Sustainability Report 2022

Alder.

Alder's why

Humans are now the dominant force of change on Earth and our actions are causing the planet to move away from stability and biodiversity. It is our greatest challenge to sustain a liveable environment for future generations.

We founded Alder on the conviction that companies that drive transformation and build resilience will thrive, and long-term value creation must include sustainability principles. Alder's business model focuses on creating value through both impact and operations to build resilience.

The name Alder comes from the Alder tree, which has an intricate root system and nitrogen-fixing properties that improve soil fertility and prevent erosion. Our name, therefore, represents what we do – generating attractive returns by developing companies that improve the long-term sustainability of our planet.

Contents

A message from our team:

A year of resilience

If we had to pick one word for 2022 (and for Alder as a whole), it would be "resilience". This word has come to define how we do business, how we survive and thrive, and how we approach every investment opportunity. It was also the theme of our 2022 Executive Training for Resilience Thinking. Representatives from each of our portfolio companies gathered and were inspired by seminars and discussions about how our businesses can shape a more resilient future.

Like many other companies (as well as countries and individuals), our resilience has been tested under the unprecedented circumstances caused first by the pandemic and then the invasion of Ukraine. The impact on the production and movement of parts upon which many of our companies rely, coupled with soaring inflation rates, has created the perfect storm for a downturn. However, we are proud that despite these circumstances, we have remained steady and profitable. Where many sectors and companies have struggled, we have continued to prosper. Our success is a testament to our continued focus on sustainability-led and solution-orientated businesses. Our portfolio companies that provide innovations like smart metering, low voltage electricity control and energy use monitoring have come into their own and been vital to customers struggling with energy costs.

A message from our team:

Despite the turmoil around us, we have continued to grow, with two investments and one divestment during the year. r2pTracking and 3nine joined our portfolio and Autocirc, which has been in our portfolio for two inspiring years, was successfully sold to Nordic Capital (read more on page 26).

We are constantly honing and sharpening our focus on the best and most impactful sectors for investment. This year, we defined four key investment themes: Care of natural resources, building efficiency, intelligent infrastructure and sustainable industry (read more about these on page 15). Along similar lines, we have strengthened our internal handbook, the Alder Way, with a new tool to help our portfolio companies identify where and how they can have the most positive impact through their business offering.

We began fundraising for Alder's Fund III in September, which will bring more opportunities for investments in more companies in 2023 and beyond.

Overall, 2022 made it more apparent than ever that investing in the transition to a low-carbon society is imperative for humankind and a significant business success factor going forward.

> **"The invasion of Ukraine has had a huge ripple effect, impacting energy prices, the movement of goods and so on. But our companies have stood strong because they contribute to halting the ripple effect through their offerings, like energy optimisation and smart meters."**

Henrik Flygar, Alder Partner

A snapshot of Alder in 2022

10
companies

2
platform investments

1
divestment

24
add-on acquisitions

2,310
employees across all companies

50%
of portfolio companies have halved scope 1 and 2 CO_2 emissions per SEK of sales since 2019

SaaS
common SaaS Sustainability Management platform

4.5bn
SEK aggregated sales

Article 9
SFDR Article 9 for all Funds

About Alder

Alder at a glance

Sustainability focus

Acquiring and growing companies that will benefit from the green transition and contribute to the long-term health and sustainability of the environment.

Alder is a member and a signatory of the PRI, the SVCA and the EVCA.

Investments and ownership are guided by the European Green deal including the EU Taxonomy, SFDR. TCFD, planetary boundaries, UN SDGs and the Greenhouse Gas Protocol and Alder's internal guidelines.

Investment criteria

Focus on Investments with substantial growth potential.

Lower mid-market focus with primary focus on the Nordics.

Control positions in companies with proven business models and positive cash flows.

Track record

12+ years experience investing as a team.

17 platform investments made since 2010.

A team of resilient thinkers

Alder is a tight-knit team of passionate individuals with a shared vision to create change and a resilient future. We foster a personal and open working environment in our office and with our portfolio companies, investors and other stakeholders. We engage our entire team in the sustainability agenda through training, discussion and external input. Our commitment to supporting a better future connects us and helps retain and recruit talent. In 2022 we brought on two new team members, Investment Analyst Jesper Carlsson and Investment Coordinator Erika Ankarberg.

