

Axcel Management principal adverse impact statement

June 2024



Financial market participant Axcel Management A/S (LEI: 89450012BSVE5Z4ZU905)

Axcel Management A/S is a leading manager of private equity funds who generates returns for investors by acquiring, developing and improving, and selling medium-sized Nordic companies. Axcel Management A/S has a longstanding commitment to responsible investment practices and considers principal adverse impacts on sustainability factors associated with its investment decisions to buy, to hold and develop, and to sell investee companies.

The present statement is the consolidated principal adverse sustainability impacts statement of Axcel Management A/S. The statement's content and format follow the Regulatory Technical Standards supplementing Regulation (EU) 2019/2088.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2023.

Summary

English¹

Axcel Management A/S considers the aggregate principal adverse impact of its investment decisions by considering principal adverse indicators prior to investing in a company as well as monitoring and seeking to reduce adverse impacts on sustainability factors from each investee company during ownership.

Disclosures have been prepared for the calendar year 2023. The proportion of the calculations that are based on information obtained directly from investee companies is provided in the “Explanation” column as per the recommendations in the Joint Consultation Paper published 12 April 2023 (JC 2023 09). This is referred to as “actual data”. The remaining data has been estimated. All calculations follow the guidance in the Joint Consultation Paper published 12 April 2023 (JC 2023 09).

Axcel Management A/S considers the principal adverse sustainability impacts outlined in Table 1 of Annex I of the Regulatory Technical Standards as well as one indicator selected in Table 2 (“investments in companies without carbon emission reduction initiatives”) and one indicator selected in Table 3 (“insufficient whistleblower protection”). The most significant impacts across climate, environmental, social and employee, human rights, anti-corruption, and anti-bribery matters are summarised here together with planned actions for 2024.

The most significant climate and environmental impacts are related to GHG emissions, energy consumption and production, and non-renewable energy share. During 2023 adverse impacts on GHG emissions, energy consumption and production, and non-renewable energy share occurred across all investments. To mitigate these impacts, collaboration with external consultants was initiated to measure these indicators. Some companies developed science-based targets during 2023 which were approved. During 2024 efforts will continue to increase the share of investments with science-based targets, which will put those investee companies on a trajectory to reduce adverse impacts on GHG emissions, energy consumption and production, and non-renewable energy share. Increasing the share of investments with science-based targets will also improve results on the indicator “share of investments that have carbon emission reduction initiatives aimed at aligning with the Paris Agreement”. In 2023, 32% of investments had carbon emission reduction initiatives aimed at aligning with the Paris

¹ English and Danish summary provided as required by the Regulatory Technical Standards supplementing Regulation (EU) 2019/2088

Agreement an improvement from 12% in 2022. Adverse impacts on other environmental factors were limited. During 2023 no investments reported having operations located in or near biodiversity sensitive areas where activities of those investee companies negatively affect those areas. In addition, no emissions to water and limited hazardous and radioactive waste generation occurred.

With regards to social and employee, human rights, anti-corruption, and anti-bribery matters, during 2023 no investments were involved in violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises or were involved in the manufacture or selling of controversial weapons. Only 4% of investments lacked processes to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises and all investments have policies on the protection of whistleblowers. Furthermore, the average unadjusted gender pay gap was 20, while the average board gender diversity was 88% (male).

Axcel Management A/S has long integrated responsible investment practices in its operations, starting with its commitment to the UN Global Compact in 2010, its commitment to the Principles for Responsible Investment in 2014, and the implementation of its first Corporate Social Responsibility policy in 2016. Today Axcel Management A/S' Investment and Due Diligence policy and Sustainability policy together outline the manner in which sustainability impacts, risks and opportunities are considered and integrated in investment decision making and active ownership. Sustainability matters are considered during due diligence which is conducted together with external specialists. In investee companies, sustainability efforts are overseen by the company Board, where Axcel Management A/S is always represented, and led by Executive Management. Active ownership takes place by directly engaging with investee companies through Board positions, dialogue between investee companies and Axcel Management A/S' Head of Sustainability, and quarterly reporting to Axcel Management A/S. The approach to working with sustainability in investee companies is furthermore guided by Axcel Management A/S' comprehensive five-step sustainability programme and portfolio-wide sustainability targets. During 2024 Axcel Management A/S will continue to work actively with portfolio companies to improve performance on sustainability matters and to reduce material adverse impacts where they occur.

