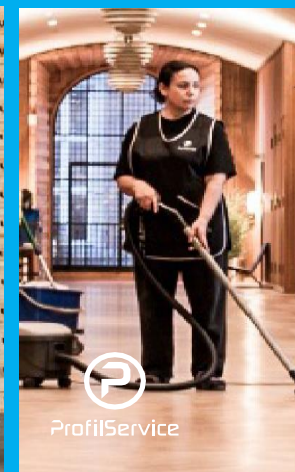


Impact Report 2022 Den Sociale Kapitalfond Invest I K/S

Growth Journeys that Make an Impact

*Exited in 2022



Letter to Our Stakeholders

This is our third public Impact Report, in which we provide a status on the progress of Fund I's social impact, ESG management and present highlights from our portfolio companies. This report specifically covers the activities of Den Sociale Kapitalfond Invest I K/S (the Fund) for the financial year 1st of January 2022 to 31st of December 2022.

In 2022, Fund I closed three new investments with ownership stakes in WaterCare, BM Silo, and in Tolstrup. Together with the Fund's six earlier investments in HITSA, Koatek, Refurb, Danpal, ProfilService, and Auto Mobil, these companies constitute the investment portfolio covered by this Impact Report. HITSA and Refurb were successfully divested in 2022 but are included in this report based on their performance on the date of exit.

Improved financial performance and social impact exceeding targets for 2022

Overall, in 2022, our companies improved their financial performance and delivered significant positive social impact. The portfolio Social Impact Multiple (SIM), which summarises our social impact performance vis-à-vis annual targets, reached index 1.26x. This indicates a social impact performance that exceeded expectations for the year. The financial result was DKK 42.6 million and a gross IRR of 37.1% p.a. as of 31 December 2022. In a context of economic slowdown and inflation this is satisfactory and underlines our view; Good business are the foundation for social impact – and social impact is a key to make good business even better.

Setting a bigger and broader sustainability ambition going forward

Den Sociale Kapitalfond Invest builds on a mission centred around the 'S' of ESG: To contribute to a cohesive, sustainable society by creating new opportunities for vulnerable persons combined with financial returns for investors via investments in impact-driving businesses. However, in 2022, Fund I continued its development of a broader ESG impact management approach that centres "Social" within a more comprehensive ESG framework. Building upon our prior work, we have further developed the standards into our reporting structures and management practices, for them to be up to date.

This report includes limited ESG data in some areas, including environmental data. This reflects the status of data gathering across our portfolio. We are working closely with our portfolio to improve ESG reporting practises, and we anticipate the inclusion of additional metrics, results, and case stories as we develop the management of ESG factors in our companies.

As we move into 2023, we look forward to taking the next steps on the Fund's impact management journey. We are always evolving in our approach to impact management, and we expect to further develop our ESG practises in the coming year as we continue to spearhead social impact investments in SMEs in Scandinavia.

We stay committed to working with our portfolio companies to create role models for inclusive, sustainable growth by combining industry-leading social impact and ESG-performance with matching financial results and value creation.



Good business is the foundation for social impact – and social impact is a key to make good business even better"



Lars Jannick Johansen
Managing Partner



Torben Agerup
Partner



Mads Aaen
Partner



Maria Heickendorff
Investment Director

Den Sociale Kapitalfond Invest Management ApS
Copenhagen, 28 April 2023

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CONTENT

Our Impact Report 2022 covers the activities of Den Sociale Kapitalfond Invest I K/S (the Fund) for the financial year 1 January 2022 to 31 December 2022. 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 stem 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 April 2023.

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

Stay up to date on the most recent developments at skfinvest.dk and follow Den Sociale Kapitalfond group on [LinkedIn](#).

Our Purpose

We are Scandinavia's first social impact private equity fund. Together with our portfolio companies, we work to create good financial returns and positive social impact within a broader environmental, social, and governance (ESG) framework.

Too many people feel marginalised in society due to physical, psychological, and social problems. This damages individual health, well-being, and opportunities in life and weakens cohesion and economic sustainability in society. Den Sociale Kapitalfond Invest therefore builds on a clear mission: To contribute to a cohesive, sustainable society by creating new opportunities for marginalised persons combined with financial returns for investors via investments in impact-driving businesses.

Our philosophy is that a positive social contribution and impact is good for business in more than one sense. Good business is the foundation of social responsibility, but social responsibility can make business better by creating attractive workplaces, stronger brands, better customer relationships, and unlocking a higher valuation.

All of our present portfolio companies have training and employment of vulnerable people as a shared social impact objective and thereby address an important societal challenge through their business. They create new opportunities for vulnerable persons and marginalised groups in the labour market.



29% OF THE DANISH POPULATION FEELS COMPLETELY OR PARTIALLY VULNERABLE IN SOCIETY



62% OF DANISH PRIVATE SECTOR VALUE ADDED IS FROM SMES

Despite our large welfare states, significant parts of the populations in Scandinavia are still becoming marginalised in the education system, in the labour market, and in society at large. This negatively affects individual health, 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 positively contribute to better health, self-reliance, and sense of belonging for vulnerable individuals. This is the background for the impact focus of Den Sociale Kapitalfond Invest.

The impact investing market is on the rise and the demand from both industrial and financial investors for "impact businesses" is growing. However, while many SMEs have the potential in their products, services, and organisational DNA to be "impact heroes", they are often not maximising or capitalising their potential. This is the background for the investment focus of Den Sociale Kapitalfond Invest.

More than a decade of impact investing in practise has taught us how to attract quality deal flow by balancing the double bottom line, "social" and "capital", in our approach towards potential investments; how social inclusion can be an indicator of quality business leadership focused on people's potentials.

Highlights of The Year

Helping our Portfolio to a 360-degree Impact Perspective

Since 2018, the Fund has invested in nine Danish companies in niche markets, supported by favourable trends and with social impact, as part of their purpose and based on one or more of the Fund's three social impact models.

In 2022 we continued to build upon our 2021 expansion of our ESG framework. We focused on broadening and maturing our ESG efforts by reviewing our management framework, improving data quality, and providing training for our portfolio – still based on assessing and managing impact and performance across environmental, social, and corporate governance areas using an increasingly systematic and encompassing approach, aligned with numerous regulatory and voluntary standards.

Strengthening Positive Impact

Our efforts during the year included working closely with our portfolio companies to implement or improve environmental reporting, with special attention toward CO2 emissions data. We also asked them to expand reporting on governance-related elements across E, S, and G, most notably regarding policies and policy enforcement. Additionally, we supported companies through the development of their second annual reports, including confronting both the successes and failures of their past promises.

Aspirations for 2023

In 2023, we will continue to develop the Fund's ESG management, reporting framework, and impact tools for portfolio companies with the ambition of continuously developing a "best in league" and easy-to-implement 360-degree ESG management model with social impact at its core.

Den Sociale Kapitalfond Invest I highlights of 2022:



126% of 2022 social impact targets achieved and there are 20% of vulnerable employees on average in portfolio companies.



The financial result was DKK 42.6 million and a gross IRR of 37.1% p.a. as of 31 December 2022 in spite of turbulent global markets.



Defining impact considerations when divesting to ensure long lasting impact commitment.



Two successful exits – of Refurb A/S and of HITSA A/S – both financially and with social impact target fulfilment around/above 100% for the year.

