

Axcel V website disclosure



Website Product Disclosure

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 K/S

Legal entity identifier: Business Registration No.: 38556134

Date: 07/01/2025

Summary

Axcel V K/S (“**Axcel V**” or “**the Fund**”) managed by Axcel Management A/S (“**Axcel**”) promotes environmental and social characteristics but does not have as its objective sustainable investment.

The Fund promotes the following environmental and social characteristics with specific sustainability indicators and targets for each characteristic:

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

- a. Axcel requires all portfolio companies to embed various ESG-related policies and commitments, 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:**

- a. All portfolio companies must measure and report on their Scope 1-3 emissions, and reduce emissions where possible
- b. Portfolio companies are encouraged to set Science-Based Targets, with a target of 60% of Axcel’s portfolio¹ 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 leadership² of the underrepresented gender during the holding period

4. **Support People & Culture:**

- a. Portfolio companies should ensure processes to track and report employee satisfaction, sickness absence and work-related injuries

100% of the Fund promotes environmental and social characteristics; a reference benchmark has not been defined for this product.

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 and annual reporting from the portfolio company to Axcel. 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.

Axcel collects data regarding the performance of the sustainability indicators directly from the portfolio companies and works closely with management teams to ensure high data quality and coverage.

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

²Leadership 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.

Opsummering (dansk)

Axcel V K/S ("**Axcel V**" eller "**Fonden**") forvaltet af Axcel Management A/S ("**Axcel**") fremmer miljømæssige og sociale karakteristika, men har ikke bæredygtig investering som sit mål.

Fonden fremmer følgende miljømæssige og sociale karakteristika med specifikke bæredygtighedsindikatorer og mål:

1. **Forbedre ESG-styringen:**

- a. Axcel kræver, at alle porteføljeselskaber indarbejder forskellige ESG-relaterede politikker og forpligtelser, herunder: a) Bæredygtighedspolitik, b) Code of Conduct, c) Code of Conduct for leverandører, d) Databeskyttelsespolitik, e) Whistleblowerordning, f) Forpligtelse til FN's Global Compact, g) ESG-prioriteter knyttet til FN's verdensmål for bæredygtig udvikling
- b. Axcel opfordrer porteføljeselskaber til at implementere bæredygtighedsomfattede lån
- c. Alle porteføljeselskaber skal måle og rapportere på Axcel's identificerede indikatorer for væsentlige negative indvirkninger og bør reducere negative indvirkninger, hvor det er muligt

2. **Modvirke klimaforandringer:**

- a. Alle porteføljeselskaber skal måle og rapportere om deres Scope 1-3-emissioner og reducere deres udledninger, hvor det er muligt
- b. Porteføljeselskaber opfordres til at fastsætte et Science-Based Target med et mål om, at 60% af porteføljeselskaberne skal have fastsat et mål inden 2025, og 100% inden 2030

3. **Øge diversitet, lighed og inklusion:**

- a. Porteføljeselskaber på tværs af alle Axcel's fonde skal sikre, at mindst 40 % af de nyansatte i ledelsen er af det underrepræsenterede køn i løbet af ejerskabsperioden

4. **Støtte medarbejdertrivsel**

- a. Porteføljeselskaber skal sikre processer til at vurdere og rapportere medarbejdertilfredshed, sygefravær og arbejdsrelaterede skader

100% af Fonden fremmer miljømæssige og sociale karakteristika; der er ikke defineret et referencebenchmark for dette produkt.

Axcel V tager hensyn til ESG-forhold i forbindelse med due diligence og ejerskab. Tilgangen styres af investerings- og due diligence-politikken samt bæredygtighedspolitikken. Når der er investeret, gennemgås resultaterne i forhold til miljømæssige og sociale forhold gennem kvartalsvise og årlige rapporter fra porteføljeselskabet til Axcel. Kvartalsrapporterne bruges til at informere ledelsen og bestyrelsen.

Axcel indsamler data om resultaterne af bæredygtighedsindikatorerne direkte fra porteføljevirksohederne og arbejder tæt sammen med ledelsesteamene for at sikre høj dækning og kvalitet af data.

No sustainable investment objective

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

Environmental and social characteristics of the financial product

The Fund promotes the following environmental and social characteristics:

1. **Improve ESG Management**

- a. Axcel requires all portfolio companies to embed various ESG-related policies and commitments, 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 and should seek to reduce adverse impacts where possible

2. **Mitigate Climate Change**

- a. All portfolio companies must measure and report on their Scope 1-3 emissions, and reduce emissions where possible
- b. Portfolio companies are encouraged to set Science-Based Targets, with a target of 60% of Axcel's portfolio³ 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 leadership⁴ are of the underrepresented gender during the holding period

4. **Support People & Culture**

- a. Portfolio companies should ensure processes to track and report employee satisfaction, sickness absence and work-related injuries

Investment strategy

Investment strategy used to meet the environmental and social characteristics

Axcel focuses on investments in unlisted asset classes, with the mission to generate returns for its investors by acquiring, developing, improving, and selling medium-sized Nordic companies.

