



Brussels, 31.10.2022
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ANNEXES 1 to 4

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COMMISSION DELEGATED REGULATION (EU) .../...

amending and correcting the regulatory technical standards laid down in Delegated Regulation (EU) 2022/1288 as regards the content and presentation of information in relation to disclosures in precontractual documents and periodic reports for financial products investing in environmentally sustainable economic activities

ANNEX IV

'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: Nordic Impact Investments ApS

Legal entity identifier: CVR 10140870

Sustainable investment objective

Did this financial product have a sustainable investment objective? *[tick and fill in as relevant, the percentage figure represents the sustainable investments]*

<input checked="" type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> Yes	<input checked="" type="radio"/> <input type="radio"/> <input type="checkbox"/> No
<p><input checked="" type="checkbox"/> It made sustainable investments with an environmental objective: 10%</p> <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input checked="" type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <p><input checked="" type="checkbox"/> It made sustainable investments with a social objective: 90%</p>	<p><input type="checkbox"/> 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</p> <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective <p><input type="checkbox"/> It promoted E/S characteristics, but did not make any sustainable investments</p>

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 overall objective of Nordic Impact Funds is to increase livelihoods and resilience for underserved populations by promoting economically, socially, and environmentally sustainable business models that contribute to increased financial health and climate change adaptation and resilience for the base of the pyramid and women, in particular.

More specifically, the Fund’s sustainable investment objectives are:

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

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

- To increase sustainability of food and agricultural practices (environmental)
- To empower smallholders and other food value chain players to adapt and cope with the impacts of climate change (environmental/social)
- To cultivate a resilient financial ecosystem, ensuring inclusion, affordability, efficiency and financial resilience for the underserved (social)

To contribute to these sustainable investment objectives, the Fund has invested in climate-smart and gender-smart in local SMEs with good solutions to the challenges of the underserved (bottom 40% and women). The Fund has invested across two thematic verticals; Food Systems and Agribusiness Solutions (where the majority of the target group is engaged), and Financial and Digital Enablers (which enables access and affordability of critical products and services for financial health and climate resilience).

The underlying investments contributing to environmental objectives primarily contribute to objective (b) climate change adaptation.

The Fund drafts a theory of change for each investment opportunity to ascertain how the individual investment contributes to one (or more) of the Fund’s sustainability objectives.

There is currently not a relevant benchmark available for investments in early to growth stage SMEs in East Africa.

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

The Fund measures and monitors the following indicators at a portfolio level. Figures are apportioned to the NIF equity value share relative to the equity value of the company.

Indicator	Results 2023
Number of smallholder farmers increasing sustainability of farming practices (e.g. through reduced use of synthetic fertilizer and efficient water usage)	While NIF collects data on this indicator, figures are to be further validated to confidently report on actual increase of sustainability of farming practices.
Number of smallholder farmers provided with climate-smart inputs, technologies, and extension services	8,100
Number of smallholder farmers sourced from	900
Number of people with access to financial products and services	50,266

● **...and compared to previous periods?** N/A this is the first reporting conducted.

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

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

The Fund has applied an exclusion list aligned with international standards and assesses potential adverse impacts of each investment opportunity to assess sustainability risks and identify appropriate mitigation measures to actively promote the avoidance of harm to environmental and/or social sustainable investment objectives.

The Fund has monitored indicators for adverse impacts as outlined in Table 1 of Annex I and selected indicators in Tables 2 and 3 of Annex I. The Fund incorporates these indicators in the annual portfolio review. The Fund is not – at this point in time – exposed to or significantly contributing to any of the adverse impacts outlined in Annex I.

The Fund is committed to improve reporting on PAIs by working with portfolio companies to increase maturity and ability to report on the provided PAIs.

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

The Fund’s investment process is aligned with the UN Guiding Principles on Business and Human Rights (“UNGPs”) and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct (“OECD MNEs”).

As part of the Fund’s due diligence process, all investments have been evaluated for compliance with the aforementioned standards on responsible business conduct (RBC) upon investment. Accordingly, investees should have and implement relevant policies, management and operational systems, human rights due diligence and other relevant measures to prevent, detect and where relevant restore negative impacts they have caused or contributed to.

The Fund requires that the investees abide by these standards throughout the full lifetime of the investment and report when incidents occur.



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

The Fund considered the risk of principle adverse impacts on sustainability factors as part of the investment process and due diligence as well as during the investment period. The Fund measures and monitors the mandatory and selected voluntary PAIs.

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



What were the top investments of this financial product?