ESG PERFORMANCE AND PROGRESS

THIS SECTION:

- A Diversified Portfolio with a Shared Focus on Social Impact
- Committed to Climate Action
- Empowering Vulnerable Persons
- Guided by International Commitments
- Continuing our Impact Management Journey

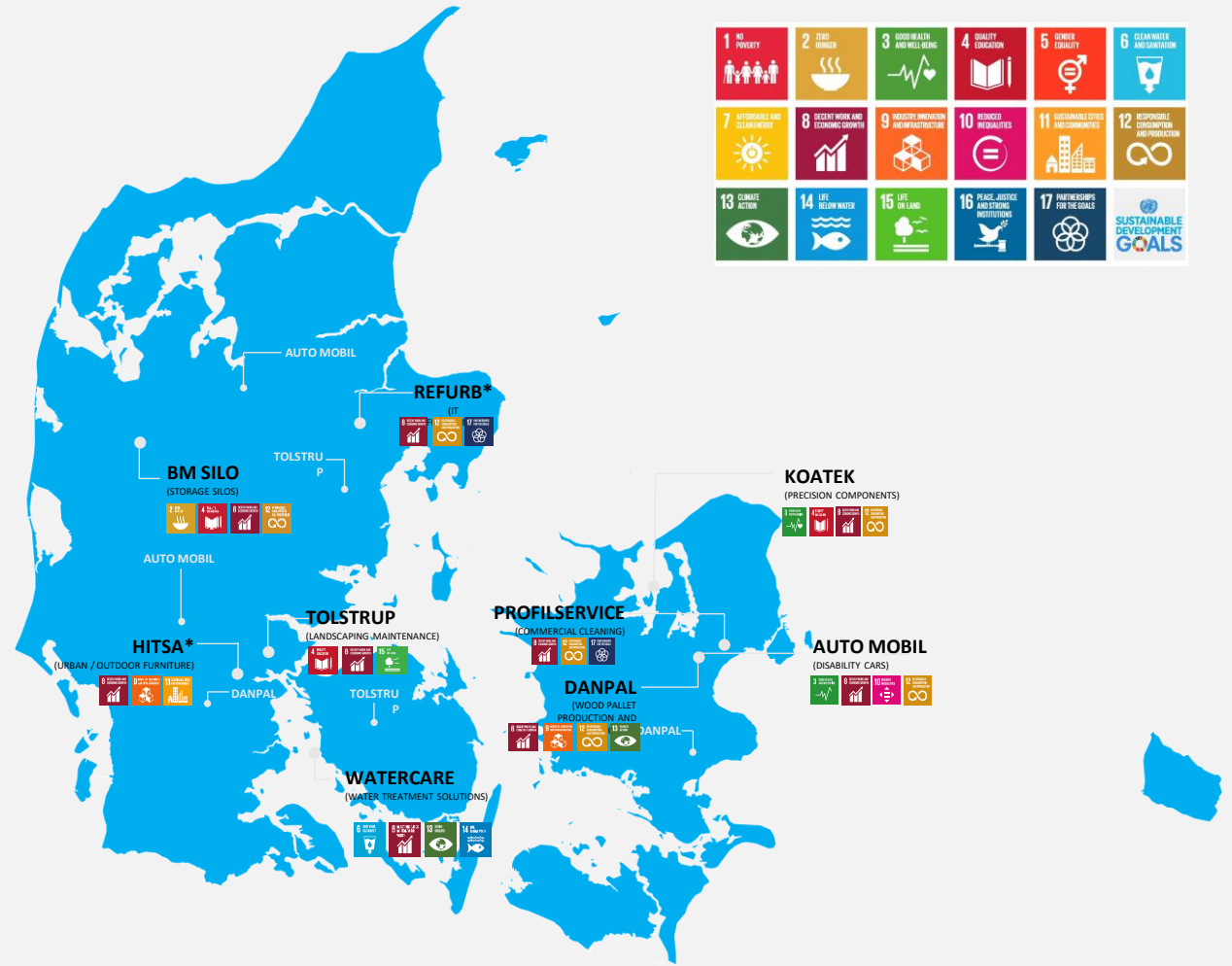
A Diversified Portfolio with a Shared Focus on Social Impact

The 17 UN SDGs as a framework for impact

Our portfolio consists of companies, that create value and social impact in communities throughout Denmark and within a variety of sectors such as mobility, production, and landscaping.

While the portfolio constitute a diversified set of investments, all companies have mission objectives linked to the 17 United Nations Sustainable Development Goals (SDGs). As seen on the map, SDG 8: Decent work and economic growth and SDG 12: Responsible consumption and production in particular resonate with the portfolio companies' although most portfolio companies have a much wider ambition and contribute well beyond the two key SDGs.

Contributions to the SDGs are assessed as part of the due diligence process and the SDGs are also part of our active ongoing work with the portfolio companies in their efforts to strengthen alignment with the SDG goals, ESG performance, and cross-company ESG collaboration.



Committed to Climate Action

1. SCOPE REPORTING

43% of portfolio companies have reported on scope 1, 2, and 3 emissions in 2022.

The Fund is working closely with the remaining companies to support their progress toward emissions reporting. See appendix for an in-depth explanation of scope 1, 2, and 3.

The E in ESG

ESG stands for Environmental, Social, and Governance and refers to sustainability factors of material relevance to the company. Addressing ESG risks and opportunities in a balanced way is increasingly becoming the norm for companies due to changing demands from investors, regulators, and customers. As a result, ESG is an integrated part of the Fund and our portfolio companies' business conduct and is incorporated into relevant corporate sustainability frameworks and standards.

Environmental
Social
Governance

2. COMMITMENT TO SET CLIMATE TARGETS

All portfolio companies have agreed to join SBTi to stimulate climate action and set climate targets aligned with the 1.5°C pathway.

We anticipate that some companies will join in 2023, with most joining in 2024. All new investments are obligated to join SBTi within two years of our investment.

SBTi

As one of the most ambitious climate standards, the Science Based Targets initiative (SBTi) leads the way to a zero-carbon economy through science-based emission reduction targets. The SBTi framework shapes our climate approach and target setting process. We engaged with consultancy Viegand Maagøe to support our portfolio companies with the implementation and improvement of climate reporting, particularly data on scope 1, 2, and 3 emissions which SBTi-targets demands.



Examples of climate actions

In order to adhere to climate and environmental responsibility, the portfolio companies are implementing different measures and initiatives in their business operations, such as using electricity generated from 100% renewable energy sources. For example, Koatek, one of the companies in the portfolio, ensures the recovery of all excess materials and utilises recycled packaging, while also producing high-quality products that have a longer lifespan, while another portfolio company; Watercare, develops products that can be used without electricity.

Empowering Vulnerable Persons

1. REACHING SOCIAL IMPACT GOALS

Our portfolio companies have overperformed with 126% achievement of their 2022 social impact targets.

58% of the overall, five-year social impact targets for our portfolio companies were met within an average of 2.2 years.

2. CREATING SME IMPACT ROLE MODELS

An average of 20% of the employees in our portfolio companies are current or formerly vulnerable persons.

This brings our portfolio companies among the very top of socially inclusive small and medium-sized enterprises (SMEs) in Denmark



Social KPIs and SIM

From the outset, the Fund's primary focus has been on the social aspect of sustainability and impact. With each investment, together with the portfolio companies, we define social impact goals, KPI's, and targets. The 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.

Examples of social KPIs

The KPIs includes but are not limited to ensuring that the companies have a high degree of social inclusion and provide new opportunities for marginalised individuals in the labour market. We measure this by tracking the total number of marginalised individuals employed and/or who have completed minimum periods of, e.g., job training, education, and/or employment within the company during the reporting period. Auto Mobil incorporates additional KPIs due to their social business model, such as a KPI that describes its number of sold adapted disability vehicles and adaptations for disability vehicles.

Examples of social inclusion

The portfolio companies have each their ways of ensuring and inclusive workplace and learning culture. For example, socially run cleaning company ProfilService has succeeded in establishing on-site, paid, work-hour accredited Danish language classes for their employees. The collaboration has been established with 3F, AOF, and the Competence Fund under Danske Service/Dansk Erhverv. As of March 2023, ProfilService have 33 employees enrolled in the program.

Guided by International Commitments

1. JOINING UN GLOBAL COMPACT

All portfolio companies are aligned with UN Global Compact (UNGC) 10 principles. Four of our current portfolio companies have already become a signatory.

