progress highlights

**Pallets in circulation: 96%**

of the used pallets are brought back into circulation.

**14.7% of the employees**

are current or previously marginalized people.

KLIMAKLAR SMV

First year of climate accounting

covering scope 1, and 3 and working systematically to reduce the climate footprint by engaging in the Confederation of Danish Industries' SME-program 'Klimaklar SMV'.

More information:

Danpal: [Impact-rapportering 2021](#)www.dan-pal.dk

ESG key figure overview

Data	2021	Target (timeframe)
Environment		
CO2-eq, scope 1 (tonnes)	170	SBTi commitment (2022)
CO2-eq, scope 2 (tonnes)	100	SBTi commitment (2022)
CO2-eq, scope 3 (tonnes)	26,730	SBTi commitment (2022)
CO2-eq, total (tonnes)	27,000	SBTi commitment (2022)
Carbon intensity (tonnes/DKK)	0.22	SBTi commitment (2022)
Energy consumption (GJ)	1,440	SBTi commitment (2022)
Energy intensity (GJ/DKK)	0.01	Not targeted for 2022
Renewable energy share (%)	12 (in 2020)	SBTi commitment (2022)
Water consumption (m3)	278	Not targeted for 2022
Waste (tonnes)	-	Not targeted for 2022
Social		
Marginalized people (accumulated since 2020)	5	11 (2025)
Social inclusion ratio (%)	14.7	20 (2025)
Collective bargaining (%)	77	Not targeted
Full-time workforce (FTEs)	34.1	Not targeted
Employee turnover ratio (%)	18	Not targeted
Sickness absence (Days/FTE)	3.1	<3
Employee satisfaction ratio (%)	-	Target will be developed in 2022
Accidents at work (accidents)	0	0
Gender diversity (%)	11	Target will be developed in 2022
Customer retention ratio (%)	-	Not targeted
Governance		
Gender diversity, board (%)	0	Target will be developed in 2022
Board meeting attendance rate (%)	92	100
Gender diversity, management (%)	33	Target will be developed in 2022
CEO pay ratio (times)	2.6	Not targeted
Gender pay ratio (times)	1.07	1.0

ProfilService A/S

About the company

ProfilService provides cleaning service, plant service, security and real estate service. The company is considered one of the leading independent SME cleaning providers on Zealand in Denmark and is located in Karlslunde.



Industry: Commercial cleaning

Vintage: 2021

Ownership stake 2021: 55.0%

Employees: 204 FTEs

Sustainability approach

ProfilService's sustainability focus has always been driven by good governance, social inclusion and measures to limit the environmental footprint. It follows the cleaning sectors responsibility and impact standard 'Ren Garanti Plus' and aim for a Nordic Swan Ecolabel certification in 2022.

Key financial and social figures

	2021
EBITDA	10.2mDKK
EBT	8.8mDKK
Equity	8.9mDKK
Balance sheet total	29.7mDKK
Social inclusion ratio at year-end	21.0%

Key impact management target 2022

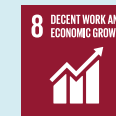
Sign-up for UN Global Compact and SBTi commitment

Social impact model

ProfilService's ambition is to take social impact from an informal, value-based effort to a formalised and systematised approach that will be a main differentiator for the company.



SDG focus



ProfilService A/S

Continued

2021 impact and progress highlights



Nordic Swan Ecolabel process started

and certification is expected to be completed by 2022 to become company no. 15 with this certification out of 12,500 registered cleaning companies.



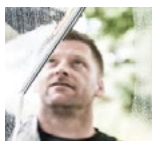
21% of the employees

are current or previously marginalized people.



81% women in leadership positions

out of 21 managers in total in the company.



21.6% employee turnover ratio

against a benchmark of 50% as a historical industry average.

ESG key figure overview

Data	2021	Target (timeframe)
Environment		
CO2-eq, scope 1 (tonnes)	-	SBTi commitment (2022)
CO2-eq, scope 2 (tonnes)	-	SBTi commitment (2022)
CO2-eq, scope 3 (tonnes)	-	SBTi commitment (2022)
CO2-eq, total (tonnes)	-	
Carbon intensity (tonnes/DKK)	-	SBTi commitment (2022)
Energy consumption (GJ)	-	Not targeted
Energy intensity (GJ/DKK)	-	Not targeted
Renewable energy share (%)	-	Not targeted
Water consumption (m3)	-	Not targeted
Waste (tonnes)	-	Not targeted
Social		
Marginalized people (accumulated since 2021)	34	258 (2026)
Social inclusion ratio (%)	21	30 (2026)
Collective bargaining (%)	92	Not targeted
Full-time workforce (FTEs)	204	Not targeted
Employee turnover ratio (%)	21.6	<20
Sickness absence (%)	3.2	<5
Employee satisfaction ratio (%)	-	-
Accidents at work (accidents)	0	0
Gender diversity (%)	59.9	Not targeted
Customer retention ratio (%)	95.2	Not targeted
Governance		
Gender diversity, board (%)	0	Not targeted, but observation point
Board meeting attendance rate (%)	100	100
Gender diversity, management (%)	81	Not targeted
CEO pay ratio (times)	2.5	Not targeted
Gender pay ratio (times)	-	1.0

