

OUR APPROACH TO SFDR

Sustainable Finance Disclosure Regulation (SFDR)

ARTICLE 9 - Sustainable
Funds that have a sustainable investment objective

In March 2021, we implemented the EU SFDR guidelines into our investment policy. This year, we began working as an SFDR Article 9 Fund, meaning that we are considered a fund that has sustainable investment or a reduction in carbon emissions as its objective.

The Principal Adverse Impact (PAI)

We measure against the SFDR's PAI indicators each year and include them in the portfolio company ESG scorecards. Appendix 1 and 2 show the results for 2021.

Task Force on Climate Related Financial Disclosure (TCFD)



Our climate-related financial disclosures are made according to the TCFD's recommendations within governance, strategy, risk management, and metrics and targets. These disclosures can be found in Appendix 5 of this report.

Principles for Responsible Investment (PRI)



Alder has been signatories of the PRI, the United Nations Agency for Responsible Investments, since 2012, and we report annually on our commitments and progress. Alder's Responsible Investment Policy and PRI transparency reports are available on our website, www.alder.se. This year Alder once again achieved the highest score (A+) in both assessed modules.

Alder PAI Indicators

Alder acknowledges responsibility towards climate change risks and other principal adverse impacts through the investment decisions we make and how we steer our portfolio companies during ownership.

Principal Adverse Impact (PAI) are a set of environmental, social and governance indicators. The concept is: “Negative, material or likely to be material effects on sustainability factors that are caused, compounded by, or directly linked to investment decisions and advice performed by the legal entity.”

We have used our scorecard to follow up on environmental, social and governance indicators annually. In 2021, we added several indicators to our scorecard, based on input from PAI, as presented in the table below. This will help us better manage positive impact.

Based on our materiality process we will follow up on a regular basis in 2022 on sustainability topics that create most value and on the sectors that enable those topics.

Environmental

Area	Measurement	21
Greenhouse gas emissions	Scope 1 Tons CO ₂ e	3,964
	Scope 2 Ton CO ₂ e	553
	Scope 3 Tons CO ₂ e	118,782
	Total GHG emission CO ₂ e	123,299
	Carbon footprint Tons CO ₂ e/M€ capital*	1,319
	Carbon intensity of investor companies Tons CO ₂ e/M€ revenue**	536
Energy consumption	Renewable consumption %	58%
Exposure to fossil fuels	% of revenue derived from fossil fuels	0%
Waste	Waste fractions	yes
	Recycled waste %	75%
	Hazardous waste generated Tons	211
Water	Emissions to water Tons	95%
Biodiversity	Negative impact on Biodiversity (% of companies)	13%

*based on total investment cost

**based on total aggregated revenues

Social

Area	Measurement	21
Diversity	Number of employees	1,538
	Percentage overall female	12%
	Percentage managers female	23%
	Percentage of board members who are female	23%
Employee earnings	Gender pay gap % difference woman & men	9%
Employee satisfaction	Employee satisfaction % satisfied	80%
Employee safety and health	Near accidents or accidents	Measured
	Sick leave measured and followed up	Measured
Employee competence development	Employee competence development	Measured
Supply chain Human rights and working conditons	Supplier CoC including UN Global compact principles & OECD guidelines for multinational enterprises %	63%
	Violations of Principles or OECD Guidelines for Multinational Corporations	0
	Process to follow up adherence to the code	63%
	Measure of customer satisfaction	79%
Customer satisfaction	Satisfied customers %	87%
	Exposure to controversial weapons	Involved in manufacture or selling of controversial weapons

Governance

Area	Measurement	21
Code of conduct	% Code of conduct	88%
	% policy on Anti-Corruption	88%
Whistleblowing channel	% Whistleblowing channel	100%
Management systems	% Quality Management systems	88%
	% Environmental Management systems	63%