

**CORPORATE SOCIAL RESPONSIBILITY
POLICY**

FOR

**AXCEL MANAGEMENT A/S
(THE “MANAGER”)**

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1. Background and purpose

- 1.1 This Corporate Social Responsibility (CSR) Policy shall apply to all CSR initiatives and activities at Axcel and Companies owned by an AIF under management by Axcel.
- 1.2 The objective of Axcel's CSR Policy is to establish the principles and guidelines for Axcel and its companies to undertake and fulfil its corporate social responsibility.
- 1.3 It is the mission of Axcel to generate return for our investors by acquiring, developing and improving, and selling medium-sized Nordic companies.
- 1.4 Working towards this mission, we believe not only in economic sustainability, but also in sustainability when it comes to the environment, our social responsibility, and good corporate governance. For this reason, Axcel has pledged itself to acting responsibly towards the companies we own and in the way we run our business in general. Anything else would affect the fund's reputation and potentially also the value of our investments. We therefore conduct an environmental, social and ethical due diligence review of the companies in which we invest.
- 1.5 Active ownership is also about our companies being run in accordance with the demands and expectations of the world around us and about us acting as good corporate citizens. Axcel has noted an increasing need from investors and authorities to report on ESG issues, and this is why Axcel has endorsed the UN Global Compact, and expect our companies to do the same. In 2013 Axcel signed the UN's Principles for Responsible Investment (PRI) - a set of guidelines on environmental, social and governance (ESG) issues for professional investors.
- 1.6 Further, Axcel strives to comply with all relevant rules applying to our portfolio companies and us. As a member of the Danish Venture Capital and Private Equity Association (DVCA) and the Swedish Private Equity & Venture Capital Association (SVCA), Axcel adheres to both organisations' codes of conduct and valuation principles.

2. Definitions

- 2.1 Capitalized words shall have the meaning as described in the list of definitions as approved from time to time by the Board of Directors. References to other policies and procedures are also capitalized.

3. Responsibilities

- 3.1 Axcel wants to make sure that we follow up on all ESG matters, whether they emerge during due diligence, in the course of audits, in the regular risk reporting, during self-assessments, or simply in the course of the day-to-day-business of Axcel or our companies. This means that management in Axcel and in our companies – whether on the Board or in executive management – and all employees in Axcel and our companies are responsible for reporting significant ESG findings so they can be proactively addressed.

- 3.2 Axcel commits to make sure that top level ESG policies and processes are in place in our portfolio companies, and we oversee that this policy is implemented, both when we act as investment advisors and when we act as directors of our companies.
- 3.3 In our companies, the Boards of Directors are responsible for complying with the standards set by Axcel, and for defining Corporate Social Responsibility and Corporate Governance strategies and standards at a company level, and have oversight with executive management's implementation.

4. Investment processes

- 4.1 When Axcel is screening for future investment options, we incorporate relevant Environmental, Social, and Governance factors in our general evaluation criteria. This implies that we always gather available information on general Environmental, Social, and Governance risks and opportunities in the relevant industries and markets and take it into account when evaluating each potential opportunity.
- 4.2 Axcel should consider each acquisition of a Portfolio Company carefully if that investment could place Axcel in a social, ethical or environmental dilemma. This is why Axcel will perform an ESG related due diligence ahead of any new investment. We analyse our findings, and incorporate them in our risk assessment and valuation processes.

5. Active Ownership Practices

- 5.1 As an active owner in the companies we invest in, Axcel takes responsibility for considering Environmental, Social, and Governance factors not only in strategic decisions, but also in the day-to-day business activities. As owners, we do this as members of the boards of our companies, and furthermore Axcel provides the companies with tools, guidance, and knowledge sharing opportunities regarding Corporate Social Responsibility and Corporate Governance issues. When we review company performance, we integrate Environmental, Social, and Governance factors.
- 5.2 Axcel requires that the Boards of Directors of our companies look at Environmental, Social, and Governance performance as part of all performance reviews, and they integrate these factors in their risk management processes. Further, all Boards must review Corporate Social Responsibility progress when reporting under the UN Global Compact (Communication on Progress).
- 5.3 Axcel oversees that all portfolio companies join the UN Global Compact, perform an annual Corporate Social Responsibility self-assessment, and integrate relevant findings in the regular risk reporting of the company.
- 5.4 To ensure that all companies comply with the UN Global Compact, Axcel has established a CSR network with a member from each Portfolio Company. The CSR network should meet at least once a year and Axcel should also maintain a dialogue and with the CSR officers of the companies throughout the year.

5.5 Newly acquired companies have a year to adapt their procedures and sign up to Global Compact.

5.6 Axcel expects companies under management 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; and
- comply with the DVCA's guidelines on openness and transparency.

6. Reporting on CSR

6.1 Axcel adheres to the 'comply or explain' requirement of the DVCA Guidelines, and further reports in accordance with the UN Global Compact and UN Principles of Responsible Investment reporting structures. This means that we disclose e.g.

- Our policies and guidelines on CSR and Governance;
- How we translate such policies into concrete action;
- An assessment of what has been achieved so far;
- Our expectations for future initiatives.

6.2 Management must ensure that Axcel is able to report on developments in the objectives for CSR at least once a year.

6.3 Furthermore, a Communication on Progress report (COP) on the implementation of the United Nations Global Compact is published annually.

6.4 The COP report must be made available on Axcel's website and in the Annual Review.

6.5 Axcel portfolio companies report on Corporate Social Responsibility in accordance with the UN Global Compact reporting structure. This means that portfolio companies disclose e.g.