Read more in Appendix 2 on page 52

Arash Raisse
Partner

Carl-Johan Langenskiöld Folke
Investment Manager

Dag Broman
Partner

Erika Ankarberg
Investment Coordinator

Eva Normell
Sustainability Officer

Henrik Blomé
Partner

Henrik Flygar
Partner

Henrik Lindholm
Investment Director

Jesper Carlsson
Investment Analyst

Jonas Frick
Partner

Keiward Pham
Investment Director

Maja Förberg
Investment Manager

Thomas Nilsson
Partner and Chairman

Zacharias Rosenlew
Investment Manager

Sustainability at Alder: past and future

When Alder was founded in 2010, our founding partners recognised the need of environmental transformation and the potential returns from companies pioneering technological solutions to sustainability. But the transition is not about looking back; it's about looking forward, so it's important to recognise our achievements and focus on the next steps. Here you see a timeline of what we have done and what we intend to do.

History of sustainability at Alder

2008

Alder founded on the principle of developing and investing in Nordic sustainable technology companies.

2010

Fund I is established as one of the first Nordic thematic focused ESG fund.

Systematic screening for ESG companies introduced.

2011

First ESG assessment of Fund I conducted by key investors.

Portfolio companies appoint an internal person responsible for ESG.

2012

Signatories of the PRI.

2014

External experts appointed to assess each investment.

2015

Alder company, Dinair selected as "The most socially beneficial investment in Sweden" by PE Association, SVCA.

2016

ESG ambassador network implemented across portfolio companies.

2017

ESG quarterly updates introduced.

2018

Fund II established, leveraging the same ESG themes as its predecessor.

Sustainable investment policy published.

Sustainability Manager appointed.

Began measuring impact and operational KPIs.

2019

The Alder Way launched – outlining clear expectations for portfolio companies.

Systematic decision tree and Due Diligence process in place.

SDGs and Paris Agreement goals incorporated into portfolio decision making.

TCFD registered and reported.

Published first Sustainability Report.

Code of Conduct published.

2020

EU Taxonomy used for portfolio decision making.

2021

Alder's funds classified within the EU Sustainable Finance Disclosure Regulation (SFDR) as Article 9.

Selected as one of the Future 40: Impact Investment Funds by RealDeals.

Human Rights Policy published.

EU Taxonomy eligibility assessments started in portfolio companies.

Began measuring full scope GHG Protocol for all portfolio companies.

2022

Executive training in resilience thiking for Board Chairperson, CEO and Ambassador of all portfolio companies.

Introducing SustainLab as a platform to manage ESG data.

TCFD update process initiated, to continue into 2024.

2023

Fund III to be established as an Article 9 Fund.

Alignment with SFDR templates and reporting.

Roll out of new toolbox to help portfolio companies increase positive impact and create business value.

Vision:

No. 1 Green Investor

Our approach to sustainability

Impact and operations – two dimensions of sustainability

We approach sustainability from two distinct but interconnected angles: Impact — what we do, and Operations — how we do it.

Impact

What we do

Impact relates to the positive environmental outcomes that our portfolio companies create through their business models, products and services. This could include driving down scarce resources and energy use, reducing greenhouse gas emissions or improving water quality. At the pre-investment stage, we assess the extent to which each company can have a positive impact. Throughout the ownership period, we continue this assessment using the SDGs, EU Taxonomy and internal measures.

Over time, our positive handprint should increase.

Operations

How we do it

Operation is about how we run our business and our portfolio companies with their employees. This includes implementing the appropriate governance systems and policies, such as a common Code of Conduct, minimising negative environmental impacts from Alder operations, and actively developing competence and satisfaction among portfolio company employees.

Over time, our footprint of operations should decrease.

The UN Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) are used during company selection and development to ensure we work with globally relevant topics. Our portfolio companies contribute to eight of the 17 goals, and all companies work towards goal 13, Climate Action. Each company's contribution to the SDGs is described in more detail on pages 25–48.

Figure 1: Alder portfolio companies' contributions to the UN Sustainable Development Goals

	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER
AB Inventech				●			●	
Aidon				●			●	
Autocirc						●	●	
Briab		●			●	●	●	
Centriair		●			●		●	
Safe Monotoring Group			●		●		●	
Satel	●	●	●	●	●		●	
Scanacon		●	●			●	●	●
Sustainable Intelligence			●	●	●		●	
Umia				●		●	●	

Guiding tools for Alder's operations

We align operations, using Alder proprietary frameworks in combination with globally recognised sustainability standards and tools.. We use a range of mandatory and voluntary standards, including the EU Taxonomy, the Greenhouse Gas (GHG) Protocol, Sustainable Finance Disclosure Regulation (SFDR), The Principal Adverse Impact indicators (PAI), Principles for Responsible Investment (PRI) and the Task Force on Climate-related Financial Disclosure (TCFD).