Dansk

Axcel Management A/S overvejer den samlede væsentlige negative indvirkning af sine investeringsbeslutninger ved at tage hensyn til væsentlige negative indikatorer før investering i en virksomhed samt ved at overvåge og søge at reducere negative indvirkninger på bæredygtighedsfaktorer fra hver investeringsvirksomhed under ejerskab.

Oplysningerne er udarbejdet for kalenderåret 2023. Andelen af beregningerne, der er baseret på oplysninger opnået direkte fra investeringsselskaberne, er angivet i kolonnen "Forklaring" i overensstemmelse med anbefalingerne i "Joint Consultation Paper" offentliggjort den 12. april 2023 (JC 2023 09). Dette refereres til som "faktiske data". De resterende data er blevet estimeret. Alle beregninger følger vejledningen i den fælles høringsudtalelse offentliggjort den 12. april 2023 (JC 2023 09).

Axcel Management A/S overvejer de væsentlige negative bæredygtighedsindvirkninger, der er skitseret i tabel 1 i bilag I til "Regulatory Technical Standards" samt en indikator valgt i tabel 2 ("investeringer i virksomheder uden initiativer til reduktion af kulstofemissioner") og en indikator valgt i tabel 3 ("utilstrækkelig beskyttelse af whistleblowere"). De mest betydningsfulde indvirkninger på klima, miljø, sociale og medarbejderforhold, menneskerettigheder, antikorruption og bestikkelse er sammenfattet her sammen med planlagte handlinger for 2024.

De mest betydningsfulde klima- og miljømæssige indvirkninger er relateret til drivhusgasemissioner, energiforbrug og -produktion samt andelen af ikke-vedvarende energi. I løbet af 2023 opstod negative indvirkninger på drivhusgasemissioner, energiforbrug og -produktion samt andelen af ikke-vedvarende energi på tværs af alle investeringer. For at afbøde disse

indvirkninger blev der indledt samarbejde med eksterne konsulenter for at måle disse indikatorer. Nogle virksomheder udviklede science-based targets i 2023, som blev godkendt. I 2024 vil indsatsen fortsætte med at øge andelen af investeringer med science-based targets, hvilket vil sætte disse investeringsselskaber på en kurs mod at reducere negative indvirkninger på drivhusgasemissioner, energiforbrug og -produktion samt andelen af ikke-vedvarende energi. Øgningen af andelen af investeringer med videnskabsbaserede mål vil også forbedre resultaterne på indikatoren "andel af investeringer, der har kulstofemissionsreducerende initiativer med henblik på at tilpasse sig Paris-aftalen". I 2023 havde 32% af investeringerne kulstofemissionsreducerende initiativer med henblik på at tilpasse sig Paris-aftalen, en forbedring fra 12% i 2022. Negative indvirkninger på andre miljøfaktorer var begrænsede. I løbet af 2023 rapporterede ingen investeringer, at de havde operationer placeret i eller nær biodiversitetsfølsomme områder, hvor aktiviteterne hos disse investeringsselskaber påvirkede disse områder negativt. Desuden forekom der ingen emissioner til vand og begrænset farligt og radioaktivt affald.

Med hensyn til sociale og medarbejderforhold, menneskerettigheder, antikorrupition og bestikkelse var der i 2023 ingen investeringer involveret i overtrædelser af FN's Global Compact-principper og OECD's retningslinjer for multinationale virksomheder eller involveret i fremstilling eller salg af kontroversielle våben. Kun 4% af investeringerne manglede processer til at overvåge overholdelsen af FN's Global Compact-principper og OECD's retningslinjer for multinationale virksomheder, og alle investeringer har politikker for beskyttelse af whistleblowere. Desuden var den gennemsnitlige uredigerede kønslønforstel 20, mens den gennemsnitlige bestyrelseskønsdiversitet var 88% (mænd).

