

Axcel V website disclosure



Website product disclosure for financial products that promote environmental or social characteristics

Website disclosure for financial products referred to in Article 8(1) of Regulation (EU) 2019/2088 and Article 6 of Regulation (EU) 2020/852 prepared according to Article 24 of Regulation (EU) 2022/1288.

Product name: Axcel V

Legal entity identifier: 89450012BSVE5Z4ZU905

(a) Summary

English

Axcel V promotes environmental and social characteristics but does not have as its objective sustainable investment.

The Fund promotes the following environmental and social characteristics:

- 1) Axcel Management seeks to improve gender diversity in portfolio company leadership teams.
- 2) Axcel Management seeks to reduce GHG emissions in its portfolio companies.
- 3) Axcel Management considers principal adverse impacts on sustainability factors and seeks to reduce adverse impacts of portfolio companies.
- 4) Since 2021, Axcel Management implements a five-step sustainability programme in portfolio companies. Axcel Management targets that companies have implemented required ESG policies, commitments, and processes within one year of ownership including:
 - Sustainability policy
 - Code of conduct
 - Supplier code of conduct
 - Data privacy policy
 - Whistleblower scheme
 - Commitment to the UN Global Compact
 - Define ESG priorities linked to the UN Sustainable Development Goals

Axcel V considers ESG matters during due diligence and ownership. The approach is governed by the Investment and Due Diligence Policy and the Sustainability Policy. Once invested, performance on environmental and social matters is reviewed through quarterly reporting from the portfolio company to Axcel Management. The quarterly reports are used to inform management and board discussions. At least once per year progress on environmental and social matters is reviewed by portfolio company boards.

The below indicators are used to assess how environmental and social characteristics are met:

- 1) Axcel Management targets that during its ownership period 40% of persons hired into portfolio company leadership teams are of the underrepresented gender (measured as the share of women hired into the leadership team, or in the case men are the underrepresented gender, the share of men hired into the leadership team). The target applies from January 2022 onwards.
- 2) Axcel Management is committed to Science Based Targets. Axcel Management targets that by 2025 60% of its companies will have set approved Science Based Targets and that by 2030 100% of portfolio companies have done so. Portfolio coverage is measured as a share of invested capital.
- 3) Performance on principal adverse impact indicators.

- 4) Share of portfolio companies who have implemented Axcel Management's required ESG policies, commitments, and processes.

Dansk

Axcel V [fonden] fremmer miljømæssige eller sociale karakteristika, men har ikke bæredygtig investering som sit mål.

Fonden fremmer følgende miljømæssige og sociale karakteristika:

- 1) Axcel Management stræber efter at forbedre kønsdiversiteten på ledelsesniveau i porteføljeselskaberne.
- 2) Axcel Management arbejder målrettet på at reducere drivhusgasudledningerne i sine porteføljeselskaber.
- 3) Axcel Management tager hensyn til væsentlige negative påvirkninger ("principal adverse impacts") på bæredygtighedsfaktorer og arbejder på at reducere disse påvirkninger i porteføljeselskaberne.
- 4) Siden 2021 har Axcel Management anvendt og indført et femtrins bæredygtighedsprogram i sine porteføljeselskaber. Axcel Management har som mål at porteføljeselskaberne inden for ét år af ejerskabet har implementeret de påkrævet ESG-politikker, forpligtelser og processer, herunder:
 - Politik for bæredygtighed (Sustainability Policy)
 - Code of Conduct
 - Leverandør Code of Conduct
 - Databeskyttelsespolitik
 - Whistleblowerordning
 - Forpligte sig til UN Global Compact
 - Definere ESG-prioriteter, som er knyttet til FN's verdensmål for bæredygtig udvikling

Fonden opererer med en Investerings- og Due Diligence-politik samt Bæredygtigheds-politik der sikre at fonden tager hensyn til ESG-forhold både under due diligence og i ejerskabsperioden. Når investeringen er gennemført, gennemgår Axcel Management porteføljeselskabernes miljømæssige og sociale præstationer via selskabets kvartalsrapporter. Disse rapporter bruges til at informere diskussioner i ledelsen og bestyrelsen. Mindst én gang årligt vurderer porteføljeselskabernes bestyrelser fremskridtene inden for selskabets miljømæssige og sociale forhold.

Nedenstående indikatorer anvendes til at vurdere, i hvilken grad miljømæssige og sociale karakteristika opfyldes:

- 1) Axcel Management har et mål om, at 40% af de personer, der ansættes på ledelsesniveau i porteføljeselskaberne under ejerskabsperioden, tilhører det underrepræsenterede køn der måles som andelen af kvinder eller mænd på ledelsesniveau. Målet gælder fra januar 2022 og frem.
- 2) Axcel Management har forpligtet sig til Science Based Targets. Axcel Management har et mål om, at 60% af porteføljeselskaberne har fastsat godkendte Science Based Targets inden 2025 og 100% inden 2030. Porteføljeandelen måles som en andel af den investeret kapital.
- 3) Målingen af de væsentlige negative påvirkningsindikatorer ("principal adverse impact indicators").
- 4) Andelen af porteføljeselskaber, der har implementeret Axcel Managements påkrævede ESG-politikker, forpligtelser og processer.