Largest investments	Sector	% Assets	Country
<i>Xeno Tech</i>	<i>Financial</i>	<i>30%</i>	<i>Uganda</i>
<i>KK Foods</i>	<i>Agriculture</i>	<i>19%</i>	<i>Uganda</i>
<i>ChapChap</i>	<i>Financial</i>	<i>15%</i>	<i>Uganda</i>
<i>Grekkon</i>	<i>Agriculture</i>	<i>14%</i>	<i>Kenya</i>

Taimba	Agriculture	12%	Kenya
Rexial	Financial	5%	Uganda
Jamii.one	Financial	4%	Denmark/Ethiopia

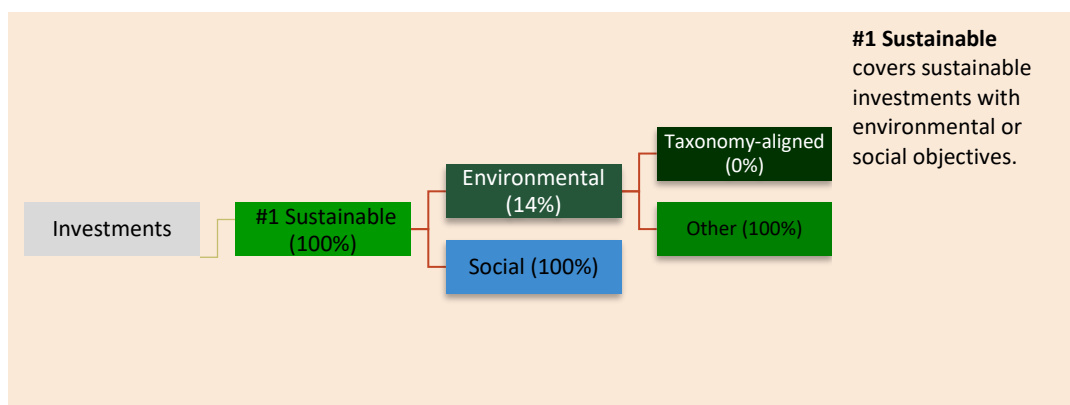
Asset allocation describes the share of investments in specific assets.



What was the proportion of sustainability-related investments?

100% of the fund's investments are sustainability-related.

● **What was the asset allocation?**



● **In which economic sectors were the investments made?**

See table above.



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

The activities of the Fund's investees' are considered non-material in accordance with the current list of material activities defined by the EU Taxonomy as of June 2024. As such, the Fund's sustainability objectives are non-eligible for the EU taxonomy as of June 202

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to fully renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules.

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

Transitional activities are economic activities for which low-carbon alternatives are not yet available and that have greenhouse gas emission levels corresponding to the best performance.

- **Did the financial product invest in fossil gas and/or nuclear energy related activities complying with the EU Taxonomy¹?**

Yes:

In fossil gas In nuclear energy

No

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

The share of investments in transitional and enabling activities was 0%

- **How did the percentage of investments aligned with the EU Taxonomy compare with previous reference periods?** N/A



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

The Fund has invested 14% of its assets in sustainable investments with an environmental objective that are not aligned with the EU taxonomy.

The activities of the Fund's investees' are considered non-material in accordance with the current list of material activities defined by the EU Taxonomy as of June 2024. As such, the Fund's sustainability objectives are non-eligible for the EU taxonomy as of June 2024.



What was the share of socially sustainable investments?

The Fund has invested 100% of its assets in sustainable investments with a social objective.



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

The Fund has invested 0% of its assets in investment considered "not sustainable".



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

The Fund has invested in enterprises in impactful sectors with scalable and economically viable models for impacts, generating sustained outcomes for underserved people along financial returns. More specifically, the Fund has:

¹ Fossil gas and/or nuclear related activities will only comply with the EU Taxonomy where they contribute to limiting climate change ("climate change mitigation") and do no significant harm to any EU Taxonomy objective - see explanatory note in the left hand margin. The full criteria for fossil gas and nuclear energy economic activities that comply with the EU Taxonomy are laid down in Commission Delegated Regulation (EU) 2022/1214.

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

- i. invested primarily in East Africa (mainly Kenya, Uganda, Rwanda, Tanzania, Ethiopia and Malawi) in businesses with significant operations and/or impact in East Africa;
- ii. invested mainly in early to mid-stage local Small and Medium Sized Enterprises (SMEs) to ensure local anchorage and get the important on-the-ground game right;
- iii. invested mainly in food and agricultural value chains and financial ecosystems – sectors with high impact for underserved communities, while building local eco-systems that are mutually supportive, solving gaps in the value chains;
- iv. invested climate-smart by considering the climate resilience of the investees as well as their products and services;
- v. invested gender-smart by meeting at least one of the 2X criteria in every investment (<https://www.2xchallenge.org/criteria>);
- vi. leveraged the best of the Nordics, the expertise of the team, advisors and global network through active ownership and across all aspects of the investment process; and
- vii. intruded relevant technologies for digitizing and scaling through partnerships with tech accelerators and educators.

The Fund has drafted a theory of change for each investment opportunity to ascertain how the individual investment contributed to one (or more) of the Fund’s sustainability objectives.



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

There is currently not a relevant index or benchmark available for investments in early to growth stage SMEs in East Africa.

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

N/A

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

N/A

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

N/A

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

N/A

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

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.