

## Principal adverse impact statement

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### 1. Summary

#### a) Financial Market Participant

Axcel Management  
LEI 89450012BSVE5Z4ZU905

#### b) PAI consideration

In accordance with Article 4(1)(a) of Regulation (EU) 2019/2088 Axcel Management considers principal adverse impacts of investment decisions on sustainability factors as outlined in the Annex I of the Regulatory Technical Standards (RTS). The present statement is the consolidated principal adverse sustainability impacts statement of Axcel Management.

#### c) Reference period

The first reference period will start on 1st January 2022 and will run to 31st December 2022.

#### d) Summary (in Danish and English)

##### English

This statement provides a description of the principal adverse sustainability impacts considered, information about policies on the identification and prioritisation of principal adverse sustainability impacts and indicators, a brief summary of engagement policies, and a reference to adherence to responsible business conduct codes and internationally recognised standards for due diligence and reporting.

Axcel Management considers the principal adverse sustainability impacts outlined in Table 1 of Annex I of the Regulatory Technical Standards as well as one additional principal adverse sustainability impact as per Table 2 of Annex I of RTS and one additional principal adverse sustainability impact as per Table 3 of Annex I of RTS.

Axcel Management's approach is governed by its investment and due diligence policy and its sustainability policy. As an active owner, Axcel Management takes responsibility for considering ESG factors not only in strategic decisions, but also in day-to-day business activities. In portfolio companies, sustainability efforts are overseen by the company Board, where Axcel Management is always represented, and led by Executive Management. Axcel Management's Head of Sustainability provides feedback and guidance to portfolio companies on an ongoing basis. Axcel Management has defined a comprehensive five-step sustainability programme and has set portfolio-wide sustainability targets. Axcel Management furthermore adheres to a number of internationally recognised standards for due diligence and reporting which are described in detail in this statement.

##### Dansk

Denne erklæring indeholder en beskrivelse af de væsentligste negative bæredygtighedspåvirkninger, der tages i betragtning, oplysninger om politikker vedrørende identifikation og prioritering af de væsentligste negative bæredygtighedspåvirkninger og indikatorer, en kort opsummering af engagementspolitikker og en henvisning til overholdelse af

kodekser for ansvarlig forretningsadfærd og internationalt anerkendte standarder for due diligence og rapportering.

Axcel Management overvejer de væsentligste negative bæredygtighedspåvirkninger, der er skitseret i tabel 1 i Bilag I til de reguleringsmæssige tekniske standarder samt en yderligere væsentlig negativ bæredygtighedspåvirkning i henhold til tabel 2 i Bilag I til RTS og en yderligere væsentlig negativ bæredygtighedspåvirkning i henhold til tabel 3 i Bilag I til RTS.

Axcel Management's tilgang er styret af dens investerings- og due diligence-politik og dens bæredygtighedspolitik. Som en aktiv ejer tager Axcel Management ansvaret for at overveje ESG-faktorer ikke kun i strategiske beslutninger, men også i daglige forretningsaktiviteter. I porteføljeselskaberne overvåges bæredygtighedsindsatsen af selskabets bestyrelse, hvor Axcel Management altid er repræsenteret og udøves af direktionen. Axcel Management's Head of Sustainability giver løbende feedback og vejledning til porteføljeselskaberne. Axcel Management har defineret et omfattende fem-trins bæredygtighedsprogram og har sat bæredygtighedsmål for hele porteføljen. Axcel Management overholder endvidere en række internationalt anerkendte standarder for due diligence og rapportering, som er beskrevet detaljeret i denne erklæring.

## 2. Description of principal adverse sustainability impacts

Axcel Management will provide an updated version of this statement by no later than 30 June 2023, with the indicators covering the reference period from 1 January 2022 to 31 December 2022 using Table 1 of Annex I of the Regulatory Technical Standards. Axcel Management will describe the actions taken during the reference period of the preceding year and actions planned or targets set for the subsequent period from 1 January to 31 December to avoid or reduce the principal adverse impacts identified.

### a) PAI as per Table 1 of Annex I of RTS

Adverse sustainability indicator		Metric
<b>CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS</b>		
Greenhouse gas emissions	GHG emissions	Scope 1 GHG emissions
		Scope 2 GHG emissions
		Scope 3 GHG emissions
		Total GHG emissions
	Carbon footprint	Carbon footprint
	GHG intensity of investee companies	GHG intensity of investee companies
	Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector
Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage	
Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	
Biodiversity	Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity sensitive areas where activities of those investee companies negatively affect those areas
Water	Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average

Waste	Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average
<b>SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>		
Social and employee matters	Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
	Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises
	Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies
	Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members
	Exposure to controversial weapons (antipersonnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons

b) Additional PAI as per Table 2 of Annex I of RTS

<b>Additional climate and other environment-related indicators</b>		
Emissions	Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement

c) Additional PAI as per Table 3 of Annex I of RTS

<b>Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters</b>		
Social and employee matters	Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers

d) Other indicators

None

#### 4. Description of policies to identify and prioritise principal adverse sustainability impacts

##### a) Policies

Policy	Approved by	Date
Sustainability Policy	Board of Directors	25 April 2022
Investment and due diligence policy	Board of Directors	25 April 2022

##### b) Governance

The Board of Directors is responsible for establishing adequate policies and procedures and the CEO is responsible for implementing them.