Auto Mobil ApS

About the company

Auto Mobil makes specialised vans and cars for people with mobility-related disabilities and sells, buys, rents/leases and furnishes the vehicles for both the private and the public market. The company is headquartered in Greve, Denmark, and has operations in Vorbasse.



Industry: Disability cars

Vintage: 2021

Ownership stake 2021: 38.8%

Employees: 10 FTEs

Sustainability approach

Auto Mobil supports people with disabilities to better mobility, so that they can socialise and participate actively in the labour market. This includes a focus on renting out cars and promoting “green” cars to people with disabilities.

Key financial and social figures

	2020/21
EBITDA	1.3mDKK
EBT	0.3mDKK
Equity	10.0mDKK
Balance sheet total	23.4mDKK
Social inclusion ratio at year-end	26.0% (2021)

Key impact management target 2022

Sign-up for UN Global Compact and SBTi commitment

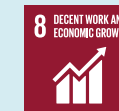
Social impact model

Auto Mobil contributes to the inclusion and quality of life of people with disabilities through its social business model and also employs people with disabilities.



SOCIAL BUSINESS MODEL

SDG focus



Auto Mobil ApS

Continued



161% increase in rental / lease cars

with disability support compared to 2020.



26% of the employees

are current or previously marginalized people.



UN Global Compact process started

and sign-up is expected by Q1 2022.

More information:

Auto Mobil: [Impact-rapportering 2021](#)

www.auto-mobil.dk

ESG key figure overview



Data	2021	Mål
Environment		
CO2-eq, scope 1 (tonnes)	-	SBTi commitment (2022)
CO2-eq, scope 2 (tonnes)	-	SBTi commitment (2022)
CO2-eq, scope 3 (tonnes)	-	SBTi commitment (2022)
CO2-eq, total (tonnes)	-	
Carbon intensity (tonnes/DKK)	-	SBTi commitment (2022)
Energy consumption (GJ)	201	Not targeted
Energy intensity (GJ/DKK)	0.0066	Not targeted
Renewable energy share (%)	-	Not targeted
Water consumption (m3)	158	Not targeted
Waste (tonnes)	14.1	Not targeted
Social		
Accumulated number of daily rentals of disabled cars since the expansion of the ownership circle (since 1 April 2021)	5,618	25,800 (2026)
Social inclusion ratio (%)	26	Not targeted*
Collective bargaining (%)	10	Not targeted, but observation point
Employee turnover ratio (%)	5	Not targeted, but assessed on an ongoing basis
Sickness absence (%)	2.2	Not targeted
Employee satisfaction ratio (%)	-	Targeted will be developed in 2022
Accidents at work (accidents)	0	0
Gender diversity (%)	15.8	Not targeted
Customer retention ratio (%)	-	Not targeted
Governance		
Gender diversity, board (%)	25	Not targeted, but observation point
Board meeting attendance rate (%)	100	100 (2022)
Gender diversity, management (%)	33,3	Not targeted, but observation point
CEO pay ratio (times)	1.65	Not targeted
Gender pay ratio (times)	1.0	1.0

*Auto Mobil works with absolute numbers for its social inclusion targets.

APPENDICES

Our portfolio companies follow the accounting principles set-out in our ESG reporting framework which we here include alongside more specific details on our set-up, policies and the standards we use.

Although we are exempt from SFDR, we also provide a commentary on alignment to Article 9 funds.