In 2022, we carried out updates for both the EU Taxonomy and the TCFD.

Aligning with the EU Taxonomy

In 2022, we continued our work to describe the environmental contribution of our portfolio of economic activities using the EU Taxonomy. This year, we determined each company's baseline eligibility and alignment for the first two EU Taxonomy objectives — climate change mitigation and climate change adaptation. Some companies also looked into the other four taxonomy objectives, which better reflect their contribution. However, we have not reported this yet as the legislation is not finalised.

Because of the values and purpose of Alder, which pre-date the EU Taxonomy, all portfolio companies contribute to the emergence of a sustainable economy. They each provide technologies, processes, products and services at the core of the manufacturing, power and building sectors, enabling efficient energy and resource use, monitoring and control of delivery and safety. This means that while the EU Taxonomy climate-change disclosures illustrate how our portfolio companies contribute to lowering emissions and increasing resource and energy efficiency, it has not been possible to use the disclosures to reflect all the ways the portfolio contributes to the emergence of a sustainable economy this year.

Read the full EU Taxonomy results in the Appendix.

Climate Change Mitigation

Climate Change Adaption

Circular Economy

Marine Resources & Fresh Water

Ecosystem & Biodiversity

Pollution

Task Force on Climate-related Financial Disclosure (TCFD)

Alder has invested in companies that will benefit from the transition to a sustainable economy from the outset. Alder views the TCFD framework as an important step forward in understanding and communicating the risks and opportunities associated with the transition. This attitude, together with the sustainability tools Alder has developed, means the financial risks associated with climate change governance and strategy, together with the transitional risks from legislation and shifting customer expectations, are exceptionally low. However, we are working to confirm some assumptions related to physical risks in the supply chains of our portfolio companies.

The TCFD update process during 2022 consisted of interviews with portfolio company CEOs and Board Chairs. These sessions showed how the COVID-19 pandemic and the supply chain challenges that followed served as a potential material risk in global supply chains. The new EU legislation and energy price increases following the invasion of Ukraine were similarly informative for future scenarios. In summary, companies sense that the transitional risks of a 1.5-degree scenario are already at play. Our 2022 disclosure reflects these experiences and assumes that the challenes seen today progress further in the near to mid-term. However, Alder considers that due to the increasing pace of climate change and forthcoming policy responses, market and physical changes should be expected in the longer term, requiring the impact of a 3-degrees scenario to be examined more closely.

Read the full TCFD results in the Appendix.

GHG Protocol

Alder's sustainability approach is dependent on our portfolio's performance. The diverse structure of our assets makes carbon accounting more complex, calling for close alignment with international standards to disclose carbon emissions effectively. We chose the GHG Protocol as the most relevant standard for calculating emissions and reporting. For scope 1 and 2 we measure every year since the actions are the responsibility of each company. For scope 3 we report every three years, and the next reporting year will be 2024. Meanwhile, we expect our portfolio companies to set concrete action plans over time to reach targets and to set Leading KPI measures to follow up whether the company is on the right track to meet the targets and report on progress to the board and Alder.

> **"These transparent ways of measuring sustainable activities aim to avoid greenwashing so that investors can be sure they contribute to real change."**

Eva Normell, Sustainability Manager

Sustainable Finance Disclosure Regulation (SFDR)

In March 2021, we implemented the EU SFDR guidelines into our investment policy, and both funds were classified as Article 9. This means that the funds are considered a sustainable investment or that they have carbon emission reductions as an objective. At Alder, sustainability is the very foundation on which we built our business. We have high ambitions and all our funds are categorised as Article 9. Our belief is that sustainability and long-term financial value creation go hand in hand. For Fund I and II, we disclose on our webpage:

- Sustainable investment objectives and
- Principle adverse impact statement

We will publish the same information for Fund III.

Principal Adverse Impact (PAI)

We measure against the SFDR's PAI indicators each year and include them in the portfolio company ESG scorecards. See the results for 2022 in Appendix 3.

Principles for Responsible Investment (PRI)

Alder has been a signatory to the United Nations Principles for Responsible Investment 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.

Executive Training in Resilience Thinking

Pushing our understanding of what's needed to thrive because of and despite change

Alder's role in our portfolio companies has always been about more than just providing capital. We are hands-on owners, investing time and expertise to enable our companies to reach their potential and continuously develop from a financial, strategic and sustainability perspective.

