

Sustainability-related disclosures under the SFDR Article 10

Alder makes the following disclosures in accordance with Articles 3(1), 4(1)(a) and 5(1) of the Sustainable Finance Disclosure Regulation (2019/2088) (“SFDR”). Links to further information on our approach and impact assessments are provided on our webpage and on Investors Portal.

Sammanfattning

Alders utgångspunkt är att bolag som erbjuder hållbara produkter skapar långsiktigt värde och att värdeskapande måste bygga på tydliga hållbarhetsprinciper. Alder förvärvar och utvecklar bolag som gynnas av den gröna omställningen och som minskar miljöpåverkan eller som mätbart bidrar till positiva miljöeffekter. Som aktiv ägare tillför Alder kapital, kompetens och ett brett nätverk som stärker styrelser och stödjer strategisk utveckling för portföljbolag.

Investeringar riktas i första hand mot etablerade bolag, främst i Norden men även i övriga Europa. Alder investerar uteslutande i bolag där mer än 50 % av verksamheten består i att leverera eller möjliggöra mätbar miljönytta i linje med fondens hållbarhetsmål. Samtliga bolag som Alder investerar är föremål för genomlysning i samband med förvärv, och ska under ägandet kunna uppvisa årlig och mätbar förbättring avseende särskilda förutbestämda hållbarhetsmål, alternativt kunna uppvisa lösningar som möjliggör sådana effekter i värdekedjan.

Data samlas och bearbetas bland annat via Novatas plattform och rapporteras årligen till investerare med fullständig mål och periodiska rapporter i investerarportalen.

(a) Summary

Alder was founded on the conviction that companies offering sustainable products and solutions create long-term value, and that value creation must be grounded in clear and robust sustainability principles. Alder acquires and develops companies that benefit from the green transition and that reduce environmental impact or measurably contribute to positive environmental outcomes. As an active owner, Alder contribute capital, expertise, and a broad network, strengthening board and supporting strategic development of portfolio companies.

Alder’s sustainable investment objective is to invest exclusively in companies where more than 50 percent of their activities consist of delivering or enabling measurable environmental benefits in line with the fund’s sustainability objectives. Investments are primarily directed toward established companies, mainly in the Nordic region but also elsewhere in Europe. The fund invests exclusively in companies where more than 50 percent of their activities consist of delivering or enabling measurable environmental benefits in line with the fund’s sustainability objectives.

All investments are subject to comprehensive pre-investment due diligence in connection with acquisitions. During the ownership period, portfolio companies are required to demonstrate annual and measurable improvement against predefined sustainability targets, or to demonstrate solutions that enable such improvements across the value chain.

Sustainability data is collected and processed, inter alia, through Novata’s platform, and is reported annually to investors through the investor portal, including comprehensive objectives and periodic sustainability reporting.

(b) No significant harm to the sustainable investment objective

Alder's Responsible Investment Policy incorporates an impact materiality assessment in the due diligence procedures.

Sustainability risks are integrated in the investment decision process

(c) Sustainable investment objective of the financial product

Our sustainable investment objective is to invest in companies that significantly contribute to reducing impacts on the environment by industrial processes or infrastructure, or measurably enhance positive impacts.

(d) Investment strategy

Alder is a Nordic investment fund with the aim of creating good opportunities for sustainable technology companies to accelerate growth and strategic development. All our companies contribute some environmental benefit, for example through resource efficiency. In our role as active owner, we bring skills and capital, together with a broad network of industrialists and experts who strengthen boards and provide strategic advice.

Our investments focus on established companies with profitable growth and a turnover of between SEK 100 and 850 million. Alder invests primarily as a majority shareholder in companies established in the Nordic region, but may also invest selectively in the rest of Europe, in particular in German-speaking countries.

(e) Proportion of investments

Alder invests exclusively (100%) in companies where a significant part of the value proposition –more than 50% of their business–is to deliver or enable an environmental benefit, which should be measurable as defined in the sustainable investment objectives.

(f) Monitoring of sustainable investment objective

On acquisition, it must be clear that companies will be able to show measurable, year on year progress in at least one of the following indicators:

- A) Avoided emissions of greenhouse gases
- B) Avoided release to the environment of other pollutants (substances of concern)
- C) Avoided use of non-renewable raw materials or renewable resources from stress sources by establishing processes that meet circular economy principles
- D) OR: deliver a critical solution that enables these avoided impacts to occur downstream in a value chain.

(g) Methodologies

At each stage of the relationship with our portfolio companies, from entry to ownership and exit, creating environmental and stakeholder value is a constant that guides our decision-making and development.

Sustainability Risk Integration in Investment Decision-Making

We acknowledge the importance of incorporating environmental, social, and governance (ESG) factors into our investment decision-making process as part of our responsibility to customers and stakeholders. To ensure informed investment choices, we aim to integrate ESG considerations into our analysis. By recognizing that ESG factors can present both risks and opportunities, we can identify potential investment prospects and evaluate sustainability risks.

How we integrate sustainability risk in our investment decisions:

1. Providing portfolio managers and analysts with access to relevant ESG information to identify sustainability risks within the investable universe.
2. Including sustainability risks in our investment evaluation to enhance long-term risk-adjusted returns.
3. Identifying, evaluating, and taking appropriate action on issuers with significant exposure to sustainability risk.
4. Learn more about our approach to integrating sustainability risk into our decision-making process.

Integration of sustainability risks in remuneration:

In addition to incorporating sustainability risks into our investment processes, we also include them in our remuneration models to promote commitment and engagement in sustainability among our employees. Our remuneration policies encompass sustainability risk considerations at various levels, including the design and long-term perspective of the structure, as well as the governance of remuneration policies and decisions in a sustainable manner.

A more complete description can be found in the Responsible investment policy posted on our webpage.

(h) Data sources and processing

We aim to continuously improve how we gather and analyse our portfolio's sustainability data to be as accurate and transparent as possible. This is a prerequisite that comes from Alder's core values but also from increasing regulative demand.

Novata's management platform collects and processes sustainability data and outputs actionable impact insights that can be updated, tracked and followed up.

The system covers sustainability data in line with SFDR's PAI indicators, scope 1, 2 and 3 from the GHG Protocol, eligibility and alignment according to the EU Taxonomy and Alder's ESG indicators.

We aim to fully integrate the tool for regular input with management teams and boards, and use it to keep track of targets and progress and enable annual reporting.

(i) Due diligence

We perform a sustainability due diligence as a component of the overall due diligence process. The ESG Due Diligence is performed in accordance with the ESG Due Diligence guidelines and Alder's ESG Due Diligence evaluation model, and covers the adverse impacts laid out in Annex I to identify sustainability related risks and opportunities across the company's value chain, from raw materials sourcing to customer use of the product or service.

(j) Attainment of the sustainable investment objective

Alder report quarterly to our investors on the financial and sustainability progress towards the sustainability objective in line with SFDR' disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852. The complete Sustainable investment objective and Periodical reports can be found in our Investors portal.