

ANNEX III

Pre-contractual 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

Product name: Alder I

Legal entity identifier: N/A

Sustainable investment objective

Does this financial product have a sustainable investment objective?

Yes

No

It will make a minimum of **sustainable investments with an environmental objective:** 100%:

- in economic activities that qualify as environmentally sustainable under the EU Taxonomy,
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective:** ___%

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ___% of sustainable investments

- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

The principal economic activity of the investee companies are expected to be eligible for consideration under the EU Taxonomy. A portion of investments may be made in economic activities that does not qualify as as environmentally sustainable under the EU Taxonomy, however all investments will be sustainable investments. As the development and implementation of the EU Taxonomy is still ongoing it is currently not possible to provide a minimum percentage of investments made in economic activities that are aligned with the EU Taxonomy.

What is the sustainable investment objective of this financial product?

The objective of this fund, as with all of Alder products, is to own and develop companies that contribute to sustainable development wholly from an environmental perspective.

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.

Sustainability indicators measure how the sustainable objectives of this financial product are attained.



We invest in companies that through their business model deliver an environmental benefit, such as reduced consumption of energy and resources, reduced emissions to air and water and reduced waste, contributing to the UN Sustainable Development Goals.

The sustainable investment objective of this fund is to finance companies that are making or have the potential to make a significant contribution to any or several of the following five EU Taxonomy objectives:

- climate change mitigation,
- pollution prevention
- the circular economy,
- sustainable use and protection of water and marine resources
- protection and restoration of biodiversity and ecosystems

The principal economic activity of the investee companies are expected to be eligible for consideration under the EU Taxonomy, with the potential for all eligible activities to become 100% aligned.

No benchmark has been designated as a reference benchmark, the investments of the fund will contribute to the EU Taxonomy sustainable investment objectives set out above through the use of the sustainability indicators described to below.

● ***What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?***

Alder I uses a number of indicators to monitor the attainment of the sustainable investment objectives on a fund level, including:

- Percentage of the eligibility of economic activities in portfolio companies based on portfolio company turnover,
- Percentage of R&D investments in portfolio companies aligned with the EU Taxonomy relevant objective,
- Alignment with the EU Taxonomy for relevant activities,

progress towards halving scope 1, 2 and 3 emissions by 2030 in the UN Race to Zero campaign, and The fund's portfolio companies performance will be measured by

- The portfolio company's progress towards alignment with the EU Taxonomy for relevant activities,
- The portfolio company's progress towards halving scope 1, 2 and 3 emissions by 2030 in the UN Race to Zero campaign, and
- A number of assigned company specific impact targets: the portfolio company will regularly report their sustainability performance to Alder with quarterly priority topic progress updates and an annual ESG scorecard which covers environmental, social and governance KPI:s specific to each country.

Alder will provide a platform for its portfolio companies' reporting and ESG monitoring in order to ensure that the portfolio companies progress towards attaining its sustainable investment objectives will be measurable.

● ***How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?***

Alder's Responsible Investment Policy defines how sustainability risks are integrated in the investment decision process and includes the following:

- 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 DD evaluation model, and covers the adverse impacts laid out in Table 1 of Annex I and any relevant indicators in Tables 2 and 3 of 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.
- Company alignment with the OECD Guidelines and UNGP on Business and Human Rights is also ascertained during the ESG DD Process.
- The company's current handling of these risks and opportunities is evaluated and required and/or recommended action steps are identified.
- Investment decision - Conclusions from the ESG Due Diligence assessment are included in the investment memorandum and taken into account in the investment decision. Any potential red flags identified in the Due Diligence need to be mitigated in order for the investment to be followed through. Recommendations from the Due Diligence, relating to management of sustainability risk as well as potential opportunities, are included in the investment case business plan.

— — *How have the indicators for adverse impacts on sustainability factors been taken into account?*

- The environmental benefit of the potential portfolio company must not be achieved at the expense of another negative environmental or social impact.
- In accordance with Alder's Responsible Investment policy and the sustainability handbook "The Alder Way", Alder requires all portfolio companies to make an assessment of sustainability related risks and identify material environmental, social and governance topics. Topics that have been identified during the pre-investment processes of initial assessment and ESG Due Diligence are highlighted in this process, in which the companies will also seek the input from key stakeholders. Sustainability impacts are prioritised based on the importance of the topics to stakeholders and the extent of the company's impact on the topic.