Axcel Management A/S har længe integreret ansvarlige investeringspraksis i sine operationer, begyndende med sit engagement i FN's Global Compact i 2010, sit engagement i Principperne for Ansvarlige Investeringer (PRI) i 2014 og implementeringen af sin første CSR-politik i 2016. I dag beskriver Axcel Management A/S' Investerings- og Due Diligence-politik og Bæredygtighedspolitik sammen den måde, hvorpå bæredygtighedsindvirkninger, risici og muligheder overvejes og integreres i investeringsbeslutninger og aktivt ejerskab. Bæredygtighedsforhold overvejes under due diligence, der udføres sammen med eksterne specialister. I investeringsselskaber overvåges bæredygtighedsindsatser af selskabets bestyrelse, hvor Axcel Management A/S altid er repræsenteret, og ledes af den øverste ledelse. Aktivt ejerskab sker ved direkte engagement med investeringsselskaber gennem bestyrelsesposter, dialog mellem investeringsselskaber og Axcel Management A/S' Head of Sustainability og kvartalsvise rapporteringer til Axcel Management A/S. Tilgangen til at arbejde med bæredygtighed i investeringsselskaber er desuden guidet af Axcel Management A/S' omfattende femtrins bæredygtighedsprogram og porteføljbredde bæredygtighedsmål. I løbet af 2024 vil Axcel Management A/S fortsætte med at arbejde aktivt med porteføljeselskaber for at forbedre præstationerne på bæredygtighedsområdet og reducere væsentlige negative indvirkninger, hvor de forekommer.

Description of the principal adverse impacts of investment decisions on sustainability factors

PAI as per Table 1 of Annex I of RTS						
Indicators applicable to investments in investee companies						
Adverse sustainability indicator	Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned, and targets set for the next reference period	
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	8,095	52,189	Data covers 100% of investments. 74% of reporting is based on actual data. The developments in GHG emissions are driven by portfolio changes (the number of investee companies owned) including the sale of one high emitting company. Developments are also driven by improvements in calculation methodologies in individual portfolio companies including one high emitting company reclassifying a large share of scope 1 emissions as scope 3 emissions.	Axcel Management has set an approved science-based target and therefore seeks to ensure that all investee companies measure and report on GHG emissions. Once a baseline is complete, investee companies are encouraged to set targets, ideally targets aligned with the Paris agreement, i.e., science-based targets approved. As per 31 December 2023, 5 companies had set approved science-based targets out of a total of 21 companies. During 2024 efforts will continue to increase the share of investments with science-based targets, setting investee companies on a trajectory to reduce GHG emissions.
		Scope 2 GHG emissions	3,453	2,530		
		Scope 3 GHG emissions	314,911	335,686		
	Total GHG emissions	326,459	390,405			
	2. Carbon footprint	Carbon footprint	167	213		
3. GHG intensity of investee companies	GHG intensity of investee companies	244	394			
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0%	0%	Data covers 100% of investments. 100% of reporting is based on actual data. There have been no material developments of this metric.	Axcel Management A/S funds invest in Nordic companies within the technology, healthcare, business services & industrials, and consumer sectors. Companies that derive revenues from the fossil fuel sector are generally not found within our investment universe. Therefore, Axcel Management A/S does not foresee any increase in this indicator.	
5. 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 of total energy sources	Consumption: 52% Production: n/a	Consumption: 55% Production: n/a	Data covers 100% of investments. 80% of reporting is based on actual data. The developments in non-renewable energy share are driven by portfolio changes. No portfolio companies produce energy.	Axcel Management A/S seeks to ensure that all investee companies measure and report on energy consumption and production and non-renewable energy share. Once a baseline is established, investee companies are encouraged to transition to renewable energy sources and reduce energy consumption.	

	6. 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 C. Manufacturing	0.0089	0.0088	Data covers 100% of investments. 79% of reporting is based on actual data. There have been no material developments of this metric.	
		Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector F. Construction	0.0018	0.0005	Data covers 100% of investments. 100% of reporting is based on actual data. The development in energy consumption is explained by portfolio company growth.	
		Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector H. Transport	0.0012	0.1297	Data covers 100% of investments. 100% of reporting is based on actual data. The development in energy consumption is explained by improved calculation methodologies.	
Biodiversity	7. 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	0%	0%	Data covers 100% of investments. 92% of reporting is based on actual data. There have been no material developments of this metric.	Axcel Management A/S does not foresee any increase in the share of investments with sites/operations located in or near to biodiversity sensitive areas. If a portfolio company has material biodiversity impacts, they will be identified during due diligence and onboarding and addressed by the sustainability strategy of the company.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.0000	0.0001	Data covers 100% of investments. 94% of reporting is based on actual data. The reduction in emissions to water is explained by portfolio changes including the sale of companies with emissions to water.	Axcel Management A/S seeks to ensure that all investee companies measure and report on emissions to water. If a portfolio company has material water impacts, they will be identified during due diligence and onboarding and addressed by the sustainability strategy of the company.
Waste	9. 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	0.0001	0.0020	Data covers 100% of investments. 94% of reporting is based on actual data. The reduction in hazardous and radioactive waste is explained by portfolio changes including the sale of companies with these waste types.	Axcel Management A/S seeks to ensure that all investee companies measure and report on hazardous waste and radioactive waste. If a portfolio company has material waste impacts, they will be identified during due diligence and onboarding and addressed by the sustainability strategy of the company.