We anticipate that the remaining companies will join the UN Global Compact in 2023.

Reporting

Den Sociale Kapitalfond group became signatories of the UN Global Compact (UNGC) in 2021 and will publish an annual Communication on Progress. Higher quality and more transparent ESG reporting has been the focus this year, with external advisors providing education on the reporting process. In addition to supporting companies in developing their second annual reports and helping them confront both the successes and failures of their past promises, we requested more specific reporting on governance-related elements, with a particular focus on policies and their enforcement.

We are working closely with our portfolio companies to implement an internal Code of Conduct, which includes UNGC standards related to anti-corruption.

2. INCREASING ESG TRANSPARENCY

All portfolio companies are publishing annual, publicly available impact reports, which have been further developed since last year. See section 'portfolio companies' for further information.

CEO Pay Ratio and Board Meeting Attendance

When determining the CEO pay ratio, we calculate at how many times the median employee salary can be covered by the CEO's salary. In 2022, the CEO pay ratio across the portfolio of companies ranged from 1.5 to 3 times, which reflects a decrease compared to the previous year's findings based on the available information.

Moreover, in 2022, all members of the board of directors have demonstrated exemplary attendance by actively participating in all scheduled board meetings. Monitoring board meeting attendance is crucial in evaluating board engagement and effectiveness and serves as an important metric for reporting purposes.



Working with Gender Diversity

When measuring gender diversity, we look at the proportion of women on the companies' boards, as it is the underrepresented sex, according to the European Parliament's legislation; "The Women on Boards Directive" of 2022. This aspect is especially difficult for the companies in the portfolio since most of them operate in sectors and industries that are traditionally male-dominated. The Fund, therefore put in considerable effort to attract and retain female executives and board members. BM Silo has managed to surpass the industry average by achieving 75% of women in management positions, since 18% is the industry average of 'Industry and raw material extraction' according to 'Danmarks statistik'.

Continuing Our Impact Management Journey



Taking the Next Steps on our Impact Management Journey

Building upon our prior collaboration with Accenture in 2022 we worked with external advisors to further develop a structured approach to collecting data necessary for the impact frameworks and standards that we determined to be most relevant to the Fund and our portfolio. In establishing this structure and providing accompanying education, we facilitate our portfolio companies' aims to join or obtain publicly recognised standards and certifications, and the accountability and transparency derived from these commitments.

We will continue our ongoing work with the Sustainable Finance Disclosure Regulation (SFDR) as part of our impact management framework to ensure that we continuously meet the requirements. This includes obtaining the relevant data from the portfolio companies needed to support the periodic disclosures included in the Fund's annual financial reports. These disclosure requirements entail that fund managers must provide additional details about their funds' environmental, social, and governance strategies, sustainability risks, and overall impact in pre-contractual documents and periodic reports. Please see www.skfinvest.dk for a compliance overview.

Considering Impact when Divesting

For the first time, our impact management journey included defining our impact considerations when divesting. For us, impact management includes building the foundation for portfolio companies to continue their social impact even after our engagement has ended. Therefore, as part of our first two exits, we included impact priorities in our buyer due diligence and incorporated obligations to continue the impact journey for social impacts and external commitments as part of the exit agreement.

As we look toward the rapid changes in sustainability circles, we affirm our perspective that impact management is an ongoing journey. We move forward with a renewed commitment to continuously develop and refine our approach, our tools, our own activities, and the ways in which we engage with our portfolio on ESG impact.

Environmental reporting has proven to be a challenge for many of our companies due to their size and resources, and we are closely engaged as they work toward SBTi commitments. Although we aimed for all companies to join SBTi within 2023, we now anticipate that most will commit in 2024. Our newer investments are obligated to join SBTi within two years of our investment.

SOCIAL IMPACT STRATEGY

THIS SECTION:

- Our Theory of Change
- Our Impact Approach
- Investing in Social SMEs

Our Theory of Change



The social impact model of Den Sociale Kapitalfond Invest builds on a theory of change - our intended path to create positive impact on individuals, companies, and society at large:

Through our investments in social businesses, we seek to create new opportunities for vulnerable and marginalised persons for employment, health improvements, etc. We also seek to create role models demonstrating how social impact and financial performance can go hand-in-hand in a company, for other businesses to follow. With time, we thereby aspire to have an impact more broadly in the Scandinavian SME and private equity sector by inspiring more companies and investors to follow our path.

Examples	Input	Activity	Output	Outcomes	Moderation	Impact	KPI
INDIVIDUAL LEVEL: Vulnerable persons	Time	Work	Employment	Income	Alternative income	Social capital	Employment
	Competencies	Training	Improved health	Reduced sick leave	Alternative training	Quality of life	Sick leave
COMPANY LEVEL: Portfolio companies	Capital	Execution of and ongoing management support for:	Increased:	Improved:	Pre-existing momentum	Investor attraction	Financial return
	Competence	<ul style="list-style-type: none"> Commercial plan Social impact and ESG plan 	<ul style="list-style-type: none"> Growth Earnings Improved: <ul style="list-style-type: none"> Social impact KPIs ESG metrics 	<ul style="list-style-type: none"> Valuation Exit opportunities Social and ESG performance 	<ul style="list-style-type: none"> Alternative investors Other external factors 	<ul style="list-style-type: none"> Social impact model 'future-proofed' Brand and industry (role model) status 	<ul style="list-style-type: none"> Social impact targets ESG reporting standards
SECTOR LEVEL: SME sector	Cases	Communication	Inspiration	Policies	Other external factors	Trends	Followers

Our Impact Approach

Our Targets

At its founding, Den Social Kapitalfond Invest I K/S targeted a gross Internal Rate of Return (IRR) of approximately 14% p.a. and projected a social impact of empowering 600 vulnerable people and people in marginalised areas through the creation of jobs, training positions, education, and enabling services and products according to our social impact models in focus.

This projected impact was based on impact simulations with a total fund size of DKK 289 million and was a model case calculation subject to the final composition of the Fund’s portfolio.

Our focus on developing impact investment products with the potential to combine financial returns and social impact for the benefit of vulnerable groups in society mandates that we utilise the best and most current validated approaches to managing impact. As a result, our understanding of impact approaches continues to evolve.

Investment strategy	Mainstream investing			Impact investing		Philanthropy
	Traditional	Responsible	Sustainable	Impact	Impact-focused	Donation
	Competitive market rate	Mitigating ESG risks	Pursuing ESG opportunities	Attractive returns and positive ESG impact	Positive ESG impact over market rate return	Positive ESG impact
Investment focus	Financial returns					
						Measurable positive societal impact

The “Impact” in Impact Investment 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 practise impact management standards to ensure transparency and build stakeholder trust.

Vulnerable Persons

Vulnerable people include persons who either have or are at significant risk of having 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 vulnerable persons in relation to measuring social impact in the portfolio companies, existing or at-risk barriers can either be identified via the public labour market, social or healthcare sector system, or be based on verifiable information and data that can be assessed by a specialised third-party.

Investing in Social SMEs



Den Sociale Kapitalfond Invest I had its final closing in October 2018 with a total fund size of DKK 289.3 million for 12-14 investments in social-impact driving SMEs based on the following investment strategy and social impact focus.