- Their practical actions taken or planned to implement the Global Compact principles in each of the four issue areas (human rights, labour, environment, anti-corruption) on a report or explain basis;
 - An outcome measurement indicating which targets were met, or other qualitative or quantitative measurements of results.
- 6.6 Further Axcel portfolio companies are encouraged to employ Key Performance Indicators (KPIs) where it is relevant in the four issue areas of UN Global Compact; human rights, labour, environment and anti-corruption. Employing KPIs means (1) formulating the specific KPI, (2) setting a target, (3) explaining the actions taken and (4) finally reporting on the status by allocating resources to data collection.

7. **Axcel core environmental and social responsibilities**

7.1 Axcel supports the Ten Principles of the UN Global Compact; we require that our companies join the UN Global Compact, and that they apply similar principles to significant business partners and suppliers. This means that we endorse the following principles:

7.2 Human Rights

- We support and respect the protection of internationally proclaimed human rights; and
- We ensure that we are not complicit in human rights abuses.

7.3 Labour

- We respect the freedom of association and the effective recognition of the right to collective bargaining;
- We support the elimination of all forms of forced and compulsory labour;
- We support the effective abolition of child labour; and
- We support elimination of discrimination in respect of employment and occupation.

7.4 Environment

- We support a precautionary approach to environmental challenges;

- We undertake initiatives to promote greater environmental responsibility; and
- We encourage the development and diffusion of environmentally friendly technologies.

7.5 Anti-Corruption

- We work against corruption in all its forms, including extortion and bribery.

8. **Governance principles**

8.1 Axcel has established a number of ground rules and tools for good corporate governance. A common platform for cooperation between Axcel and each company's management and board of directors has been established, creating better conditions for growth and value creation. Key pillars of this platform are:

8.2 Board Composition and Organisation

- Board members are appointed based on competences to ensure a composition on the basis of industrial expertise and management experience;
- Axcel is represented on all portfolio company boards;
- All boards have rules of procedure based on Axcel standards;
- All Boards either have a separate Audit and Risk Committee responsible for financial and risk management oversight or this is handled directly by the Board based on the size and nature of the company.

8.3 Board of Directors Tasks

- The tasks of the portfolio company Boards of Directors are to:
- Decide on the overall goals and strategy;
- Challenge management on critical business issues and provide advice and support to top management;
- Secure that the value creation plan is implemented;
- Monitor and assess performance;
- Recruit, remunerate and release top management;

- Ensure clear guidelines for responsibility, planning, follow-up and risk management; and
- Ensure legal and financial compliance.

8.4 Legal and Financial Compliance

- Axcel complies with the laws and regulations laid down by the authorities in the markets in which we operate;
- We adhere to the law of the countries in which we operate for reporting, taxation and accounting; and
- Portfolio company Boards of Directors are responsible for ensuring that clear processes for ensuring compliance are in place.

8.5 Risk Management and Assessment

- Axcel has in place a due diligence procedure with the aim that investment risks are identified, measured, monitored, and managed;
- Axcel and our portfolio companies systematically report risks and monitor risk development on an on-going basis, and regularly assess financial, business, and ESG risks; and
- Axcel provides a framework as well as guidance and tools for identifying and quantifying risks.

8.6 Conflicts of Interest

- All members of management in Axcel and portfolio companies – whether on the Board or in executive management – and all employees in Axcel and portfolio companies are responsible for reporting actual or potential conflicts of interest;
- Anybody who finds himself in an actual or potential conflict of interest must refer the matter to a superior who is not in a conflict of interest; and
- No Axcel or portfolio company director, manager, or employee, may trade based on inside information, may encourage others to do so, or pass on inside information to third parties.

8.7 Sanctions

- All members of management in Axcel and portfolio companies – whether on the Board or in executive management – are responsible for assuring compliance with both EU’s and UN’s list of active sanctions.
- Where relevant Axcel will also assure adoption of policies in accordance with US active sanctions.

8.8 Incidents

- All members of executive management in portfolio companies and all employees in portfolio companies are responsible for reporting any significant ESG related issues to the Board.

9. Reporting scheme for corporate governance

9.1 Axcel supervises corporate governance in portfolio companies through participation on the board. Axcel shall also annually send out a reporting scheme to the portfolio companies to check up on the current state of corporate governance. In the reporting scheme, each portfolio company shall report on whether the most common tools for corporate governance are in place, such as:

- Rules and procedures for the BoD
- CEO instructions
- Code of Conduct
- Ethical guidelines
- Environmental policy
- Whistleblower protection
- Evaluation of Executive Management Evaluation of the BoD
- Board composition on the basis of industrial expertise and management experience
- Annual planning – ‘annual wheel’

9.2 A consolidated scheme indicating the overall performance of the portfolio companies is disclosed in Axcel’s annual COP-report.

10. Reporting of breaches

- 10.1 Non-adherence to this policy must be reported by any and all employees of the Manager within a reasonable period of time to Management and the Compliance Officer.
- 10.2 In the event, that corrective actions are not taken Management or the Compliance Officer must ensure that the Board of Directors are informed directly.

11. Approval

- 11.1 The present rules of procedure shall be reviewed at least once a year by the Board of Directors.
- 11.2 These rules of procedure were approved by the Board of Directors on 23 May 2016.

12. Approval history

| Version: | Effective from: | Changes: | Performed by: |
|-----------------|------------------------|-----------------|----------------------|
| 1 | 1 July 2016 | | Board of Directors |
| 2 | 1 September 2018 | | Board of Directors |