— — *How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?*

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.

Company alignment with the OECD Guidelines and UNGP on Business and Human Rights is also ascertained during the ESG DD Process.

Does this financial product consider principal adverse impacts on sustainability factors?



- Yes
- No

- 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 DD evaluation model, and covers the adverse impacts laid out in Table 1 of Annex I and any relevant indicators in Tables 2 and 3 of 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.
- Company alignment with the OECD Guidelines and UNGP on Business and Human Rights is also ascertained during the ESG DD Process.
- The company's current handling of these risks and opportunities is evaluated and required and/or recommended action steps are identified.
- Investment decision - Conclusions from the ESG Due Diligence assessment are included in the investment memorandum and taken into account in the investment decision. Any potential red flags identified in the Due Diligence need to be mitigated in order for the investment to be followed through. Recommendations from the Due Diligence, relating to management of sustainability risk as well as potential opportunities, are included in the investment case business plan.

The portfolio companies PAI indicators will be monitored and reported on a quarterly basis on Alder's sustainability platform.



What investment strategy does this financial product follow?

- ***What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?***

Alder I invest in companies within the sustainable industry, i.e. companies where a significant part of the value proposition is to deliver or enable an environmental benefit, such as use of less energy, less material, or with less waste or pollution. Alder I do not invest in start-up or early stage investments, but focus on Portfolio Companies that have a significant ongoing business.

- ***What is the policy to assess good governance practices of the investee companies?***

Alder's Responsible Investment Policy defines how good governance practices are assessed.

- Due Diligence: We perform a governance due diligence as a component of the overall due diligence process. The ESG Due Diligence is performed in accordance with the ESG Due

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

Diligence guidelines and Alder's ESG DD evaluation model, and covers governance practices of the investee companies. The company's current handling of ESG risks is evaluated, and necessary and required and/or recommended action steps are identified.

- Investment decision - Conclusions from the ESG Due Diligence assessment are included in the investment memorandum and taken into account in the investment decision. Any potential red flags identified in the Due Diligence need to be mitigated in order for the investment to be followed through. Recommendations from the Due Diligence, relating to management of sustainability risk as well as potential opportunities, are included in the investment case business plan.
- When a company is acquired by Alder, it will be introduced to Alder's portfolio sustainability requirements and be expected to comply with them. The internal ESG handbook, "the Alder Way", outlines key tools, frameworks and responsibilities, and includes a checklist for progress against requirements.

Asset allocation describes the share of investments in specific assets.

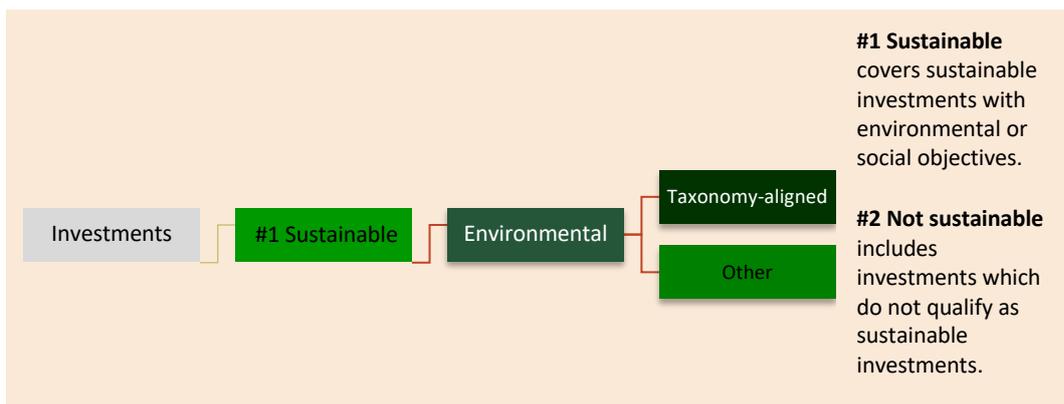
What is the asset allocation and the minimum share of sustainable investments?