THIS SECTION:

- ESG data definitions
- Overview of standards and initiatives
- Organisational setup
- Investment policy
- Commentary on SFDR alignment
- Contact information

ESG data definitions

Environmental data		
KPI (unit)	Description	Formula
CO2-eq, scope 1 (tonnes)	Direct Green House Gas (GHG) emissions resulting from the company's own combustion of fuels and materials.	Scope 1 emissions are calculated for each combusted fuel/material = Σ (combusted fuel type in tonnes * conversion factor per fuel type) per fuel type. When all emissions are calculated, they are normalised to CO2- equivalents (CO2e).
CO2-eq, scope 2 (tonnes)	Indirect GHG emissions resulting from the energy used to produce electricity, district heating, or district cooling, which the company has purchased for its use.	Scope 2 emissions are calculated per country per bought MWh of electricity, and/or GJ of district heating/cooling.
CO2-eq, scope 3 (tonnes)	Indirect GHG emissions related to purchasing of e.g. products, materials, transportation and services.	Scope 3 emissions are calculated by mapping the supply chain emissions associated with the purchase of goods and services, as well as emissions associated with the use and disposal of the company's own products, e.g. consumer waste incineration.
CO2-eq, total (tonnes)	Total GHG emissions.	Σ (scope 1 + scope 2 + scope 3).
Carbon intensity (tonnes/DKK)	Total GHG emissions divided by total turnover.	Σ (scope 1 + scope 2 + scope 3)/total turnover for the year.
Energy consumption (GJ)	Consumed energy must be added from both scope 1 and scope 2 (cf. previous definitions) sources but must additionally also contain energy from renewable energy sources.	Σ (combusted fuel type (t)*power factor per fuel type) per fuel type + (used electricity (incl. renewable energy)(MWh)*3.6) + (used district heating/cooling including renewable sources of heating/cooling (GJ)).
Energy intensity (GJ/DKK)	Total energy consumption divided by total turnover.	Energy consumption/total turnover for the year.
Renewable energy share (%)	Share of total energy consumption that are from renewable energy sources.	(Renewable energy/energy consumption)*100.
Water consumption (m3)	Sum of all water drawn into the boundaries of the company from all sources incl. surface water, ground water, rainwater and municipal water supply.	Sum of all gross water consumed.
Waste (tonnes)	Sum of all solid material leaving the company directly for waste management.	Sum of all gross waste.

The definitions builds on guidelines CFA Society Denmark, Nasdaq Copenhagen and FSR – Danish Auditors for ESG data.

ESG data definitions

Continued

Social data		
KPI (unit)	Description	Formula
Marginalized people* (total)	Actual number of company employees, apprentices and trainees, which are or have been marginalized at time of measuring.	Number of currently or formerly marginalized persons who are at the company as employees or in education, qualification and training programs at time of measurement (persons, not FTEs).
Social inclusion ratio (%)	Share of current or previously marginalized people compared to the total number of employees.	Currently or previously marginalized persons in the company / total number of people employed.
Collective bargaining (%)	Employees covered by a collective agreement.	Number of employees covered by a collective agreement/total number of employees at the end of the period.
Trade union (%)	Employees member of a trade union.	Number of employees member of a trade union/total number of employees at the end of the period.
Full-time workforce (FTEs)	Full time equivalents.	FTEs + temporary workers.
Employee turnover ratio (%)	Share of voluntary and involuntary leavers.	$((\text{Voluntary} + \text{involuntary leavers}) / \text{FTEs}) * 100$.
Sickness absence (Days/FTE)	Number of full days all own employees are sick and not on job, compared to number of FTEs.	$(\text{Number of sick days for all FTEs for the period}) / (\text{Total FTEs})$.
Employee satisfaction ratio (%)	Share of employees who in an employee survey have answered that they are satisfied working in the company.	$(\text{Number of satisfied employees} / \text{FTEs}) * 100$.
Accidents at work (accidents)	Number of work-related accidents.	Number of work-related accidents.
Gender diversity (%)	Share of female workers.	$(\text{Women FTEs} + \text{women temporary workers}) / (\text{Full-time workforce}) * 100$.
Customer retention ratio (%)	Share of customers retained from one period to the next.	$((\text{No of customers at the end of the period}) - (\text{New customers acquired during the period})) / (\text{No of customers at the beginning of the period}) * 100$.

*Marginalized people are persons with physical, psychological and social barriers for employment and education on ordinary terms, either identified via the public labour market or social sector system or based on objectively verifiable information (e.g. a disability or substance abuse declared by the person but not resulting in a labour market system visitation). The information must be verifiable by a specialised third party (expert), which have or could have been involved in relation to treatment or similar.