(b) No sustainable investment objective

This financial product promotes environmental and social characteristics but does not have as its objective sustainable investment.

(c) Environmental and social characteristics of the financial product

The Fund promotes the following environmental and social characteristics:

- 1) Axcel Management seeks to improve gender diversity in portfolio company leadership teams.
- 2) Axcel Management seeks to reduce GHG emissions in its portfolio companies.
- 3) Axcel Management considers principal adverse impacts on sustainability factors and seeks to reduce adverse impacts of portfolio companies.
- 4) Since 2021, Axcel Management implements a five-step sustainability programme in portfolio companies. Axcel Management targets that companies have implemented required ESG policies, commitments, and processes within one year of ownership including:
 - Sustainability policy
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(d) Investment strategy

Investment strategy used to attain the sustainable investment objective.

It is the mission of Axcel Management to generate returns for its investors by acquiring, developing and improving, and selling medium-sized Nordic companies.

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. Climate related risks and opportunities are assessed using the recommendations from the Taskforce on Climate-related Financial Disclosures (TCFD). 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.

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.

Once invested, Axcel Management implements its five-step sustainability programme to ensure its companies address ESG impacts, risks, and opportunities. Progress on the programme is followed up on through quarterly reporting and ongoing dialogue with management. A more detailed description of the five-step sustainability programme and the sustainability targets can be found in the sustainability section of Axcel Management's website and in the "annual review and sustainability report" also available on the website.

Policy to assess good governance practices of investee companies

Axcel Management conducts legal, tax, and ESG due diligences to inform investment decisions. The following good governance criteria must be met for Axcel Management to make an investment:

- The company must not demonstrate a pattern of unethical or illegal behaviour
- The company must not demonstrate a pattern of denying human and labour rights
- The company must not demonstrate a pattern of environmental non-compliance
- The company must not demonstrate a pattern of non-compliance with applicable tax regulation

During ownership Axcel Management works to ensure that good governance structures and processes are installed in portfolio companies. The following is implemented in all companies:

- A board with at least one independent board member
- Board and CEO rules, procedures, and instructions with clear guidelines regarding roles and responsibilities
- Employment contracts for executives
- Annual business risk assessment

(e) Proportion of investments

Does this financial product have a sustainable investment objective?

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: ___% <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: ___%	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments <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 <input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments

(f) Monitoring of environmental or social characteristics

Once invested, performance on environmental and social matters is reviewed through quarterly reporting from the portfolio company to Axcel Management. The quarterly reports are used to inform management and board discussions. At least once per year progress on environmental and social matters are reviewed by portfolio company boards.

(g) Methodologies

- 1) Axcel Management targets that during its ownership period 40% of persons hired into portfolio company leadership teams are of the underrepresented gender (measured as the share of women hired into the leadership team, or in the case men are the underrepresented gender, the share of men hired into the leadership team). The target applies from January 2022 onwards.

- 2) Axcel Management is committed to Science Based Targets. Axcel Management targets that by 2025 60% of its companies will have set approved Science Based Targets and that by 2030 100% of portfolio companies have done so. Portfolio coverage is measured as a share of invested capital.
- 3) Performance on principal adverse impact indicators.
- 4) Share of portfolio companies who have implemented Axcel Management's required ESG policies, commitments, and processes.

(h) Data sources and processing

Data sources include data and documentation provided by the portfolio companies to Axcel Management. Data includes copies of required policies, quarterly reporting on ESG priorities and ESG KPIs, and annual board review of ESG matters. Data submitted to Axcel Management is reviewed by the Head of Sustainability and the relevant investment team members. Questions and feedback are discussed directly with the portfolio companies with the aim of continuously improving performance and data quality. Most data are collected directly from portfolio companies. Some data points are estimated when reporting from the portfolio company has not been possible. The total share of estimated data will depend on the number of companies who are at the beginning of their ESG journey (i.e., are new to the Axcel portfolio and have not previously collected the required ESG KPIs).

(i) Limitations to methodologies and data

Axcel Management has fully integrated sustainability in its approach to active ownership. Progress on sustainability performance and ESG data collected is closely monitored. Data quality depends on the level of maturity of the individual portfolio companies, as well as the level of standardization for calculating the required ESG measure. Through active engagement, Axcel Management ensures that data quality is improved during ownership, and that actions are taken to meet environmental and social objectives.

(j) Due diligence

See section d) Investment strategy.

(k) 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. Companies report on ESG matters to Axcel Management on a quarterly basis. ESG incidents are reported through this mechanism and are followed up on by the Axcel Management partners.

(l) Designated reference benchmark

A reference benchmark has not been defined for this product.