



CSR at Axcel and its companies

Axcel and its portfolio companies have signed up to the UN Global Compact and have also adopted the UN's Principles for Responsible Investment (PRI).

Axcel was the first private equity firm in Denmark to have all portfolio companies sign up to the Global Compact, which enlists businesses and organisations in tackling key social and environmental challenges stemming from economic growth, technological development and the increasingly international division of labour.

Axcel's support for the Global Compact ties in well with investors' growing calls for transparency, accessibility and sustainability at privately held companies, just as it has long been the norm for large publicly held companies to work on these issues.

Axcel joined the Global Compact back in 2010, with its portfolio companies following suit from 2011. This means that Axcel considers very carefully the acquisition of companies that could put it in a social, ethical or environmental dilemma. We therefore perform a social due diligence ahead of new investments. Axcel also ensures that its companies comply with the requirements of the Global Compact, partly through ongoing dialogue and partly through Axcel's CSR network, consisting of the CSR officers at its portfolio companies.

Furthermore, Axcel has adopted the UN's Principles of Responsible Investment (PRI), a set of guidelines on environmental, social and governance (ESG) issues for professional investors. This again means that Axcel performs a social due diligence before making an investment. In addition, we have formulated a Responsible Investment Policy, which is available on request. ESG issues are also an integral part of Axcel's active ownership work, with each portfolio company publishing an annual Communication on Progress (COP) for

the Global Compact. Axcel maintains an ongoing dialogue with its portfolio companies on their CSR work.

New companies added to the portfolio have a year to adapt their procedures and sign up to the Global Compact. Axcel has gradually developed CSR policies based on its view of corporate governance, which includes dialogue with stakeholders and transparent communications and reporting. Axcel regularly updates its policies in the corporate governance area, and CSR is now an explicit element that the boards of portfolio companies must actively address.

Axcel aims to invest in companies which behave responsibly, as this will ensure the best possible risk profile in relation to our companies. However, we also wish to promote socioeconomic development in general and therefore encourage portfolio companies to contribute to their local communities and their development where this makes commercial sense.

Axcel expects its companies to:

- comply with relevant laws, rules and internationally recognised principles
- consider risks relating to CSR issues and address them proactively
- be in a position to meet the requirements and expectations of customers and business partners concerning supply chain management and codes of conduct
- consider future business opportunities and positioning in relation to CSR
- comply with the DVCA's guidelines on openness and transparency

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Axcel is keen for its companies to recognise that CSR work can create value. In this context, the implementation of a CSR programme must be based on an individual assessment of critical focus areas, and these must then be placed in relation to the resources available to the company.

Axcel's CSR network held one meeting in 2014, where the theme was anti-corruption.

Axcel's companies and the Global Compact

Axcel closely monitors portfolio companies' work and makes suggestions for improvements. There are also regular network meetings where companies have an opportunity to exchange experience. All portfolio companies have joined the Global Compact, and many have published a first COP.

Global compact status of Axcel-owned companies as at 19 March 2015

	Joined Global Compact	First COP
Ball Group	x	2012
BB Electronics	x	2012
Delete	x	
Driconeq	x	2013
EG	x	
EXHAUSTO	x	
Mita- Teknik	x	2015
Netel	x	
Nordic Waterproofing	x	2013
Silkeborg Data	x	
TCM Group	x	2012

Axcel's approach to CSR

Axcel has signed up to both the PRI and the Global Compact at fund level. At company level, all portfolio companies have signed up to the Global Compact, which ensures real improvements in ESG performance and risk management.

