

ANNEX IV

Periodic disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Product name: Axcel VII K/S

Legal entity identifier: CVR: 43533231

Environmental and/or social characteristics

Did this financial product have a sustainable investment objective?

<input checked="" type="radio"/> <input type="radio"/> Yes	<input type="radio"/> <input checked="" type="radio"/> <input checked="" type="checkbox"/> No
<input type="checkbox"/> It made <b>sustainable investments with an environmental objective</b> : ___% <ul style="list-style-type: none"> <li><input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> </ul>	<input type="checkbox"/> It <b>promoted Environmental/Social (E/S) characteristics</b> and while it did not have as its objective a sustainable investment, it had a proportion of ___% of sustainable investments <ul style="list-style-type: none"> <li><input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy</li> <li><input type="checkbox"/> with a social objective</li> </ul>
<input type="checkbox"/> It made <b>sustainable investments with a social objective</b> : ___%	<input checked="" type="checkbox"/> It promoted E/S characteristics, but <b>did not make any sustainable investments</b>

To what extent were the environmental and/or social characteristics promoted by this financial product met?

Axcel VII K/S (“**Axcel VII**” or “**the Fund**”) managed by Axcel Management A/S (“**Axcel**” or “**the Manager**”) promotes the following environmental and social characteristics for all its portfolio companies:

1. **Improve Environmental, Social & Governance (“ESG”) Management:**

- a. Axcel requires 100% of portfolio companies to embed various ESG-related policies and commitments within one year of ownership, including: a) Sustainability policy, b) Code of conduct, c) Supplier code of conduct, d) Data privacy policy, e) Whistleblower scheme f) Commitment to the UN Global Compact, g) ESG priorities linked to the UN Sustainable Development Goals
- b. Axcel encourages portfolio companies to implement sustainability-linked loans
- c. All portfolio companies must measure and report on Axcel’s identified principal adverse impact indicators (“**PAI indicators**”) and should seek to reduce adverse impacts where possible

2. **Mitigate Climate Change:**



**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.

- a. All Axcel VII portfolio companies must measure and report on their Scope 1-3 emissions within 18 months of ownership, and reduce emissions where possible
  - b. Portfolio companies are encouraged to set Science-Based Targets, with a target of 60% of Axcel’s portfolio<sup>1</sup> having set an approved target by 2025, and 100% by 2030
- 3. Increase Diversity, Equity & Inclusion:**
- a. Portfolio companies across all funds should ensure at least 40% of new hires to leadership<sup>2</sup> of the underrepresented gender during the holding period
  - b. Axcel’s portfolio across all funds with boards established after 2021 should ensure at least 40% of independent Board members<sup>3</sup> of the underrepresented gender<sup>4</sup>
- 4. Support People & Culture:**
- a. Portfolio companies should ensure processes to track and report employee satisfaction, sickness absence and work-related injuries

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

The Fund comprised five portfolio companies in the reference period, of which only two have been owned for more than one year and were therefore able to report on performance on sustainability indicators.

The table below shows Fund VII’s performance on various sustainability indicators and Axcel’s ESG-related targets across its portfolio. Performance on indicators and targets are shown in column C for Fund VII including new investments owned less than one year (not yet reporting and initiated ESG targets), for Fund VII companies owned for more than one year (reporting on indicators and targets) in column D, and results of portfolio-wide ESG targets across all Axcel’s Funds (Axcel V, Axcel VI, and Axcel VII) in column E.

The attainment of the environmental and social characteristics promoted by the Fund is measured in the following sustainability indicators (results as of 30/09/2024):

<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>
<b>E/S characteristic</b>	<b>Indicators &amp; Targets</b>	<b>Fund VII performance (5 companies)</b>	<b>Fund VII performance (2 companies owned &gt; 1 year)</b>	<b>Portfolio performance &amp; results of targets (20 companies across all Funds)</b>
<b>ESG Management</b>	Share of companies that have implemented required ESG-related policies and commitments	40%	100%	85%
	Share of companies in scope that have implemented required ESG-related policies and commitments (Target: 100% within one year of ownership)		100%	83%
	Share of companies that have a sustainability-linked loan	0%	0%	25%
<b>Climate Change</b>	Share of companies measuring and reporting on Scope 1-3 emissions	20%	50%	75%

<sup>1</sup>Portfolio coverage is measured as the share of invested capital in companies owned for more than two years.