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. 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	0%	0%	Data covers 100% of investments. 100% of reporting is based on actual data. There have been no material developments of this metric	<p>All investee companies of Axcel Management A/S funds are required to commit to the United Nations Global Compact and to implement policies and procedures to proactively identify, prevent, mitigate, and remediate adverse impacts.</p> <p>While incidents can occur, Axcel Management A/S does not foresee any increase in the share of investments in companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises.</p>
	11. 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	4%	20%	Data covers 100% of investments. 100% of reporting is based on actual data. The decrease in the share of portfolio companies without processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises is explained by improved practices in portfolio companies.	<p>All investee companies of Axcel Management A/S funds are required to commit to the United Nations Global Compact and to implement policies and procedures to proactively identify, prevent, mitigate, and remediate adverse impacts.</p> <p>Portfolio companies without processes and compliance mechanisms will be encouraged to implement them during 2024.</p>
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	20.1	20.4	Data covers 100% of investments. 70% of reporting is based on actual data. There have been no material developments of this metric.	<p>Axcel Management A/S has set a portfolio-wide target to improve gender diversity in investee company leadership teams.</p> <p>The target is that 40% of additions to leadership teams are of the underrepresented gender during Axcel Management A/S funds' ownership period. By improving gender diversity in leadership, the gender pay gap will be improved.</p> <p>During 2024 investee companies will be encouraged to improve gender balance in leadership teams where needed.</p>

	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	88%	89%	Data covers 100% of investments. 100% of reporting is based on actual data. There have been no material developments of this metric. The metric is measured as the ratio of male board members to total board members as per the Joint Consultation Paper published April 12, 2023 (JC 2023 09).	<p>Axcel Management A/S targets that 40% of independent board seats in portfolio companies are held by women. The target was set in 2022 and applies to boards established after June 2021.</p> <p>As per 31 December 2023, 40% of independent board seats were held by women on boards established after June 2021.</p> <p>Axcel Management A/S will continue to work to increase the number of women represented on investee company boards during 2024.</p>
	14. 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	0%	0%	Data covers 100% of investments. 100% of reporting based on actual data. There have been no material developments of this metric.	Axcel Management A/S funds do not invest in companies who are involved in the production of and trade in weapons and ammunition.

Additional PAI as per Table 2 of Annex I of RTS
Additional climate and other environment-related indicators

Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Emissions	4. 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	68%	88%	Data covers 100% of investments. 100% of reporting based on actual data. The reduction in share of portfolio companies without carbon reduction initiatives aimed at aligning with the Paris Agreement is explained by the increase in number of companies with approved science-based targets.	<p>Axcel Management A/S assesses that only companies with an approved science-based target have carbon emissions reduction initiatives aligned with the Paris Agreement.</p> <p>As per 31 December 2023, 5 companies had set approved science-based targets out of a total of 21 companies.</p> <p>Axcel Management A/S will continue to encourage portfolio companies to set science-based targets during 2024 in line with its own science-based target.</p>

Additional PAI as per Table 3 of Annex I of RTS

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

Adverse sustainability indicator		Metric	Impact 2023	Impact 2022	Explanation	Actions taken, and actions planned, and targets set for the next reference period
Social and employee matters	6. Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers	0%	11%	Data covers 100% of investments. 100% of reporting based on actual data. The reduction in share of portfolio companies with insufficient whistleblower protection is explained by an increase in the number of portfolio companies with a whistleblower scheme.	All portfolio companies in Axcel Management A/S funds are required to implement a whistleblower scheme. Axcel Management A/S will continue to enforce this requirement when investing in companies who do not already have a whistleblower scheme.

Other indicators

None

Description of policies to identify and prioritise principal adverse impacts of investment decisions on sustainability factors

Policies

Policy	Approved by	Last approval date
Sustainability Policy	Board of Directors	December 2022
Investment and due diligence policy	Board of Directors	December 2022

Governance

The Board of Directors is responsible for establishing adequate policies and procedures and the Managing Partner is responsible for implementing them together with Axcel Management A/S' partner group. The policies shall be reviewed at least once a year by the Board of Directors.

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.