In May 2022, we synthesised this approach into a two-day Executive Training in Resilience Thinking, created in collaboration with the Stockholm Resilience Centre. We invited the CEO, Board Chairperson and ESG Ambassador from each of our portfolio companies to participate in seminars, workshops and discussions with top scholars, thought leaders and business frontrunners in sustainability, technology and innovation. The training focused on providing our companies and Alder employees with a science-based understanding of current and future planetary scenarios and identifying opportunities to thrive and create business value while contributing to a prosperous planet.

We heard from speakers including Carl Folke, Co-Founder and Chairman of the Stockholm Resilience Centre and Director of the Beijer Institute, Royal Swedish Academy of Sciences; Johan Kuylenstierna, former Chairman of the Climate Policy Council; Per-Anders Enkvist, Founder and CEO of Material Economics; Henrik Henriksson, CEO of H2 Green Steel, former CEO of Scania; Lisen Schultz, Director of Training at Stockholm Resilience Centre, and Hans Beyer, Sustainability Manager at SEB.

Resilience is the capacity to prosper because of and despite change. At Alder, we believe that resilient companies that help drive transformation in a changing world will thrive and that long-term value creation must incorporate the principles of sustainability.

Navigating the world of reporting regulations

An interview with Alder Sustainability Manager, Eva Normell

“I see the bigger challenge being that we can get so caught up in the details of data gathering and number crunching that we forget what’s important.”

Eva Normell joined the Alder team as Sustainability Manager in 2021 with 20 years of experience as a sustainability consultant. Here we talk to Eva about how she keeps on top of the ever-changing field of sustainability reporting regulations and ask what companies need to consider when working with them.

What are some new and forthcoming EU sustainability reporting policies and regulations that companies like Alder need to be aware of?
Eva: Over the last few years, the EU has released several new sustainable finance regulations in line with the EU Green Deal. The SFDR and the EU Taxonomy lie at the cornerstone of this effort, and they are both super ambitious and are changing the dynamics of sustainable finance.

How do you prepare Alder and its companies to comply with these regulations?
Eva: The first step is to keep track of how regulations and guidelines evolve. Since 2021, we have been working on our companies’ EU Taxonomy journey – understanding and adapting to determine their eligibility and alignment. We have performed a GHG inventory to become serious participants in the “race to zero” and to learn more about our emissions throughout the value chain, including scope 3. We also track data across our companies to report a Principal Adverse Impact (PAI) Statement. New for this year, we have implemented a common Sustainability Management platform that automates the collection, processing and visualisation of sustainability data using SustainLab’s tools. As required, we will be aligning with the SFDR from January 2023.

Do you have advice for other companies about keeping on top of new directives and regulations?
Eva: Focus on value creation and what you want to achieve! You can’t avoid the groundwork, so do it in a way that you can manage moving forward. Start measuring, even if it is not perfect, so you have a baseline. And perhaps most importantly, be brave! Don’t let the regulations put you off, we need to make bold changes to create a resilient future. The regulations provide a valuable framework for sustainability efforts, but they should help strengthen your work and not weaken your ambitions.

Responsible investment policy

Future-ready investments

In 2022, we took significant steps to define our investment themes and where we will focus our efforts in the coming years. By defining four key areas, we have developed a proactive tool for identifying the most promising companies for our portfolio.

Our investment themes

The starting point for defining our investment themes is the knowledge that people have inhabited a minute proportion of the planet, called the biosphere, for less than half of 1% of Earth's existence. Yet, we have become a dominant force that impacts the stability of the ecosystems upon which we rely. While we need an urgent transition, we know that humans will continue to have complex needs that must be met in ways that allow the planet to thrive. This is where we see our opportunity to help build and drive sustainable companies that enable a resilient future within the planetary boundaries.

Our investment focus falls under the following four themes:

Care of natural resources

Natural resources are being overexploited. We require a shift towards solutions that provide ecosystem services in a sustainable way. Examples include limiting air emissions, providing clean water, efficient food systems, smart consumption and carbon capture and storage.

Building efficiency

With eight billion people inhabiting Earth, there is a growing need for various forms of shelter. Improving energy use and carbon emission standards throughout the lifecycle of new and existing buildings is vital. A focus on building optimisation, resource efficiency and preservation is required.

Intelligent infrastructure

As urban populations grow, we require smart infrastructures that form the foundation of sustainable societies. Investments in renewable energy, energy storage and smart transportation systems are needed to accelerate technological development.