<sup>2</sup>Leadership teams are defined as the CEO, direct reports to the CEO (L1), and direct reports to L1 (L2). Only employees who have others reporting to them are included. Additions are defined as persons promoted or hired into the leadership team.

<sup>3</sup>Independent board members excludes founders, investors, part of the executive team or day-to-day operations.

<sup>4</sup>Underrepresented gender across entire Board, not limited to independent board members.

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

	Share of companies measuring and reporting on Scope 1-3 emissions (Target: 100% of companies owned for more than 18 months)	n.a <sup>5</sup>	n.a	93%
	Share of portfolio owned for more than two years with approved science-based targets (Target: 60% by 2025, 100% by 2030)	n.a. <sup>6</sup>	n.a.	46%
<b>Diversity, Equity &amp; Inclusion</b>	Share of companies that have met the target of 40% of additions to leadership being of the underrepresented gender	20%	50%	30%
	Share of additions to leadership have been women across Axcel companies (Target: 40% during holding period)			39%
	Share of independent board members of the underrepresented gender (Target: 40% for boards established after June 2021)	36%		35%
	Share of companies with both genders represented on the Board	60%		50%
<b>People &amp; Culture</b>	Share of reporting companies conducting employee satisfaction survey	40%	100%	80%

● *...and compared to previous periods?*

<b>E/S characteristic</b>	<b>Indicator</b>	<b>Fund VII performance as of 30/09/2024 (5 companies)</b>	<b>2023<sup>7</sup> (2 companies)</b>
<b>ESG Management</b>	Share of Axcel VII companies that have implemented required ESG-related policies and commitments	40%	50%
	Share of Axcel VII companies that have a sustainability-linked loan	0%	n.a.
<b>Climate Change</b>	Share of Axcel VII companies measuring and reporting on Scope 1-3 emissions	20%	n.a.
	Share of Axcel VII companies that have set approved science-based targets	0%	0%
<b>Diversity, Equity &amp; Inclusion</b>	Share of Axcel VII companies with at least 40% of additions to leadership of the underrepresented gender	20%	0%
	Share of independent board members of the underrepresented gender in Axcel VII	36%	0%
	Share of companies with both genders represented on the Board	60%	n.a.

<sup>5</sup> No companies in Fund VII have been owned for more than 18 months

<sup>6</sup> No companies in Fund VII have been owned for more than two years

<sup>7</sup> Results from previous periodic reports and therefore representative of the number of companies and length of ownership as per 30 September 2023

<b>People &amp; Culture</b>	Share of Axcel VII companies conducting employee satisfaction survey	40%	n.a.
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- **What were the objectives of the sustainable investments that the financial product partially made and how did the sustainable investment contribute to such objectives?**

N/A

- **How did the sustainable investments that the financial product partially made not cause significant harm to any environmental or social sustainable investment objective?**

N/A

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

N/A

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

N/A

*The EU Taxonomy sets out a “do not significant harm” principle by which Taxonomy-aligned investments should not significantly harm EU Taxonomy objectives and is accompanied by specific Union criteria.*

The “do no significant harm” principle applies only to those investments underlying the financial product that take into account the EU criteria for environmentally sustainable economic activities. The investments underlying the remaining portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

*Any other sustainable investments must also not significantly harm any environmental or social objectives.*



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

The Fund considers PAI indicators by collecting data on the indicators as defined and measured in Annex 1 of the Regulatory Technical Standards (“RTS”) for the Sustainable Finance Disclosure Regulation (“SFDR”). When screening for future investment options, Axcel incorporates relevant ESG factors in the general evaluation criteria including PAI indicators. Following an acquisition, portfolio companies are introduced to Axcel’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 the PAI indicators in Axcel’s data management system quarterly.