The Sustainability policy describes Axcel Management A/S' commitments, guidelines, processes, and governance related to the integration of sustainability impacts, risks and opportunities in investment decision making and active ownership.

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

PAI selection

When screening for future investment options, Axcel Management A/S incorporates relevant ESG factors in the general evaluation criteria. Axcel Management A/S 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. 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 irremediable character considering the company's business model, industry, and geographic footprint.

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, investee companies report on all the mandatory and additional principal adverse impact indicators we have chosen to consider in Axcel Management A/S' data management system on a quarterly basis. Some indicators are reported annually when quarterly reporting is not feasible. The indicator selected in Table 2 ("investments in companies without carbon emission reduction initiatives") was deemed material due to Axcel Management A/S' focus on climate change and commitment to the Science Based Targets initiative. The indicator selected in Table 3 ("insufficient whistleblower protection") was deemed material as it is a requirement embedded in Axcel Management A/S' five-step sustainability programme.

Methodology limitations

The availability of ESG related data and information varies between potential and existing 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, benchmarks and estimates provided by external specialists, and document review.

During ownership, investee companies report data collected directly to Axcel Management A/S. If data is not available, Axcel Management A/S will seek to develop estimates using desktop research and existing company data. External consultants support the investee companies and Axcel Management A/S in calculating and estimating GHG emissions and energy related KPIs.

Engagement policies

As an active owner, Axcel Management A/S takes responsibility for integrating sustainability considerations in investment decisions, engaging with investee companies to address sustainability factors, as well as ensuring investors in Axcel Management A/S funds are well informed with regards to progress on sustainability matters.

As outlined in the Sustainability Policy, addressing sustainability impacts, risks and opportunities is integrated in Axcel Management A/S' active ownership approach. As such, investee companies measure their impact on the sustainability indicators presented in Table 1 of Annex I of the Regulatory Technical Standards as well as the indicators "investments in companies without carbon emission reduction initiatives" and "insufficient whistleblower protection" indicators from Table 2 and Table 3 respectively. The sustainability strategies of investee companies seek to reduce adverse impacts and increase positive impacts when relevant on these sustainability indicators. The five-step sustainability programme requires investee companies to 1) implement defined sustainability related policies and commitments, 2) to assess sustainability impacts, risks, and opportunities, 3) to define sustainability priorities, 4) to track progress and 5) to report on progress. Axcel Management A/S has furthermore set portfolio-wide targets and tracks performance against them. They include:

Topic	Metric	Target
ESG management	% of companies who have implemented all Axcel Management A/S ESG management requirements within one year of ownership	100%
Climate change	% of companies who have set a science-based target (measured as share of invested capital in companies owned more than two years)	60% by 2025 and 100% by 2030
Diversity, equity & inclusion	% of independent board members who are of the underrepresented gender	40% by 2023 (boards established after 06.2021)
	% of additions to the portfolio company leadership teams who are of the underrepresented gender during Axcel Management A/s funds' ownership period (from 2022 onwards)	40%

In investee companies, sustainability efforts are led by Executive Management and overseen by the company Board, where Axcel Management A/S is always represented at partner-level. Axcel Management A/S' Head of Sustainability provides feedback and guidance to investee companies and the Axcel partner leading the investment on an ongoing basis. Companies report

on progress on sustainability matters quarterly to Axcel Management A/S and at least annually to the company Board. If progress is not satisfactory, the Axcel Management A/S partner leading the investment is responsible for taking further action, for example imposing consequences for remuneration and so forth. The engagement policy gives potential for several actions. If proved futile, the policy may be adapted.

Reference to international standards

Axcel Management A/S adheres to responsible business conduct codes and internationally recognised standards and seeks to ensure that its funds investee companies comply with the same. These include, but are not limited to, the UN Sustainable Development Goals (measured by all PAI indicators considered), the OECD Guidelines, the UN Guiding Principles, and the UN Global Compact (measured by PAI indicators 10 and 11 from Table 1). Axcel Management A/S furthermore seeks to align its activities with the Paris Agreement through its commitment to the Science Based Targets initiative (measured by PAI indicator 4 from Table 2).

Investee companies report on the above-mentioned principal adverse indicators in Axcel Management A/S' data management system on a quarterly basis. When conducting climate risk and opportunity assessments Axcel Management A/S utilizes two climate scenarios, a 1.5-degree scenario and a 4-degree scenario. Both scenarios were developed by KPMG in 2021.

Reporting history

Version	Published	Changes
1	June 2023	First statement published
2	June 2024	Second statement published