Sustainable industry

Industry emissions have increased exponentially over several decades, and we have gone from a small species on a big planet to a large species on a small planet. Time is of the essence, implying rapid transformation towards circular processes, smart materials and optimised manufacturing.

Three stages of ownership

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.

Entry

Investing in a new company is often the most exciting and critical stage of our ownership journey. The process includes a risk and opportunity assessment and an analysis of the company's potential to create a positive impact. We include the following steps to ensure this:

1. Identify: Our team and network constantly seek out promising companies who fit our investment criteria.
2. Screening: Initial screening focuses on companies that already create environmental impact or have the potential to do so. We automatically reject companies within alcoholic beverages, commercial gaming, tobacco, pornography or weapons.
3. Initial assessment: We use the Alder Environmental Impact Assessment Tool (see page 22) to determine if businesses meet our investment criteria, which includes EU Taxonomy classifications.
4. Due Diligence (DD): We perform sustainability DD following the ESG DD guidelines.
5. Investment decision: Red flags identified during DD must be mitigated for the investment to proceed.

Ownership

As owners, we are committed to guiding and developing companies and we do this partly by having a role on the Boards. We don't simply buy and sell; we invest our time, resources and expertise in the stewardship of each company so they are resilient, future-ready and can offer long-term customer value. When Alder acquires a company, it must comply with our sustainability requirements. Our internal handbook, the Alder Way, outlines key tools, frameworks and responsibilities and includes a progress checklist (see page 23).

In the onboarding period, the focus is to create an infrastructure, including establishing ESG parameters, creating systems and processes and implementing data management tools. During Alder's ownership, portfolio companies are guided through hands-on tools and support to increase positive impact and create business value while reducing the footprint of operations.

Exit

At the end of each company's journey with Alder, we ensure they leave us with a more attractive, competitive and a significantly improved sustainability performance than when they joined us. Sustainability impact, progress, and KPIs are core components for enhancing value in the company's sales material. We highlight the sustainability perspective of potential buyers to assess any risks for the company's future development or stakeholders.

Internal analysis and governance tools

Our internally developed tools and initiatives extend our understanding of sustainability and allow us to ensure that Alder governance lives up to our own high standards and to external requirements.

Alder Environmental Impact Assessment Tool

The Environmental Impact Assessment Tool is our internal decision-making process for evaluating investments in new portfolio companies. Using a set of fundamental questions, we effectively move through a process of elimination or selection. Our questions are:

- **Does the company's product/service have a positive environmental impact?**
- **Does the environmental impact drive customer value?**
- **Can the results be measured?**
- **Does the impact potentially contribute to any or several of the EU Taxonomy objectives?**
- **Does the company do no significant harm to the other objectives?**

A robust approach to sustainability data

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. In 2022, we decided to make our data management even more robust with the help of external experts, SustainLab.

SustainLab's AI-powered SaaS sustainability management platform collects and processes sustainability data and outputs actionable impact insights that can be updated, tracked and followed up.

The system will cover 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, Alder's ESG indicators and each portfolio company's specific sustainability targets.

We have begun implementing the platform for each portfolio company and we are using the data in this report for the first time. During 2023, we aim to fully integrate the tool for regular input to management teams and boards, and use it to keep track of targets and progress and enable annual reporting.

The Alder Way

Our internal sustainability guidebook, the Alder Way, helps guide our portfolio companies in a two-dimensional approach to building resilience, where value is created through both impact (what we do) and operations (how we do it).

The intention of the Alder Way is threefold:

- To set a common roadmap for defining and implementing sustainability strategies in our portfolio companies
- To share key tools, processes and frameworks
- To align expectations and clarify ownership and roles

The first step is to get the necessary ESG infrastructure in place: people, systems and data measurement tools. Then we provide hands-on, strategic guiding tools on how to increase the positive impact and create business value.

> **"Our strength lies in our boldness and never compromising. By being an SFDR Article 9 classified fund, we set ourselves apart from other green funds and will not settle for a lesser classification."**
>
> **Arash Raisse, Partner Alder**

Measuring and follow up on performance

The portfolio companies' performance is measured through targets relating to impact and operations.