The Fund considers the 14 mandatory PAI indicators and has additionally selected the indicator ‘Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement’ from Table 2, and ‘Share of investments in entities without policies on the protection of whistleblowers’ of Table 3 of Annex I of the RTS.

**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.

Axcel reserves the publication of the PAI indicators under Article 11(2) of Regulation (EU) 2019/2088 and consideration hereof for its PAI entity statement published on Axcel's website in the Sustainability section by June 30<sup>th</sup> 2025.



**What were the top investments of this financial product?**

The list includes the investments constituting the **greatest proportion of investments** of the financial product during the reference period which is: 01/01/2024 – 31/12/2024

Largest investments	Sector	% Assets	Country
XPartners	Business Services & Industrials	10-30%	Sweden
Progrits	Technology	10-30%	Sweden
Elcor	Business Services & Industrials	10-30%	Denmark
Accru Partners	Business Services & Industrials	10-30%	Sweden
Utilitas	Business Services & Industrials	10-30%	Sweden
<i>Total</i>		<i>100%</i>	



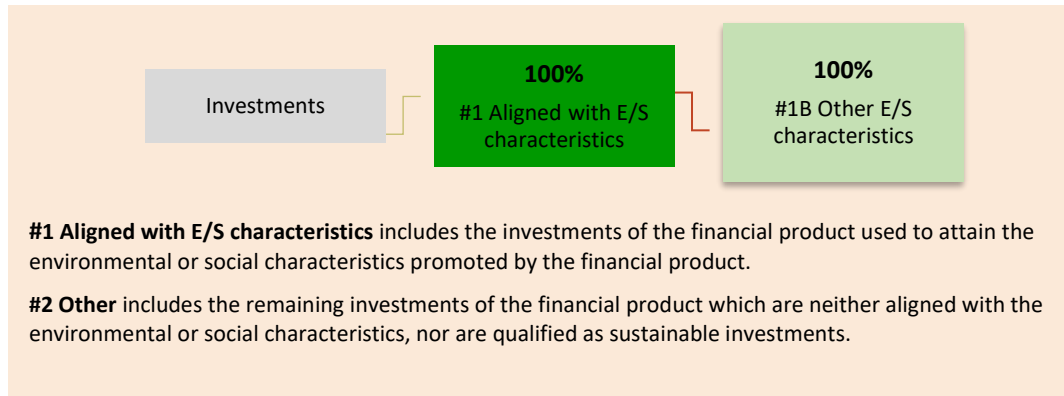
**What was the proportion of sustainability-related investments?**

0% - the Fund does not have sustainable investments as its objective.

● **What was the asset allocation?**

100% of investments were aligned with the environmental and social characteristics promoted by the Fund, but 0% qualify as sustainable investments.

**Asset allocation** describes the share of investments in specific assets.



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

Investment	NACE code
XPartners	M71.1.2 - Engineering activities and related technical consultancy
Progrits	J58.2.9 - Other software publishing
Elcor	27.12 - Manufacture of electricity distribution and control apparatus
Accru Partners	69.2 - Accounting, bookkeeping and auditing activities; tax consultancy
Utilitas	81.1 - Combined facilities support activities

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

Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies.
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.