Alder II invest in companies that are considered to be

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.



- a 100% sustainable investment, and where
- all assets allocated investment will have a significant majority of their economic activities qualifying for the EU Taxonomy.

● **How does the use of derivatives attain the sustainable investment objective?**

Not applicable to the Fund.



To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

The principal economic activity of the investee companies are expected to be eligible for consideration under the EU Taxonomy significant majority with the potential for all eligible activities to become 100% aligned. It is currently only possible to evaluate the alignment in relation to climate mitigation objectives. As the fund has a number of investment objectives where the alignment to the EU Taxonomy cannot be assessed as the technical screening criteria are still being developed, it is currently not possible to provide a minimum extent to which the sustainable investments are aligned with the Taxonomy. The fund follows the development in the regulatory framework in relation to the EU Taxonomy and intends to disclose the extent

Enabling activities

directly enable other activities to make a substantial contribution to an environmental objective.

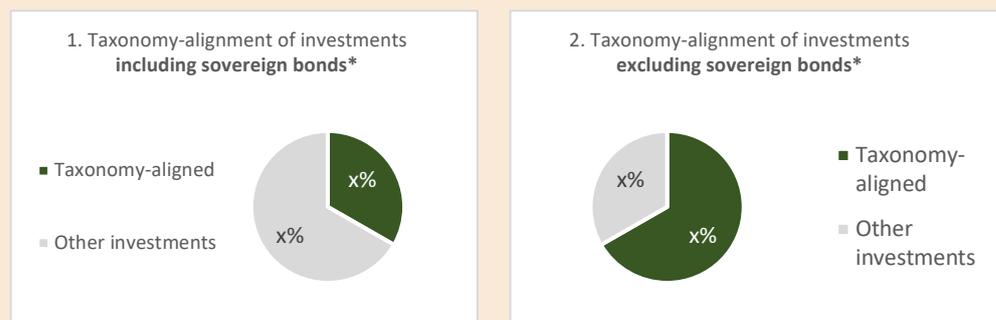
Transitional activities are

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

not take into account the criteria for environmentally sustainable economic activities under the EU Taxonomy.

the which its investments are aligned with the EU Taxonomy, including updating the graph below, when possible.

The two graphs below show in green the minimum percentage of investments that are 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 is the minimum share of investments in transitional and enabling activities?

We believe that enabling activities are essential in a sustainable economy. Alder I, invest mainly in those economic activities that play an enabling role in value chains. An estimated 80% of the investee companies will, through their business models, enable their customers to deliver an environmental benefit, such as reduced consumption of energy and resources, reduced emissions to air and water and reduced waste, contributing to the UN Sustainable Development Goals. Alder I does not have a minimum share of investments to be invested in transitional activities.



What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The significant majority of economic activities within the investment companies are expected to be eligible for consideration under the EU Taxonomy, with the potential for all eligible activities to become 100% aligned.

Since the aim of the fund is to progress economic activities from eligible to aligned, we do not set a minimum share of non-aligned investments. As there is no appropriate methodology to determine the taxonomy-alignment it is currently not possible to provide a minimum percentage of investments made in economic activities that are aligned with the EU Taxonomy.



What is the minimum share of sustainable investments with a social objective?

Not applicable.

Reference benchmarks are indexes to measure whether the financial product attains the sustainable investment objective.



What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

None of the investee companies will be included in “Not sustainable”. However, a small percentage of their economic activities may be non-eligible for the EU Taxonomy.



Is a specific index designated as a reference benchmark to meet the sustainable investment objective?

No specific index is designated as a reference benchmark.

- *How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?*
N/A
- *How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?*
N/A
- *How does the designated index differ from a relevant broad market index?*
N/A
- *Where can the methodology used for the calculation of the designated index be found?*
N/A



Where can I find more product specific information online?

More product-specific information can be found on the website:

More product-specific information can be found on the Fund’s website:
<https://alder.se/hallbarhet/#sustainable>