Targets set by Alder related to operations:

- Reduce scope 1 and 2 emissions by 50% within 5 years of ownership (see company pages 25–48 for progress)
- Reduce scope 3 emissions by 15% within 5 years of ownership

Targets set by Alder related to impact:

- 100% EU Taxonomy alignment within their most important eligible economic activity after 5 years of ownership
- Doubled their most significant positive impact during our ownership

In addition to the company-specific impact targets set by Alder above, the portfolio companies are asked to set their own operational targets – one for scope 1 and 2, and one for scope 3. For impact, they are asked to set quantitative targets based on what makes a significant impact through their offer, and alignment targets on selected EU Taxonomy activities based on the most important eligible economic activities.

The portfolio companies regularly report sustainability performance to Alder with quarterly priority topic progress updates and an annual ESG scorecard that covers environmental, social and governance KPIs specific to each company. Progress and achievements are followed up bi-monthly via the Ambassadors to Alder's Sustainability Manager, at board meetings quarterly and bi-yearly.

Toolbox for accelerating transformation

2.0

The next phase in increased positive impact and reduced environmental footprint

The Alder Way is our internal tool to guide our portfolio companies in accelerating sustainability excellence. In 2022, we took the next step in supporting our portfolio companies' sustainability journey. In collaboration with Material Economics/ McKinsey, we developed a what we call a "Toolbox" to accelerate transformation. The Toolbox is a hands-on, strategic process for increasing positive impact and creating business value while reducing the environmental footprint of operations.

The Toolbox has four modules: understanding where the market is heading; identifying opportunities to create a positive impact; translating sustainability into customer value; setting ambitions, and tracking progress and impact. The modules are designed to help our portfolio companies understand their current positioning and identify steps to improve on this. They also include setting targets for scope 1, 2 and 3 emissions, a target to align with the EU Taxonomy and at least one target to measure their positive impact(s).

The benefit of the Toolbox process is that sales teams can demonstrate the positive impact of products and services to their customers and employees. It can be used in the value growth phase of ownership once the companies have fully onboarded and integrated the Alder Way.

In Autumn 2022, we began a pilot project with one of our companies, Scanacon, to test the effectiveness of the Toolbox. Scanacon's CEO Karl Holmqvist says of the results, "Many of us at Scanacon have the interest and dedication to improve our sustainability impact and the Toolbox has helped us create a context and a concrete pathway that we can understand and work towards." We will launch the Toolbox and Alder Way 2.0 to all our portfolio companies during 2023.

Portfolio companies

Building our portfolio in 2022

For most of 2022, our ten-company-strong portfolio remained. In December, we announced the exit of Autocirc and an investment in 3nine and r2pTracking, read more on the following pages. We include data for Autocirc in this report, and data on 3nine and r2pTracking will be included next year.

Autocirc drives forward with new owner

In the last few days of 2022, we were proud to announce the sale of Autocirc to Nordic Capital. Autocirc has become the market-leading supplier of high-quality reused original spare parts in the Nordics. They work with a circular business model to increase the lifespan of original spare parts in the automotive industry. We see their divestment as a true accomplishment, where we have realised the potential for building an industry leader in the recycled automotive aftermarket space. Developments during Alder's ownership have included putting a sustainability management system in place, analysing activities according to the EU Taxonomy and GHG protocol and halving scope 1 and 2 emissions per SEK of sales since 2020. It has been a privilege to work with Autocirc, and they can now continue their journey to become an international circularity leader supported by Nordic Capital. The transaction was closed in February 2023.

Autocirc's growth within Alder's holding period (2020-2023):

- From 0 to 40 companies
- From 0 to 750 employees
- From 0 to SEK 1.6 billion in sales
- From 0 to 40 units
- 90% customer satisfaction
- Scope 1 & 2 emissions halved per SEK of sales since 2020

Strengthening our air cleaning offering with 3nine

Clean air should be a right, not a privilege. That's the mantra of 3nine, the latest cleantech company to join the Alder portfolio.

Headquartered in Nacka, Sweden, and with operations in the U.S., Germany and France, 3nine provides the metalwork industry with an efficient and circular solution to eliminate oil mist from factory air. Unlike traditional filtration, their unique solution removes the oils used to lubricate machines and collects them for reuse. This means the oil doesn't go to waste and can be used many times. Since launching, 3nine estimates that customers have saved the equivalent of 402 tank trucks of oil, saving over 54,000 tons of CO_2 emissions. Customers not only safeguard the working environment by ensuring clean air, they also reduce operational and maintenance costs, and even positively impact their environmental footprint.