Investment Strategy

SMEs (10-249 employees) in Denmark (and opportunistically Sweden):

- "Value" investment segment of quality SMEs
- Megatrend-supported, niche-market leaders within industry & service
- Strong growth potential – on a stand-alone or consolidated basis
- Significant social impact potential aligned with targeted social impact models
- Enterprise valuations typically DKK 30-150 million
- Equity investment sizes of DKK 10-40 million – before leverage and co-investors

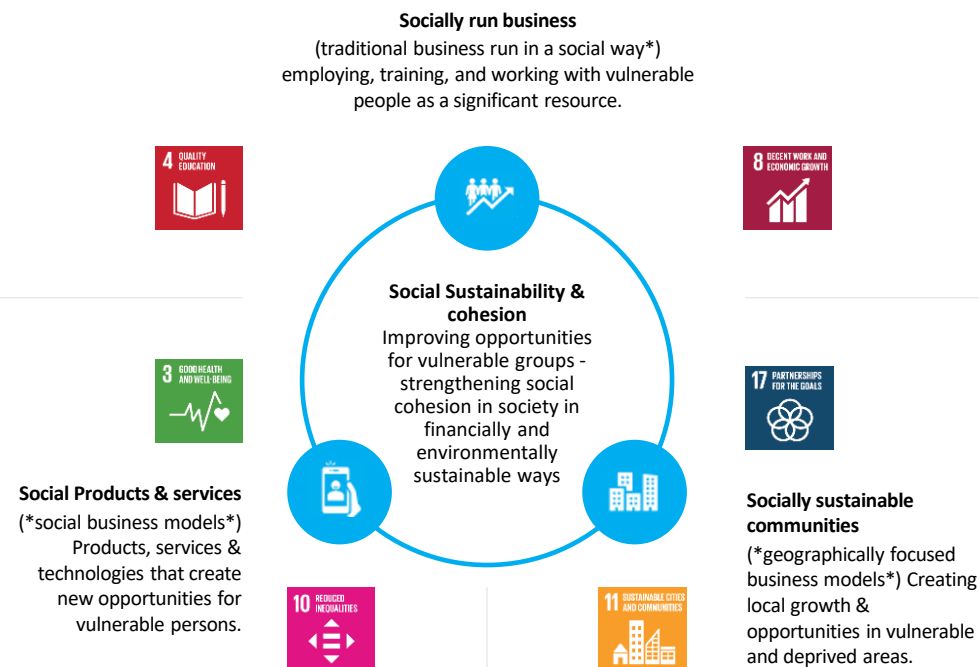
Minority or majority investments to facilitate:

- Growth, including buy & build projects
- Ownership successions and buy-outs
- Partial capitalisations

Active, experienced, and unbureaucratic investor with strong network and support system, typically creating value via:

- Strategy optimisation and (exit) market positioning
- Growth initiatives including consolidation/add-ons
- Organisational development and prudent financial optimisation
- Social impact and ESG improvement and branding

Social Impact Models



IMPACT MANAGEMENT

THIS SECTION:

- Our Approach to Impact Management
- Impact Management Model
- Portfolio Impact Management
- Social Impact Due Diligence and Management

Our Approach to Impact Management

Impact Management

As impact investors, we work continually to ensure that the companies that we invest in are building products and services that efficiently address sustainability issues and especially social challenges. In collaboration with external experts and in alignment with changes in the field, over time we have tested and adopted new practises in how we measure, forecast, and target social impact at the company and portfolio levels. To ensure that the Fund is compliant with the requirements as an article 9 fund pursuant to the SFDR, portfolio companies provided additional data to Fund in 2022.

Although social impact objectives is at the heart of what we do, we and our portfolio companies are also committed to direct climate action, setting clear, and transparent targets for climate transition. Through 2022 we have helped our portfolio companies in their efforts to encompass a broad view of ESG and supported them in creating 360-degree impact. To achieve the impact objectives of Den Sociale Kapitalfond Invest, we have developed an impact management model and toolbox to drive the "S" as well as "E" and "G" work and management of portfolio companies and the Fund. The next page provides a deep dive into the Impact management model. However, before delving into the details, it is relevant to explain the reasoning behind the exclusion of the social taxonomy from the model.



Social Taxonomy

We strive for best-in-class social reporting and aim to use our best commercial effort to apply the EU Social Taxonomy according to currently available guidelines and recommendations. Due to the significant uncertainty regarding the final criteria for the Social Taxonomy, we have been advised not to change our reporting template to specifically accommodate the Social Taxonomy. The Social Taxonomy have not yet been defined, and speculation into which criteria will be applicable will create a significant reporting burden on our portfolio companies, with the risk of not achieving the intended outcome.





We utilise relevant reporting standards that generally align with the currently available information regarding the Social Taxonomy. These reporting practises lead us to conclude that we are well on our way to matching the intended purpose and anticipated content of the Social Taxonomy. We will wait for more established guidelines and criteria before further incorporating the EU Social Taxonomy into our reporting template.



Impact Management Model

The impact management model is based on Den Sociale Kapitalfond’s experience and the social impact measurement methodology of the European Investment Fund (EIF), impact fund best practise reviews, and research in partnerships with Accenture, UN Global Compact Denmark, and Viegand Maagøe. It is applied in the portfolio using a shared “platform” with schematised templates and targeted advising from the management team and select advisors as part of the ongoing portfolio work.

The model is continuously updated and supplemented, including to match regulatory requirements, emerging best practise, and portfolio requests. In 2023, we will also begin to explore quality of life measurements to supplement specific social impact indicators.

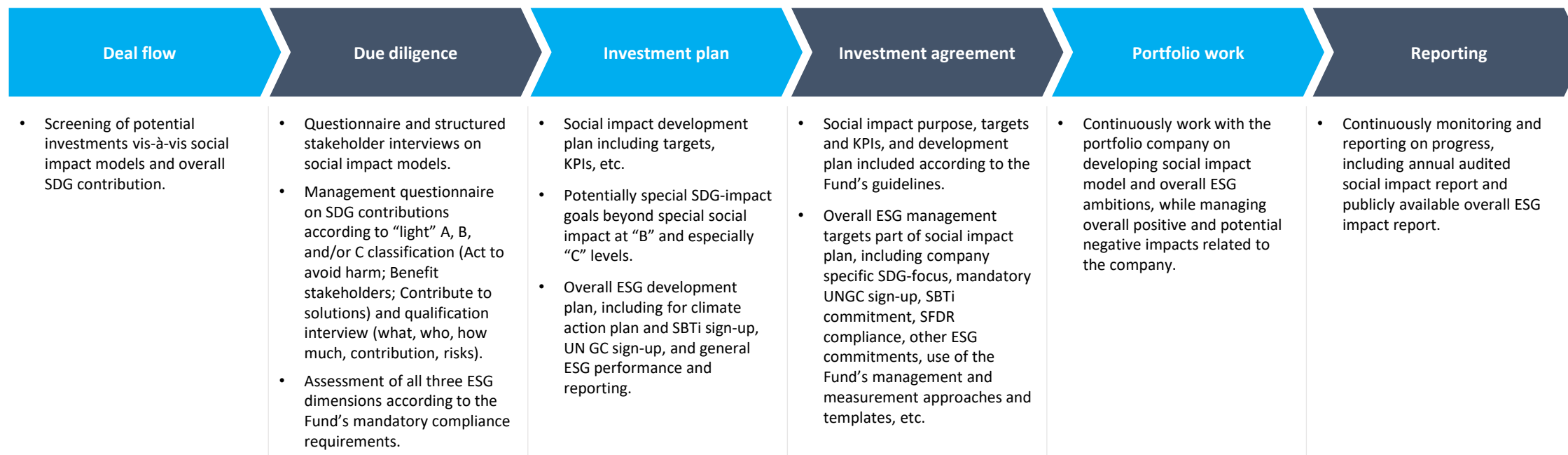
	Our Fund	Our portfolio companies		
Aim	Social impact – climate action – SDG focus – ESG standards	We categorise portfolio companies’ impact into three types of impact – A, B, and C – in our analyses		
Impact management	Manage to maximise positive impact	Act to avoid harm	Benefit stakeholders	Contribute to solutions
Key focus	Impact investment Good governance in private equity	Responsible business conduct ESG reporting	Climate action SBTi aligned	Social impact, models, Impact business model
Standards & initiatives				
Approach and targets	<ul style="list-style-type: none"> Social impact management builds on EIF standard and practises of Den Sociale Kapitalfond. Overall ESG impact management supported by UN Principles for Responsible Investments (UN PRI) (signatory), UN Global Compact (UNGC) (signatory), follows good governance as stated by Active Owners Denmark, and is compliant with SFDR 9 requirements. SDG integration builds on the UNDP SDG Impact Standards for Private Equity Funds. Impact review in due diligence supported by tools and questionnaires. Impact support to portfolio companies with full ESG focus – from labour market experts and social councillor to employee well-being surveys, and from climate audits and CO2-reduction planning experts to reporting support. 	<ul style="list-style-type: none"> Social impact management model based on Den Sociale Kapitalfond practise and EIF standards. Reporting on social KPI performance including annual audit by an external auditor. Social impact model complemented by extensive, overall ESG impact framework with schematised management and reporting platform for portfolio companies. ESG impact management framework aligned with social impact management methodology, SDG approach, UNGC, SBTi, and ESG data recommended by CFA Society Denmark, Nasdaq Copenhagen & FSR – Danish Auditors, as well as SFDR 9 requirements. SDGs used as a framework to identify broadened scope of impact beyond the social. UN Global Compact sign-up mandatory for all portfolio companies. Climate action and commitment to the Science Based Target initiative (SBTi) mandatory for all portfolio companies no later than year two after investment. 		

