



Brussels, 6.4.2022
C(2022) 1931 final

ANNEX 5

ANNEX

to the

Commission Delegated Regulation (EU) .../....

supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports

ANNEX V

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

Product name: Den Sociale Kapitalfond Effekt I K/S

Legal entity identifier: CVR 42427969

Sustainable investment objective

Did this financial product have a sustainable investment objective?

Yes

No

It made **sustainable investments with an environmental objective: ___%**

- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It made **sustainable investments with a social objective: 100%**

It **promoted Environmental/Social (E/S) characteristics** and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments

- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- with a social objective

It promoted E/S characteristics, but **did not make any sustainable investments**

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

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



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

The sustainable investment objective of Den Sociale Kapitalfond Effekt I K/S is to improve the lives of 3000 vulnerable Danish citizens during the Fund's lifetime. The Fund aims to deliver a social and financial return by providing limited project financing to social initiatives with a direct positive impact on the lives of vulnerable citizens, and an impact on society as a whole, e.g. through public finance budget improvements.

Investments are structured as social impact bonds (SIBs), and the Fund's return on investment and a given service provider's margin (collectively 'result payments') are fully dependent on realisation of relevant social outcomes.

The Fund seeks to address various social challenges in Denmark, including but not necessarily limited to the following social areas of focus:

- Employment initiatives for citizens outside of the workforce due to mental illnesses or substance abuse.
- Citizens suffering from stress, anxiety or depression.
- Vulnerable families suffering domestic violence or other social issues.
- Citizens with complex challenges, e.g. homelessness or challenges that require involvement of several public entities.
- Employment health and safety in relation to e.g. stress, sick leave and work-related injuries.
- Health-related initiatives aimed at e.g. obesity, type 2 diabetes or other lifestyle-related health challenges.
- Social housing initiatives in geographically defined areas.

By December 31st 2022, the Fund's investments covered 505 participating citizens. 114 citizens have gained employment through the Fund's investments.

Early progress has thus been made towards the objective of improving the lives of 3000 citizens during the Fund's lifetime, and all investments are in line with the sustainable investment objective.

● ***How did the sustainability indicators perform?***

Fund reach: The Fund's projects reached 505 citizens receiving support and/or treatment.

Employment: 114 citizens have gained employment or education via the Fund's projects.

Employment duration: The Fund's projects have facilitated 423 months of employment or education in total.

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

The sustainable investments have been assessed through consideration of the principal adverse impact indicators for each investment. Based on this assessment, no investment is deemed to have a material negative impact on sustainability factors.

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

The indicators for adverse impacts on sustainability factors are integrated into the internal due diligence process and annual review for assessing whether an investment caused significant harm.

The Fund does not report externally on principal adverse impact indicators.

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

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

No service providers or other parties to the Fund's investments have been involved in violations of the OECD Guidelines for Multinational Enterprises or the UN Guiding Principles on Business and Human Rights.

All investments are reviewed annually on their continued alignment and relevant governance practices. Risk of violations is assessed as very low. The Fund exclusively invests in initiatives in Denmark and does not currently hold investments with involvement of multinational enterprises.



The list includes the investments constituting the greatest proportion of investments of the financial product during the reference period which is: 01.01.2022 – 31.12.2022

What were the top investments of this financial product?

Largest investments (Service provider – Municipality)	Sector (NACE code of main service provider)	% Assets*	Country
Marselisborg – Hedensted	8559 Other education n.e.c	20-30%	Denmark
Marselisborg – Hillerød	8559 Other education n.e.c	20-30%	Denmark
Marselisborg – Kolding	8559 Other education n.e.c	10-20%	Denmark
SundInvest – Norddjurs 1	7022 Business and other	10-20%	Denmark
SundInvest – Norddjurs 2	7022 Business and other	10-20%	Denmark
Marselisborg - Frederiksberg	8559 Other education n.e.c	0-10%	Denmark

*% of the Fund's total invested commitment as of 31.12.2022

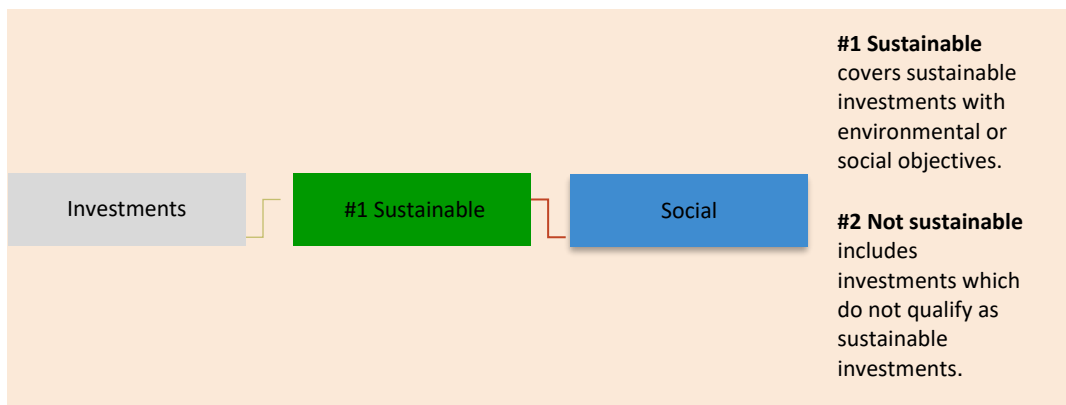


Asset allocation describes the share of investments in specific assets.

What was the proportion of sustainability-related investments?

What was the asset allocation?

100% of assets are sustainable investments with social objectives.



In which economic sectors were the investments made?

During the reference period, the Fund made project finance investments in cooperation with service providers within the following sectors:

- 8559 Other education n.e.c

- 7022 Business and other management consultancy activities
- 8690 Other human health activities



What was the share of socially sustainable investments?

100% of investments were socially sustainable.



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

No investments were included under “not sustainable”.



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

Den Sociale Kapitalfond Effekt I K/S invest on outcome-based terms, and investments are structured as social impact bonds (SIBs). The Fund’s return and a given service provider’s margin are fully dependent on social outcomes relevant for each initiative. Incentives towards realising social objectives are thus aligned for all parties of a given investment. Lower than anticipated delivery on social objectives for any investment will reduce or eliminate expected result payments for the given investment.

To attain the Fund’s sustainable investment objective, the focus of the Investment Manager is on developing effective and scalable concepts, and implementing these concepts broadly in Denmark to ensure optimal social impact for a large number of citizens.

The pre-contractual due diligence process for each investment evaluates and qualifies the existing track records of service providers for delivering project-specific social objectives.

Post-contractual evaluations of social KPIs evaluate the service provider’s realisation of social investment objectives on a monthly or quarterly basis. These evaluations are validated by the problem owner (e.g. a municipality) and determine the consequent result payments to the Fund and service provider(s).