Alder acquired the company in October 2022 with 80% ownership. We will work closely with 3nine management on their growth plan and strengthen their environmental focus. We will provide expertise from our work within the air cleaning sector and foster collaboration with other related portfolio companies such as Centriair. Our long-term goal is to build a clean air group within our portfolio that meets a broad range of air cleaning challenges.

Partnering again with r2pTracking

r2pTracking was Alder's latest platform investment and was completed in December 2022. The company was founded in 1997 and provides proprietary developed hardware-enabled software solutions within vehicle telematics and fleet management solutions. They support their customers in increasing efficiency and reducing fuel emissions by optimising driver routes, predicting traffic, and visualising and analysing driving habits. The company is headquartered in Viborg, Denmark, with 30+ employees and has a track record of profitable growth with c. 45,000 connected devices across a variety of customer segments.

Alder previously owned r2pTracking between 2012 and 2018 and we are very much looking forward to partnering with them again. As the new majority owner, Alder will provide capital and experience to support the company to accelerate its growth journey through geographical expansion, M&A and further developments of the organisation and competitive offering. Our goal is to make r2pTracking the leading telematics company in supporting their customers to increase efficiency, comply with regulatory requirements and, most importantly, reduce their emissions.

The Nordics in focus

Our geographical focus continues to be on the Nordic region with a goal to expand into other areas of Europe over the coming years.

2022 portfolio companies

AB INVENTECH

Aidon

autocirc

Briab

centriair

safe monitoring group

SATEL

SCANACON
RECYCLING SOLUTIONS

Sustainable Intelligence

umia

AB Inventech

Make it automatic

AB Inventech (ABI) is a leading supplier and provider of automation applications and processes, primarily for global wind turbine blade manufacturers and for handling industrial composite fibres. Based in Denmark, their product and service offering add value to its customers by improving productivity, quality, work environment safety and cost of production through automation and professionalisation of manufacturing processes.

SDGs
AB Inventech contributes to SDG 7 and 13 through the delivery of reliable automation systems to the wind turbine industry.

Fund:
Alder II

Ownership:
70%

Acquired:
2021

Turnover 2022:
m DKK 93

Key performance data 2022

Climate footprint

($kgCO_2e$/mDKK)			
Scope 1 & 2	**Base year 2022**	**Target 2027**	**Target 2050**
	976	488	0
Scope 3	**Base year 2022**	**Target 2027**	**Target 2050**
	18,706	15,900	13,094

Read more about Alder targets on page 23

The Alder way compliance

Organising for Sustainability (Ambassador)	YES
Code of Conduct	YES
Supply chain risk assessment	YES
Whistleblower	YES
Management system	ISO 9001 Certification audit planned Q2 2023

Other metrics

	2022
Sales (Reported mDKK)	93
EBIT Group (Reported mDKK)	-11
Scope 1 Emissions, tCO_2e	28
Scope 2 Emissions, tCO_2e	63
Scope 3 Emissions, tCO_2e	1,736
Waste: % of recyclable fractions sorted	57
Employees	85
Employee Satisfaction (%)	74
Diversity in Board (% women)	17
Taxonomy eligible turnover (%)	100

AB Inventech

2022 Case Story

A future powered by renewables

With AB Inventech's total energy consumption amounting to 306,000 kWh in 2022, moving towards renewable sources is an obvious choice. In January, the company took the step to install 450 solar cells on the roof of their largest factory in Ikast, Denmark.

The solar cells are due to be commissioned in Spring 2023 and it is estimated they will cover 25% of ABI's annual energy consumption. This will allow for annual CO_2 savings of approximately 80,000 kg, the equivalent of the energy used by around 10 homes in a year, as well as considerable financial savings. And because the system has no battery solution, any excess power produced by the cells will be sold for use by the grid, creating additional CO_2 savings and income. ABI's additional electricity need (the remaining 75%) will be covered by 100% green energy.

This considerable investment in a future fueled by renewables will soon pay off both financially and for the climate.

"The company has built up significant expertise in wind turbine blades, and we see a need for their know-how and technology as the manufacturing of wind turbine blades becomes increasingly complex."

Keiward Pham, Investment Director Alder

Highlights 2022

Initial ESG-linked activities such as the implementation of Code of Conduct and Whistleblower function are now in place.

Customer dialogue is ongoing to evaluate the opportunity to collect and exchange old machines for upgrade, repair or dismantling as a circular business model.

Aidon

Smart metering

Founded in 2004 and headquartered in Jyväskylä, Finland, Aidon is a leading provider of smart grid and smart metering solutions, applications and services in the Nordics. Their systems enable reliable metering and distribution of energy as well as efficient maintenance of distribution networks. Aidon's technology is used in near to 4 million energy metering points in the Nordics.