Portfolio Impact Management



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

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



Social Impact Due Diligence and Management

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

Accordingly, as part of the investment process, the Fund’s management focuses on assessing past achievements and considering future potential for social impact, establishing social impact targets, and defining measurement and management approaches together with the companies.

The Fund’s social impact assessment approach and measurement methodology is based on the work and practise 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 practise. 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

Analyse 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, summarised 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.”

A “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 in relation to annual and five-year social targets.

PORTFOLIO COMPANIES

THIS SECTION:

- Portfolio Companies
- Portfolio Impact Overview
- Exited 2022: HITSA A/S
- Exited 2022: Refurb A/S
- Koatek A/S
- Danpal A/S
- ProfilService A/S
- Auto Mobil ApS
- WaterCare ApS
- BM Silo ApS
- Tolstrup A/S

Portfolio Companies



HITSA A/S

Nordic market leader in urban furniture
Socially run business
2018 investment / Exited 2022



Koatek A/S

High-quality precision components producer
Socially run business
2019 investment



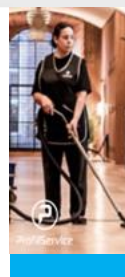
Refurb A/S

Circular frontrunner in IT asset disposal & refurbishment
Socially run business
2020 investment / Exited 2022



Danpal A/S

Green & social wood pallet production & circulation company
Socially run business
2020 investment



ProfiService A/S

High-performing cleaning services company
Socially run business
2021 investment



Auto Mobil ApS

Disability mobility car solution growth company
Social business model & socially run business
2021 investment



WaterCare ApS

Water treatment solutions growth company
Socially run business
2022 investment



BM Silo ApS

CSR award winning storage silo manufacturer
Socially run business
2022 investment



Tolstrup A/S

Green care growth company
Socially run business
2022 investment



Portfolio Impact Overview

Against the backdrop of inflation, the war in Ukraine and geopolitical tension and economic uncertainty, the portfolio companies demonstrate good overall progress against the set five-year targets on social impact. The results should also be seen in the context of three new portfolio companies being added: Watercare ApS, BM silo ApS, and Tolstrup A/S, in 2022 with ambitious unique targets.

***Social Impact Multiple** is the index for realisation of the specific social impact targets for the year per company as approved by the fund’s investors. Realisation vis-à-vis 2022 impact targets included.

****Social inclusion** ratio refers to the percentage of employees from the margins of the labour market. For Refurb and HITSA the ratio at exit is included.

Company	Vintage	Exit	Ownership stake	Sector & main business activity	Head-count	Social Impact Multiple Q4 2022 *	Social inclusion ratio 2022 **	EBITDA (DKKm)	Key Impact Management Targets 2023
HITSA A/S	2018	2022	48%	Industry: Development, manufacturing, and sales of urban furniture that promotes (urban) quality of life.	74	97%	18.9%	23.8	Exited
Koatek A/S	2019	-	45%	Industry: Specialised mechanical manufacturer of high-quality turned and milled precision components.	105	143%	18.1%	27.2	SBTi commitment Ensure suppliers sign 'Code of Conduct'
Refurb A/S	2020	2022	48%	IT: IT asset disposal, refurbishment, and sales.	58	117%	24.1%	4.6	Exited
Danpal A/S	2020	-	40%	Industry: Manufacturing of new customised wood pallets and repair and recycling of used pallets.	40	169%	17.5%	39.7	Sign-up for UN Global Compact SBTi commitment
ProfilService A/S	2021	-	55%	Service industry: Cleaning, plant service, security, and real estate service.	354	124%	20.1%	10.3	SBTi commitment Ensure suppliers sign 'Code of Conduct'
Auto Mobil ApS	2021	-	38%	Transportation: Mobility solutions to people with disabilities by furnishing, selling, and renting out disability cars.	23	116%	26.1%	0.9	SBTi commitment Climate reporting
Watercare ApS	2022	-	43%	Industry: Consultancy, development, and manufacturing of water management systems.	38	175%	18.4%	10.6	SBTi commitment Climate reporting
BM Silo ApS	2022	-	44%	Transportation: Offers silos and transport equipment for storage and transportation of dry materials.	34	114%	20.6%	2.7	Sign-up for UN Global Compact SBTi commitment
Tolstrup A/S	2022	-	58%	Landscaping: Provides green care and winter services	60	73%	16.7%	11.2	Sign-up for UN Global Compact SBTi commitment
Total weighted social impact:						126%			

Based on the Q4 reporting from portfolio companies, except for Hitsa and Refurb., which SIM and social inclusion ratio are from the time of exit while the financial statements are from 2021.

Exited 2022: 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.

Industry: Urban/outdoor furniture

Vintage: 2018

Ownership stake 2022: 48%

Employees: 71 FTEs in DK (ult. 2021)

Social Impact Model: Socially Run

Sustainability approach

Since 2020, HITSA has worked with sustainability in addition to a commitment to social impact 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 from 2021

2021	
EBITDA	23.8 mDKK
Equity (ult. 2021)	40.3 mDKK
Balance sheet total (ult. 2021)	101.7 mDKK
Social inclusion ratio	18.9%

Social Impact



SDG focus



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.



SOCIALLY RUN

Exited 2022: 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 2022: 48%

Employees: 45 FTEs (ult. 2021)

Social Impact Model: Socially Run

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.

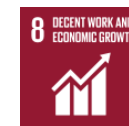
Key financial and social figures from 2021

2021	
EBITDA	4.6 mDKK
Equity (ult. 2021)	7.5 mDKK
Balance sheet total (ult. 2021)	29.2 mDKK
Social inclusion ratio	24.1%

Social Impact



SDG focus



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 realise their potential and create value, for both the company, the individual, colleagues, and society



SOCIALLY RUN

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 2022: 45%

Employees: 101 FTEs

Social Impact Model: Socially Run

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 from 2022

2022	
EBITDA	27.2mDKK
Equity	60.1mDKK
Balance sheet total	108.8mDKK
Social inclusion ratio at year end	18.1%

*) Financials are corporate group figures (Metallum Holding ApS)

Social Impact



SDG focus



Social impact model

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



SOCIALLY RUN

Key impact management target 2023

SBTi commitment and ensure important suppliers sign 'Code of Conduct'

Koatek A/S

Continued



Signatory to the UN Global Compact

2022 impact and progress highlights



First year of climate accounting

covering scope 1, 2, and 3 as the baseline for setting climate targets. On the grounds of this Koatek applied to SBTi.



Code of Conduct launched

to establish Koateks’s ethical framework and behavioural standards.



Implemented a whistleblower policy

On Koateks website where both internal and external parties can report breaches of their ESG policies.