The investment and due diligence policy sets out the investment process to be followed by investment professionals. The investment and due diligence procedure includes procedures to ensure that sustainability factors and risks are analyzed and included in investment decision making. Every member of staff is expected to ensure that investment management services are executed with integrity, in adherence to control procedures, policies, and the highest possible standards and regulatory requirements.

Compliance oversight across Axcel Management is the responsibility of the Compliance Officer who shall oversee that regulatory compliance is executed throughout the firm. Compliance includes operation of a formal compliance monitoring program and regular in-house compliance training. Although the compliance officer has formal responsibility, compliance awareness and accountability are expected from all employees at Axcel Management.

##### c) PAI selection

When screening for future investment options, Axcel Management incorporates relevant ESG factors in the general evaluation criteria. Axcel Management conducts a thorough ESG due diligence ahead of any new investment with support from external specialists. The due diligence identifies and assesses ESG impacts, including principal adverse impacts, as well as ESG risks and opportunities considering the company's business model, industry, and geographic footprint. The due diligence focuses on those impacts, risks and opportunities that are deemed most relevant taking into account the probability of occurrence and the severity of impacts including their potentially irreparable character.

The assessment of principal adverse impacts relies on quantitative data where available as well as qualitative data in the form of documentation and interviews with company management. The maturity of the target's response to the identified impacts, risks, and opportunities is assessed. The result is a summary of the type and scale of various ESG impacts, risks and opportunities, the maturity of the company's approach to addressing ESG matters, the willingness of management to improve performance on ESG matters, and the resulting net risk score. The findings from the ESG due diligence are shared with the investment committee and inform the investment decision.

Following an acquisition, portfolio companies are introduced to Axcel Management's five-step sustainability programme and are required to assess their impact on ESG topics and develop action plans. Action plans focus on those impacts that are deemed most relevant taking into

account the probability of occurrence and the severity of impacts including their potentially irremediable character. Portfolio companies report on all of the principal adverse indicators listed in section 2 (a) through (c) in Axcel Management’s data management system on a quarterly basis. The indicators selected in Tables 2 and 3 of Annex I of RTS were chosen as they are deemed material for all current and future portfolio companies.

d) Methodology limitations

The availability of ESG related data and information varies between potential investments. As such, the ESG due diligence will at times rely on assumptions and generalizations. These are qualified to the extent possible through management interviews, desktop research, and document review. During ownership, portfolio companies may report estimates if they have not yet established internal data collection systems and processes. Estimates are reviewed and qualified by Axcel Management’s Head of Sustainability.

e) Data sources

Data sources include data and documentation provided by the potential investment and/or portfolio company, as well as benchmarks and estimates provided by relevant specialists.

## 5. Engagement policies

As an active owner, Axcel Management takes responsibility for considering ESG factors not only in strategic decisions, but also in day-to-day business activities. In portfolio companies, sustainability efforts are overseen by the company Board, where Axcel Management is always represented, and led by Executive Management. Axcel Management’s Head of Sustainability provides feedback and guidance to portfolio companies on an ongoing basis.

Axcel Management has set portfolio-wide targets on a few topics and tracks performance against them. They include:

Topic	Metric	Target
ESG management	% of Axcel Management ESG management requirements met within one year of ownership	100%
Climate change	% of companies who have set a Science Based Target (measured as share of invested capital)	60% by 2025 and 100% by 2030
Diversity, equity & inclusion	% of independent Board members who are of the underrepresented gender	40% by 2023 (across Boards established after June 2021)
	% of additions to the portfolio company leadership team who are of the underrepresented gender during Axcel Management’s ownership period (from 2022 onwards)	40%

## 6. Reference to international standards

Axcel Management adheres to responsible business conduct codes and internationally recognised standards for due diligence and reporting, i.e., the Principles for Responsible Investment (PRI), the UN Sustainable Development Goals, the EU Principal Adverse Indicators, the OECD Guidelines, the UN Guiding Principles and the UN Global Compact. Axcel Management seeks to align its activities with the Paris Agreement through its commitment to the Science Based Targets initiative and the resulting GHG emissions targets for Axcel Management and its portfolio companies.

### a) Principal adverse impact indicators

See section 2 (a) through (c).

### b) Methodology

Principal adverse indicator data is collected directly from portfolio companies and tracked by Axcel Management. Companies conduct due diligence on sustainability matters during onboarding and review this assessment each year as part of the annual ESG review made by the Board. All companies are required to implement grievance mechanisms, to become signatories to the UN Global Compact, to complete a full GHG emissions baseline and seek to set Science Based emissions reduction targets. Progress on these requirements is reported to Axcel Management as part of the quarterly ESG report.

### c) Forward-looking climate scenario

When conducting climate risk and opportunity assessments Axcel Management utilizes two climate scenarios, a 1.5-degree scenario and a 4-degree scenario. Both scenarios were developed by external sustainability consultants in 2021.