ESG data definitions

Continued

Governance data		
KPI (unit)	Description	Formula
Gender diversity, board (%)	Share of female board members.	$((\text{Women board members elected at the Annual General Meeting (AGM)})/(\text{All AGM elected board members})) * 100.$
Board meeting attendance rate (%)	Board meeting attendance.	$((\sum \text{Number of board meetings attended}) \text{ per board member} / (\text{number of board meetings} * \text{number of board members})) * 100.$
Gender diversity, management (%)	Share of female managers.	$((\text{Female managers})/(\text{all managers})) * 100.$
CEO pay ratio (times)	How many times the median staff salary can be covered by the CEO compensation.	CEO compensation/median staff salary.
Gender pay ratio (%)	Difference between median gross hourly wage for male wage earners and that of female wage earners in percentage in comparable functions and positions.	Median male salary/median female salary.



The definitions builds on guidelines from EIF/SIA and the work done by Den Sociale Kapitalfond on social impact as well as from CFA Society Denmark, Nasdaq Copenhagen and FSR – Danish Auditors for ESG data.

Overview of standards and initiatives

	Description	How it guides our impact approach
 United Nations Global Compact	The UN Global Compact (UNGC) is the world's largest corporate sustainability initiative. It calls for companies to align strategies and operations with their Ten universal sustainability principles.	The UNGC's Ten principles are the foundation of our portfolio reporting, and both the Fund and our portfolio companies are required to become signatories and active participants. The Fund manager via Den Sociale Kapitalfond group signed up as a member in 2021.
 PRI Principles for Responsible Investment	As a UN-supported network of investors, the Principles for Responsible Invest (PRI) is the world's leading proponent of responsible investment.	The PRI's Six Principles act as guiding principles for our impact approach as an impact fund. The Fund manager via Den Sociale Kapitalfond group became a signatory in 2021.
 SUSTAINABLE DEVELOPMENT GOALS	Being at the heart of the Paris Agreement, the UN Sustainable Development Goals (SDGs) are an urgent call for action towards 2030 by all countries in a global partnership	We apply the SDGs throughout our work with the portfolio companies and use these as a development tool to broaden the scope of their and our impact.
 SDG Impact	The UNDP SDG Impact Standards for Private Equity Funds translates the SDGs into action and accountability for private equity investors.	As a Fund, we adhere to the Four Standards to integrate the SDGs in our strategy, management approach, level of transparency, and overall governance.
 IMPACT MANAGEMENT PROJECT	As a forum for impact management, the Impact Management Project (IMP) has built global consensus on how to measure, assess and report impacts on people and environment.	From 2022, the Fund manager have begun implementing the IMP approach to impact management to guide us in assessing and classifying impact risks and potentials from due diligence throughout our ownerships.

Overview of standards and initiatives

Continued

	<p>CFA Society Denmark, Nasdaq Copenhagen and FSR – Danish Auditors have developed a set of ESG key figures for companies to comply with Section 99a of the Danish Financial Statements Act.</p>	<p>All our companies report using the ESG key figure framework, which ensures complete transparency, comparability, and compliance with the Danish implementation of current EU regulations on non-financial reporting.</p>
	<p>As one of the most ambitious climate standards, the Science Based Targets initiative (SBTi) leads to way to a zero-carbon economy through science-based emission reduction targets.</p>	<p>In 2022 / 2023, all our portfolio companies will have committed to the SBTi, but already now the framework is shaping our climate approach and target setting process</p>
	<p>The European Investment Fund’s (EIF) Social Impact Accelerator (SIA) program is a pan-European public-private partnership addressing the growing need for availability of equity finance to support social enterprises.</p>	<p>Our methodology is based on the EIF/SIA standards on how to define, manage and measure social impact. This fits well with the Den Sociale Kapitalfond group’s practice for analyzing and measuring social impact on investments which we started to develop in 2011.</p>
	<p>Active Owners Denmark is the trade association for Danish professional investors.</p>	<p>We follow guidelines for good governance in Private Equity stated from the Active Owners supported by procedures under Invest Europe.</p>

Organisational setup

Den Sociale Kapitalfond Invest Management ApS is the management company for Den Sociale Kapitalfond Invest I K / S, which has a total capital commitment of DKK 289.3 million. The Fund is organised as a private equity fund with a double bottom line focussing on both financial returns and social impact.

Den Sociale Kapitalfond Invest Management ApS

- The management company is led by Lars Jannick Johansen (Managing Partner), Torben Agerup (Partner) and Mads Aaen (Partner).
- The partners form the management company's Board of Directors together with Birgitte Frost Mathiesen from Den Sociale Kapitalfond Management ApS, and the Investment Committee, which recommends investments to the General Partner for the Fund.
- The management company is based on the core idea, mission and values of Den Sociale Kapitalfond group's manifesto, which are included in the partner's contracts.
- Registered with the Danish Financial Supervisory Authority as manager of alternative investment funds pursuant to § 9 section 1, cf. § 4 section 1, in the Act on managers of alternative investment funds (AIFM Act), etc. The company is only to a limited extent subject to the act and has thus not been affiliated with a depositary.
- VAT No: DK38428047.