Environment

	2022	Target(2023)
CO2-eq, scope 1 (tonnes)	12	Net-zero 2025
CO2-eq, scope 2 (tonnes)	161	Net-zero 2030
CO2-eq, scope 3 (tonnes)	3555	SBTi commitment
CO2-eq, total (tonnes)	3728	Not targeted
Carbon intensity (tonnes/DKK)	-	Not targeted
Energy consumption (GJ)	-	Not targeted
Energy intensity (GJ/DKK)	-	Not targeted
Renewable energy share (%)	-	Not targeted
Water consumption (m3)	-	Not targeted

Social

	2022	Target(2023)
Marginalised people	18	13
Social inclusion ratio %	18.8	Not targeted
Collective bargaining (%)	-	-
Full-time workforce (FTEs)	101	Not targeted
Employee turnover ratio (%)	3.9	<5
Sickness absence (%)	3.4	<3
Employee satisfaction ratio on a scale: 0-5	3.9	>3.5
Accidents at work (accidents)	0	0
Customer satisfaction on a scale: 0-5	4.1	>4.0

Governance

	2022	Target(2023)
Gender diversity, board, women (%)	0	Not targeted
Board meeting attendance rate (%)	100	100
Gender diversity, management, women (%)	0	Not targeted
CEO pay ratio (times)	3	Not targeted
Gender pay ratio, women (%)	-	0
Gender diversity, organisation, women(%)	19	Not targeted

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 2022: 40%

Employees: 31 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. Danpal is working to reduce its climate footprint and is a FSC certified purchaser of wood.

Key financial and social figures from 2021/22

2021/22	
EBITDA	39.7mDKK
Equity	64.2mDKK
Balance sheet total	108.3mDKK
Social inclusion ratio at year end	17.5%

*) Financials are corporate group figures (SKFI Pal Holding ApS)

Social Impact



SDG focus



Social impact model

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



SOCIALLY RUN

Key impact management target 2023

SBTi commitment and ensure important suppliers sign 'Code of Conduct'

Danpal A/S

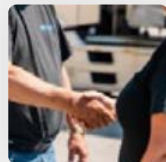
Continued

2022 impact and progress highlights



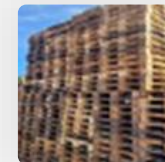
Second year of climate accounting

covering scope 1, 2, and 3, which have been grounds for creating a Co2-emission calculator of consumption of pallets.



17,5% of the employees

are current or previously marginalised people.



Pallets in circulation: 96%

of the used pallets are brought back into circulation.

Environment

	2022	Target(2023)
CO2-eq, scope 1 (tonnes)	0	SBTi commitment
CO2-eq, scope 2 (tonnes)	1256	SBTi commitment
CO2-eq, scope 3 (tonnes)	42321	SBTi commitment
CO2-eq, total (tonnes)	43577	SBTi commitment
Carbon intensity (tonnes/DKK)	0,02	Not targeted
Energy consumption (GJ)	1317	Not targeted
Energy intensity (GJ/DKK)	0	Not targeted
Waste consumption	760	Not targeted
Water consumption (m3)	340	Not targeted

Social

	2022	Target(2023)
Marginalised people	8	11(2025)
Social inclusion ratio %	17.5	20(2025)
Collective bargaining (%)	75	Not targeted
Full-time workforce (FTEs)	36.3	Not targeted
Employee turnover ratio (%)	13	Not targeted
Sickness absence (%)	3.4	<3
Employee satisfaction ratio	-	-
Accidents at work (accidents)	1	0
Customer retention ratio (%)	-	Not targeted

Governance

	2022	Target(2023)
Gender diversity, board, women (%)	0	Not targeted
Board meeting attendance rate (%)	100	100
Gender diversity, management, women (%)	33	Not targeted
CEO pay ratio (times)	2.3	Not targeted
Gender pay ratio, women (%)	11.7	Not targeted
Gender diversity, organisation, women(%)	10	Not targeted

ProfilService A/S

About the company

ProfilService provides cleaning service and window polishing to commercial and public clients. The company is considered one of the leading independent SME cleaning providers on Zealand in Denmark and is located in Brøndby.

Industry: Commercial Cleaning

Vintage: 2021

Ownership stake 2022: 55%

Employees: 220 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 got a Nordic Swan Ecolabel certification in 2022.

Key financial and social figures from 2021/22

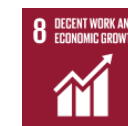
2021/22	
EBITDA	10.4mDKK
Equity	37.5mDKK
Balance sheet total	73.1mDKK
Social inclusion ratio at year end	20.1%

*) Financials ex. EBITDA are corporate group figures (SKFI Profil Holding ApS)

Social Impact



SDG focus



Social impact model

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



SOCIALLY RUN

Key impact management target 2023

SBTi commitment and ensure suppliers sign 'Code of Conduct'

ProfilService A/S

Continued



Signatory to the UN Global Compact

2022 impact and progress highlights



Nordic Swan Ecolabel certified
completed the 1. of November 2022, making ProfilService no 15 with this certification out of 12,500 registered cleaning companies.



On-site Danish lessons established
for ProfilService employees. This have been implemented in collaboration with 3F, AOF, and Dansk Erhverv.



82,6% women in management
out of 23 managers in total in the company.

Environment

	2022	Target(2023)
CO2-eq, scope 1 (tonnes)	135	137
CO2-eq, scope 2 (tonnes)	2	2
CO2-eq, scope 3 (tonnes)	858	944
CO2-eq, total (tonnes)	995	1083
Carbon intensity (tonnes/DKK)	0.0	Not targeted
Energy consumption (GJ)	2158	2201
Energy intensity (GJ/DKK)	0	0
Renewable energy share (%)	0	0
Water consumption (m3)	-	Not targeted

Social

	2022	Target(2023)
Marginalised people	71	90
Social inclusion ratio %	20	30 (2026)
Collective bargaining (%)	93.5	Not targeted
Full-time workforce (FTEs)	220	
Employee turnover ratio (%)	24.1	21.5
Sickness absence (%)	3.5	3.2
Employee satisfaction ratio	-	Not targeted
Accidents at work (accidents)	0	0
Customer retention ratio (%)	95	95

Governance

	2022	Target(2023)
Gender diversity, board, women (%)	20	20
Board meeting attendance rate (%)	100	100
Gender diversity, management, women (%)	82.6	Not targeted
CEO pay ratio (times)	2.4	Not targeted
Gender pay ratio, women (%)	0	0
Gender diversity, organisation, women(%)	55.7	55.7

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 and Viborg.

Industry: Disability cars

Vintage: 2021

Ownership stake 2022: 38%

Employees: 16 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.

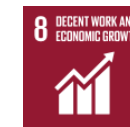
Key financial and social figures from 2021/22

2021/22	
EBITDA	0.9mDKK
Equity	10.1mDKK
Balance sheet total	27.2mDKK
Social inclusion ratio at year end	26.1%

Social Impact



SDG focus



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

Key impact management target 2023

Sign-up for UN Global Compact and Climate reporting

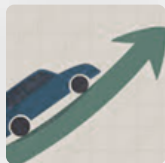
Auto Mobil ApS

Continued



Signatory to the UN Global Compact

2022 impact and progress highlights



124% increase in rental/lease cars with disability support compared to 2021.



27% of the employees are current or previously marginalised or disable in the labour market.



Code of Conduct launched to establish Auto Mobil's ethical framework and behavioural standards.