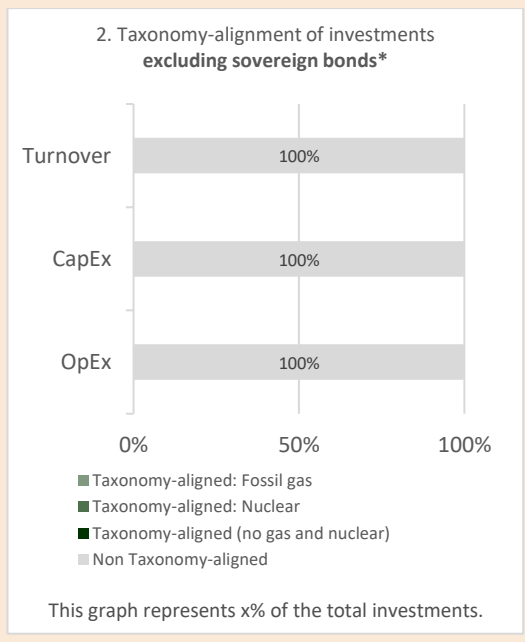
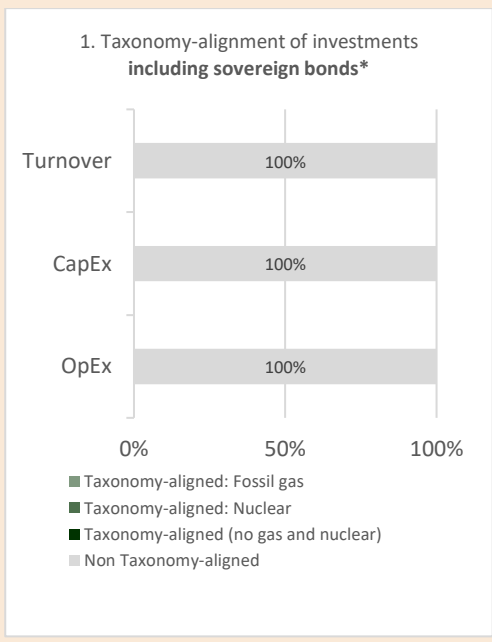
**To what extent were the sustainable investments with an environmental objective aligned with the EU Taxonomy?**

N/A

● **Did the financial product invest in fossil gas and/or nuclear energy-related activities complying with the EU Taxonomy<sup>8</sup>?**

- Yes:
  - In fossil gas
  - In nuclear energy
- No

*The graphs below show in green the percentage of investments that were aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.*



\* For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.


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

During the reference period, the proportion of investments in enabling activities was 0% and investments in transitional activities was 0%.

<sup>8</sup> 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 not significantly harm 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.

- **How did the percentage of investments that were aligned with the EU Taxonomy compare with previous reference periods?**

	2024	2023
Share of Taxonomy-aligned investments	0%	0%

 are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentally sustainable economic activities under Regulation (EU) 2020/852.



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

N/A



**What was the share of socially sustainable investments?**

N/A



**What investments were included under “other”, what was their purpose and were there any minimum environmental or social safeguards?**

N/A



**What actions have been taken to meet the environmental and/or social characteristics during the reference period?**

During the reference period, various procedures and processes have been upheld, strengthened or added by the Manager to work towards meeting the environmental and social characteristics of the Fund.

Several new investments were made in the reference period, in which the Manager focused on ensuring the environmental and social characteristics of the Fund were assessed in due diligence and included in strategies for active ownership. Across the Fund, actions taken have focused on strengthening the portfolio companies’ ability to report sustainability-related data in a systematic, timely manner and continuously work to improve the portfolio companies’ maturity in terms of ESG matters.

Some of the actions taken by the Manager include:

- Exercising shareholder engagement by prioritizing the Fund’s environmental and social characteristics as priorities on Board meetings
- Ongoing dialogue and sparring regarding sustainability matters between the portfolio companies and the Manager, especially Axcel’s Head of Sustainability
- Quarterly and annual ESG reporting, including quarterly PAI reporting (except GHG emissions which are reported annually), and quarterly reporting on additional ESG indicators aligned with the targets set by the Fund
- Ensuring all portfolio companies subject to reporting under the Corporate Sustainability Reporting Directive (“CSRD”) within the upcoming two years have commenced or have planned to start workstreams to prepare for the reporting requirements
- In addition, Axcel has also internally worked to strengthen its ability to increase its shareholder engagement with the portfolio companies to meet the Fund’s E/S

characteristics e.g., by increasing the investment team's involvement in ESG matters and strengthening internal ESG competencies with additional hires



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

Not applicable as a reference benchmark has not been defined for this product.

- ***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