Axcel focuses on companies that have strong fundamentals and significant potential for further growth. These include companies that already have a significant market position in an established industry, a proven business model, diversified revenue streams and strong management. Axcel believes that any lasting transformation must be a change for the better and, importantly, that sustainability can also be a source of value. By embedding responsible business conduct in a company's ways of working and ensuring that corporate strategy addresses sustainability-driven risks and opportunities, Axcel enables its companies to deliver better returns, secure higher valuations, and increase their positive impacts on society and the environment.

Policy to assess good governance practices of investee companies

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

- 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

³Portfolio coverage is measured as the share of invested capital in companies owned for more than two years.

⁴Leadership 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.

- The company must not demonstrate a pattern of non-compliance with applicable tax regulation

During ownership, Axcel 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

Proportion of investments

100% of the investments in the Fund promote the environmental and social characteristics described, without having as its objective a sustainable investment. The Fund has direct exposure in investee entities and primarily holds a majority stake in its portfolio companies.

Monitoring of environmental or social characteristics

The environmental and social characteristics promoted by the Fund and the sustainability indicators used to measure their attainment are monitored throughout the entire lifecycle of the Fund as follows:

- An assessment of the maturity and performance of the environmental and social characteristics is conducted in the screening and due diligence phase of new potential investment opportunities
- This assessment is performed as part of the thorough ESG due diligence conducted 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 findings from the ESG due diligence are shared with the investment committee and inform the investment decision
- Once invested, Axcel implements its five-step sustainability programme to ensure the environmental and social characteristics are promoted
- Progress on the sustainability indicators is reported by all portfolio companies through quarterly and annual reporting, as well as ongoing dialogue with management teams
- 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
- Progress on the sustainability indicators is reported in the Fund's periodic reporting and annual review.

Methodologies for environmental or social characteristics

The methodologies of the sustainability indicators used to measure the attainment of the environmental and social characteristics promoted by the Fund are:

1. Improve ESG Management

- a. *Implement required ESG-related policies and commitments*
 - i. Target of 100% of companies to implement the requirements within 1 year of ownership (companies in Axcel V were already owned for a year or more when this target was set, however, all Axcel V companies have since implemented all requirements)
- b. *Implement sustainability-linked loans*
 - i. While no specific target is set due to companies having varying financing structures and needs, Axcel encourages all companies purchased after 2019 to consider setting a sustainability-linked loan during the holding period
- c. *Measure and report on PAI indicators*
 - i. While no specific target is set, Axcel seeks to ensure that 100% of companies report on PAI indicators as early as possible within the holding period

2. Mitigate Climate Change

a. Measure and report on their Scope 1-3 emissions

- i. While no specific target is set, Axcel seeks to ensure that 100% of portfolio companies implement GHG inventory reporting mechanisms as early as possible in the holding period

b. Portfolio companies to set Science Based Targets

- i. Target of at least 60% of portfolio companies across funds to set Science-based Targets by 2025 and 100% of portfolio companies by 2030. Portfolio coverage is measured as share of invested capital

3. Increase Diversity, Equity & Inclusion

a. Gender diversity on portfolio company leadership teams

- i. Target of at least 40% of new hires to leadership to be of the underrepresented gender across all portfolio companies in Axcel's funds during the holding period

4. Support People & Culture

a. Tracking employee satisfaction

- i. While no specific target is set, Axcel seeks to ensure that 100% of portfolio companies measure employee satisfaction with a specified target during the holding period

Data sources and processing

Data sources include data and documentation provided directly by the portfolio companies to Axcel. 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 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 through a portfolio monitoring platform. 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 that 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).

Limitations to methodologies and data

Axcel 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 ensures that data quality is improved during ownership, and limitations thereby do not affect how the environmental and social characteristics are met.

Due diligence

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. When screening for future investment opportunities, Axcel incorporates relevant ESG factors in the general evaluation criteria. Axcel 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, alongside other due diligence workstreams such as financial, commercial and legal, are shared with the investment committee and inform the investment decision.

Once invested, Axcel 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's website and in the "annual review and sustainability report" also available on the website.

Engagement policies

As an active owner, Axcel 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 is always represented, and led by Executive Management. Axcel's Head of Sustainability provides feedback and guidance to portfolio companies on an ongoing basis. Companies report on ESG matters to Axcel on a quarterly and annual basis. ESG incidents are reported through this mechanism and are followed up on by the Axcel partners.

Designated reference benchmark

A reference benchmark has not been defined for this product.