Environment

	2022	Target(2023)
CO2-eq, scope 1 (tonnes)	-	SBTi commitment
CO2-eq, scope 2 (tonnes)	-	SBTi commitment
CO2-eq, scope 3 (tonnes)	-	SBTi commitment
CO2-eq, total (tonnes)	-	SBTi commitment
Carbon intensity (tonnes/DKK)	-	Not targeted
Energy consumption (GJ)	288	Not targeted
Energy intensity (GJ/DKK)	0	Not targeted
Renewable energy share (%)	67	Not targeted
Water consumption (m3)	165	Not targeted

Social

	2022	Target(2023)
Accumulated number of daily rentals of disabled cars since the expansion of the ownership circle	12598	25800(2026)
Social inclusion ratio %	27.3	20
Collective bargaining (%)	-	Not targeted
Full-time workforce (FTEs)	16	Not targeted
Employee turnover ratio (%)	9	Not targeted
Sickness absence (%)	3.2	Not targeted
Employee satisfaction ratio	-	Not targeted
Accidents at work (accidents)	0	0
Customer retention ratio (%)	-	Not targeted

Governance

	2022	Target(2023)
Gender diversity, board, women (%)	25	25
Board meeting attendance rate (%)	100	100
Gender diversity, management, women (%)	9	Not targeted
CEO pay ratio (times)	1.5	Not targeted
Gender pay ratio, women (%)	0.0	0
Gender diversity, organisation, women(%)	13.6	Not targeted

Watercare A/S

About the company

Watercare is a Danish production company that specialises in products for improving the water environment, water streams, and other recipients. The company is headquartered in Assens, Denmark.

Industry: Water Treatment Solutions

Vintage: 2022

Ownership stake 2022: 43%

Employees: 31 FTEs

Sustainability approach

Watercare was founded with a vision of improving the water environment, water streams, and other recipients. Furthermore, Watercare has always focused on involving socially marginalised persons and foreign immigrants in its workforce.

Key financial and social figures from 2021

2021/22	
EBITDA	10.6mDKK
Equity	60.2mDKK
Balance sheet total	120.7mDKK
Social inclusion ratio at year end	18.4%

*) Financials are corporate group figures (HESKOL Watercare Holding ApS)

Social Impact



SDG focus



Social impact model

Traditional business run in a social way. Target is to implement and market a strong social impact plan and a "complete" ESG profile.



SOCIALLY RUN

Key impact management target 2023

Sign-up for UN Global Compact and Climate reporting

Watercare A/S

Continued



Signatory to the UN Global Compact

2022 impact and progress highlights



100% renewable energy sources agreement on electricity and district heating.



17,5% of the employees are current or previously marginalised people.



Awarded 'udvikling Assens' Social Responsibility mark for 2023.

Environment

	2022	Target(2023)
CO2-eq, scope 1 (tonnes)	-	SBTi commitment
CO2-eq, scope 2 (tonnes)	-	SBTi commitment
CO2-eq, scope 3 (tonnes)	-	SBTi commitment
CO2-eq, total (tonnes)	-	SBTi commitment
Carbon intensity (tonnes/DKK)	-	SBTi commitment
Energy consumption (GJ)	9919	Not targeted
Energy intensity (GJ/DKK)	-	Not targeted
Renewable energy share (%)	-	Not targeted
Water consumption (m3)	172	Not targeted

Social

	2022	Target
Marginalised people	7	10 (2026)
Social inclusion ratio %	20	20 (2026)
Collective bargaining (%)	48.6	Not targeted
Full-time workforce (FTEs)		
Employee turnover ratio (%)	8.5	Not targeted
Sickness absence (%)	12.4	Not targeted
Employee satisfaction ratio	-	Not targeted
Accidents at work (accidents)	2	0
Customer retention ratio (%)	-	Not targeted

Governance

	2022	Target(2023)
Gender diversity, board, women (%)	0	Not targeted
Board meeting attendance rate (%)	100	100
Gender diversity, management, women (%)	15.6	Not targeted
CEO pay ratio (times)	3	Not targeted
Gender pay ratio, women (%)	-	Not targeted
Gender diversity, organisation, women(%)	15.6	Not targeted

BM Silo ApS

About the company

BM Silo is one of the leading manufactures of small (< 100 m3) square modular bolted silos for storage of bulk raw materials. The silos are used in the agricultural sector, the industrial market, and for biomass/wood pellets storage. The company is headquartered in Tvis, Denmark.

Industry: Storage silos

Vintage: 2022

Ownership stake 2022: 44.%

Employees: 31 FTEs

Sustainability approach

BM Silo is constantly working to reduce the resource consumption both in production and when developing and optimising products. To measure the footprint of the silos, a Life Cycle Assessment report was conducted in 2022.

Key financial and social figures from 2021/22

2021/22	
EBITDA	2.7mDKK
Equity	13.5mDKK
Balance sheet total	28.2mDKK
Social inclusion ratio at year end	20.6%

Social Impact



SDG focus



Social impact model

Traditional business run in a social way. Targets a continuous modernisation of the award-Winning social impact business model helping marginalised unemployed persons to qualifications and jobs.



SOCIALLY RUN

Key impact management target 2023

Sign-up for UN Global Compact and Climate reporting

BM Silo ApS

Continued

2022 impact and progress highlights



Life cycle analysis (LCA)

have been conducted on the silos. This helps in identifying improvements of environmental footprint, and comply with regulations, while saving costs.



22% of the employees

are current or previously marginalised.



75% women in management

Compared to industry average of 18%.

Environment

	2022	Target(2023)
CO2-eq, scope 1 (tonnes)	-	SBTi commitment
CO2-eq, scope 2 (tonnes)	-	SBTi commitment
CO2-eq, scope 3 (tonnes)	-	Not targeted
CO2-eq, total (tonnes)	-	Not targeted
Carbon intensity (tonnes/DKK)	-	Not targeted
Energy consumption (GJ)	-	Not targeted
Energy intensity (GJ/DKK)	-	Not targeted
Recycled materials (tonnes)	59.6	Not targeted
Water consumption (m3)	207	Not targeted

Social

	2022	Target(2023)
Marginalised people	7	9
Social inclusion ratio %	21.9	22
Collective bargaining (%)	100	Not targeted
Full-time workforce (FTEs)	30.6	Not targeted
Employee turnover ratio (%)	62.5	0
Sickness absence (%)	-	<3
Employee satisfaction ratio	-	Not targeted
Accidents at work (accidents)	1	0
Customer retention ratio (%)	-	Not targeted

Governance

	2022	Target(2023)
Gender diversity, board, women (%)	0	Not targeted
Board meeting attendance rate (%)	100	100
Gender diversity, management, women (%)	75	Not targeted
CEO pay ratio (times)	2.4	Not targeted
Gender pay ratio, women (%)	-11.2 *	0
Gender diversity, organisation, women(%)	18	25

Tolstrup A/S

About the company

Tolstrup serves customers primarily in Jutland and on Funen with services within landscape maintenance, landscape construction, and snow control. Customers are primarily municipalities and B2B companies. The company is headquartered in Fredericia, Denmark, and has additional sites in Aarhus and Odense.

Industry: Landscaping maintenance

Vintage: 2022

Ownership stake 2022: 58%

Employees: 56 FTEs

Sustainability approach

Safety, working environment, environment, and employee well-being are a top priority for Tolstrup. Tolstrup has specialised in and improved its skills in establishing areas with biodiversity.

Key financial and social figures from 2022

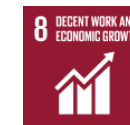
2022	
EBITDA	9.6mDKK
Equity	36.6mDKK
Balance sheet total	73.7mDKK
Social inclusion ratio at year end	16.7%

*) Financials ex. EBITDA are corporate group figures (SKFI Grønt Holding ApS)

Social Impact



SDG focus



Social impact model

Traditional business run in a social way. Tolstrup's plan is to take social impact from an Informal to a systematised characteristic, and combine with clear positioning towards biodiversity.



SOCIALLY RUN

Key impact management target 2023

Sign-up for UN Global Compact and SBTi commitment

Tolstrup A/S

Continued

2022 impact and progress highlights



Gender diversity: 15% are women among all employees, which is above industry average.



17% of the employees are current or previously marginalised.



Code of conduct implemented policies and a code of conduct for our subcontractors aimed at workers' rights.