Den Sociale Kapitalfond Invest I K/S (the Fund)

- The General Partner for the Fund is led by a board with Simon Krogh (Chairman), Tyge Korsgaard (Director) and Sven Krogstrup.
- The General Partner and its Board of Directors are responsible for the decisions on any investment in the Fund, based on the recommendations from the Investment Committee.
- An Investor Advisory Board with representatives from the seven largest investors among others validate the social impact targets of the fund's portfolio investments.
- The Fund is owned by Danish and international professional investors holding a total stake of 98.9%.
- The remaining stake is owned by the partners of management company, Den Sociale Kapitalfond Management and the Fund's Senior Advisors, Jeppe Christiansen, Mads Øvlisen, Per Agger Nielsen and Peter Nørgaard.
- VAT No: DK 38968815

Carried interest – double bottom line focus

The Fund has a management fee structure that resembles the normal standards in the private equity industry, with a fixed management fee and a carried interest dependent on the performance of the Fund.

However, the Fund management's carried interest is based on both financial and social impact performance with a double hurdle on a fund-as-a-whole basis – i.e. including both a financial hurdle and a social impact hurdle regarding the fulfilment of social impact targets as approved by the Fund's Investor Advisory Board.

If social impact at the time of exit does not meet the hurdle for realisation of pre-approved social targets, carry is transferred to a charitable cause approved by the Fund's investors.

Investment policy

In addition to seeking to create attractive financial returns with a positive social effect, the Fund seeks to strengthen positive effects as well as reduce any negative impacts on sustainability in general that the Fund's investments may have.

Accordingly, our investment policy is to optimise the potential for positive social impact through the Fund's portfolio companies and to integrate Environmental, Social and Governance (ESG) related risks and potentials in general in its work and to comply with international standards, guidelines and best practise.

The Fund's management includes ESG issues in our due diligence processes and where relevant works to improve ESG policies and performance in the portfolio companies, alongside the ongoing development of their social impact model. Among others, we assess if the companies adhere to UN Global Compact's (UNGC) principles for responsible business conduct and portfolio companies are required to comply with the UNGC's 10 principles.

Furthermore, the Fund works actively with the UN Sustainable Development Goals (SDGs) in the investment process and portfolio management. The positive and negative contributions of an investment opportunity to the fulfilment of the SDGs are included as a parameter in the management's initial investment screening and in the due diligence processes for the Fund. In addition, once an investment is completed, the Fund as an active owner seeks to ensure that there is a positive development in the portfolio companies' contributions to the SDGs and we assess the development in environmental and governance factors as well as potential sustainability risks.

A negative list is used to ensure that the Fund avoids financing activities that are considered to be unsustainable in the long term. See the [negative list](#) here.

Other relevant policies and guidelines

The Fund follows policies and guidelines to act responsibly and with respect for relevant guidelines and good practice. We are subject to policies on, e.g., risk management and prevention of money laundering, insider trading and ensuring proper handling of confidential material and data as well as policies for conflicts of interest management and for related party cooperation.

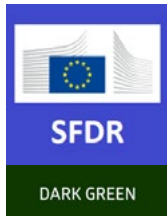
The Fund also follows the guidelines for responsible ownership and good corporate governance for private equity funds from the trade association for active owners in Denmark. Please see www.skfinvest.dk for a compliance overview.

Our impact management approach aligns with SFDR definition of Article 9 – Dark Green

As The Fund was established prior to SFDR regulations took effect for Danish Impact funds the Funds is exempt for regulations and reporting according to SFDR. However, internal analysis has been made for the Funds alignment to the regulation. Based on following statements, the Funds activities have been assessed to follow the definitions in **Article 9 – Dark Green**:

- 1 Our investment process is designed to meet a demonstrable sustainable objective (social purpose)
- 2 We report comprehensive on ESG factors and Impact effects of our investments
- 3 We include ESG objectives in the investment and due diligence process
- 4 Our investment and risk polities are full transparent and published on our homepage
- 5 Our remuneration for fund managers includes ESG performance
- 6 We have Impact KPI's on all investments. The KPI's are yearly reviewed case-by-case by external auditors

During the coming period we will develop even more sophisticated ESG processes to continuously measure and report on any negative ESG factors for our social focused investments.



Contact and further information

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www.skfinvest.dk

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