Environment

	2022	Target(2023)
CO2-eq, scope 1 (tonnes)	-	SBTi commitment
CO2-eq, scope 2 (tonnes)	-	SBTi commitment
CO2-eq, scope 3 (tonnes)	-	SBTi commitment
CO2-eq, total (tonnes)	-	SBTi commitment
Carbon intensity (tonnes/DKK)	-	SBTi commitment
Energy consumption (GJ)	4725	Not targeted
Energy intensity (GJ/DKK)	-	Not targeted
Renewable energy share (%)	-	Not targeted
Water consumption (m3)	-	Not targeted

Social

	2022	Target(2023)
Marginalised people	10	28 (2027)
Social inclusion ratio %	16.7	20
Collective bargaining (%)	85.2	Not targeted
Full-time workforce (FTEs)	56	Not targeted
Employee turnover ratio (%)	24.2	<26
Sickness absence (%)	5.4	<6
Employee satisfaction ratio	-	Not targeted
Accidents at work (accidents)	6	<6
Customer retention ratio (%)	-	Not targeted

Governance

	2022	Target(2023)
Gender diversity, board, women (%)	0	Not targeted
Board meeting attendance rate (%)	100	100
Gender diversity, management, women (%)	-	Not targeted
CEO pay ratio (times)	1.6	Not targeted
Gender pay ratio, women (%)	0,0	Not targeted
Gender diversity, organisation, women(%)	14.5	Not targeted

APPENDIX

THIS SECTION:

- Organisational setup
- Our group and investors
- Investment policy
- ESG data definitions
- Overview of standards and initiatives
- Contact information

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 focusing 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 Stine Lomholt 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.



Our Group and Investors

The Social Capital Fund Group was established in 2011 by Managing Partner Lars Jannick Johansen and TrygFonden. Since then, more than 150 socially impactful companies have been engaged through our funds and 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 and manifesto](#)

[Den Sociale Kapitalfond group website](#)



The Fund's Limited Partners

Den Sociale Kapitalfond Invest I K/S' investors have entered into a limited partnership agreement and include both Danish and international professional investors, among others:

- The European Investment Fund (EIF)
- Denmark's Export and Investment Fund (EIFO)
- Chr. Augustinus Fabrikker Akts.
- Novo Nordisk Foundation
- TryghedsGruppen
- Ferd (Norway)
- Hempel Foundation
- Færch Foundation
- Sparekassen Sjælland-Fyn
- Østifterne
- Færch og Døtre
- Den Sociale Kapitalfond
- Management team and Senior Advisors

The Fund is organised as a private equity fund with a dual bottom line focusing on both profit and impact.

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 inter-national 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 practise. 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.

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)	Energy consumption must include both scope 1 and 2 sources (see previous definitions), and additionally includes renewable energy consumption.	Σ (spent fuel type (t) * energy factor per type of fuel) per fuel type + (used electricity (including renewable energy) (MWh)*3.6) + (used district heating/cooling including renewable sources of heating/cooling (GJ)).
Energy intensity (GJ/DKK)	Total energy consumption/turnover.	Energy consumption / total turnover for the year
Share of renewable energy (%)	Share of total energy consumption coming from renewable sources.	(Renewable energy/Energy consumption) * 100
Water consumption (m3)	The sum of all water drawn into the company's boundaries from all sources, including surface water, groundwater, rainwater, and municipal water supply.	Gross sum of all water consumed
Waste (tonnes)	The sum of all solid material leaving the company directly for waste management.	Gross sum of all waste

The definition build on guidelines CFA Society Denmark, FSR – Danish Auditors, and the EU Sustainable Finance Disclosure Regulation for ESG data.

ESG Data Definitions

Continued

Social data		
KPI (unit)	Description	Formula
Vulnerable people* (total)	Actual number of company employees, apprentices, and trainees, which are or have been marginalised at time of measuring.	Number of currently or formerly marginalised 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 vulnerable people compared to the total number of employees.	$(\text{vulnerable persons who are either current or former employees of the company as of 31/12}) / (\text{total number of employees of the company as of 31/12})$.
Collective bargaining (%)	Employees covered by a collective bargaining agreement.	Number of persons employed in the company covered by a collective agreement / total number of persons in the company as of the end of the period.
Trade union (%)	Share of employees in trade unions.	Number of employees that are members of a trade union/total number of employees at the end of the period.
Full-time workforce (FTEs)	Number of FTEs.	FTEs + temporary workers
Employee turnover ratio (%)	Proportion of voluntary and involuntary leavers.	$((\text{Voluntary} + \text{Involuntary Leaving FTEs}) / \text{FTEs}) * 100$
Sickness absence (Days/FTE)	Number of full days the total number of employees are sick and not at work, compared to the number of FTEs.	$(\text{Number of sick days for all own FTEs in the period}) / (\text{Total FTEs})$
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 (total)	Number of work-related accidents.	Total number of work-related accidents during the reporting period.
Gender diversity, organisation (%)	Proportion of female employees.	$((\text{Women FTEs} + \text{Women temporary workers}) / (\text{Full-time labour force})) * 100$
Gender pay ratio (%)	How many times the female median salary can be covered by the male median salary.	Median male salary/Median female salary
Customer retention ratio (%)	Share of customers retained from one period to the next.	$((\text{Number of customers at the end of the period}) - (\text{New customers added during the period})) / (\text{Number of customers at the beginning of the period}) * 100$

*Vulnerable 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 (%)	Proportion of female board members	$((\text{Female members of the board elected by the general meeting}) / (\text{All board members elected by the general meeting})) * 100$
Board meeting attendance rate (%)	Attendance at board meetings	$((\sum \text{Number of board meetings in which the individual board member has been present}) \text{ per board member} / (\text{Number of board meetings} * \text{Number of board members})) * 100$
Gender diversity, management (%)	Proportion of female managers in executive and other management levels	$((\text{Women managers}) / (\text{All managers})) * 100$
CEO pay ratio (times)	How many times the median staff's salary can be covered by the CEO's salary	$\text{CEO compensation} / \text{Median employee compensation excluding CEO}$






The definitions build 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
	<p>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.</p>	<p>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.</p>
	<p>As a UN-supported network of investors, the Principles for Responsible Invest (PRI) is the world’s leading proponent of responsible investment.</p>	<p>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.</p>
	<p>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.</p>	<p>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. Our application of the SDGs ensures that our impact is aligned with areas where impact is needed.</p>
	<p>The UNDP SDG Impact Standards for Private Equity Funds translates the SDGs into action and accountability for private equity investors.</p>	<p>As a Fund, we adhere to the Four Standards to integrate the SDGs in our strategy, management approach, level of transparency, and overall governance.</p>
	<p>Impact Frontiers facilitates the continued development and availability of resources created by the Impact Management Project (IMP), a limited term impact management forum that created a global consensus on how to measure, assess, and report impacts on people and the environment.</p>	<p>The ABC of Enterprise Impact framework from IMP and Impact Frontiers serves as inspiration for assessing the extent of our impact. We have used this framework to develop a simplified approach for classifying impact that is appropriate for our SME portfolio.</p>

Overview of Standards and Initiatives

Continued

Description	How it guides our impact approach	
	<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>The SBTi framework shapes our climate approach and target setting process. All portfolio companies are now required to join SBTi within two years of our investment, with our first companies expected to join in 2023.</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 practise for analysing 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>
	<p>Sustainable Finance Disclosure Regulation (SFDR) is a European regulation. SFDR Article 9 “dark green” imposes mandatory ESG disclosure obligations for asset managers and other financial markets participants with substantive provisions of the regulation effective from 10 March 2021.</p>	<p>The Fund has as its objective to make social impact investments - an article 9 fund in accordance with SFDR - and as such it is obligated to disclose various information about how the social impact goals are met. These disclosures includes pre-contractual disclosures, periodic (annual) disclosures, and a range of information available on the website.</p>

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