SDGs
Aidon contributes to SDG 7 by enabling better energy-saving behaviour through smart meters and SDG 13 by assisting the transition to renewable energy sources.

Fund:
Alder I

Ownership:
57%

Acquired:
2013

Turnover 2022:
m EUR 48

Key performance data 2022

Climate footprint

($kgCO_2e/m€$)				
Scope 1 & 2	**Base year 2019**	**Result 2022**	**Target 2024**	**Target 2050**
	3,862	727**	1,931	0
Scope 3	**Base year 2021**	**Result 2022**	**Target 2024**	**Target 2050**
	205,816	Actions ongoing*	174,943	144,071

Read more about Alder targets on page 23

The Alder way compliance

Organising for Sustainability (Ambassador)	YES
Code of Conduct	YES
Supply chain risk assessment	YES
Whistleblower	YES
Management system	ISO 9001, ISO 14001, ISO 45001, ISO 27001

Other metrics

	2022	2021	2020
Sales (Reported m€)	48	38	40
EBITDA (Reported m€)	4.7	4.6	6.3
Scope 1 Emissions, tCO_2e	21	26	32
Scope 2 Emissions, tCO_2e	14	14	8
Scope 3 Emissions, tCO_2e	*	7,821	-
Energy use, MWh	565	170	170
Waste: % of recyclable fractions sorted	100	100	100
Employees	72	58	54
Diversity in Board (% women)	0	-	-
Employee Satisfaction (%)	85	85	82
Customer satisfaction (%)	71	75	-
Taxonomy eligible turnover (%)	100	100	100

* Lagging KPI for scope 3 will be measured every third year. Meanwhile the company measures leading indicators.

** Original target already reached.

Aidon

2022 Case Story

Smart metering data handles power grid challenges

Lede is one of Norway's largest energy distribution system operators, with c. 210,000 customers. The rapid development of technology has made local electricity production and storage an attractive choice for many of Lede's customers. This has led to a new and more flexible use of the power grid but has also meant operating the grid has become more complex for Lede.

To help them cope with the new challenges, Lede deployed Aidon's smart metering system. This investment allows the company to develop and utilise new value-adding functionalities necessary to enable the change to a green-energy system throughout a 15-year time frame.

With Aidon's monitoring solution, Lede can gather invaluable information about their low-voltage network, for example, detecting voltage-level deviations or high grid load. They can be more efficient in fault prevention and fixing, and reacting to disturbances, as they need less time for troubleshooting and repair work. Metering data also helps them calculate energy loss and find and eliminate the causes, reducing costs and energy consumption.

"Aidon has made the concept of "smart grid" a reality in the low-voltage networks in the Nordic region."

Dag Broman, Partner Alder

Highlights 2022

Aidon Days held in September for all employees focused on the sustainability theme "Increase awareness and importance of sustainability in general and at Aidon."

Aidon's Business Development Manager in Norway, Rolf Pedersen, was awarded the CINELDI 2022 prize for promoting research collaboration, innovation and internationalisation within intelligent energy distribution.

Autocirc

Car parts that go round

Autocirc is the hub for several independent operators working together within a circular business model for spare auto parts. Operators within dismantling, remanufacturing, scrap metal, tyres and rims, workshops, and vehicle transport all contribute to the goal of minimising material waste and optimising the reuse of end-of-life vehicles.

SDGs

Autocirc contributes to SDG 12 and 13 with their circular business model that helps reduce consumption, ensures more efficient material use, enables recycling and reuse as well as limits climate change through reduction in energy consumption.

Fund:
Alder II

Ownership:
65%

Acquired:
2020

Turnover 2022:
m SEK 1,599

Key performance data 2022

Climate footprint

($kgCO_2e$/mSEK)

Scope 1 & 2	Base year 2020	Result 2022	Target 2025	Target 2050
	5,055	2,788	2,528	0

Scope 3	Base year 2021	Result 2022	Target 2025	Target 2050
	10,094	Actions ongoing*	8,580	7,066

Read more about Alder targets on page 23

The Alder way compliance

Organising for Sustainability (Ambassador)	YES
Code of Conduct	YES
Supply chain risk assessment	YES
Whistleblower	YES
Management system	60%: ISO 9001, ISO 14001

Other metrics

	2022	2021	2020
	40 units	18 units	6 units
Sales (Reported mSEK)	1,599	625	127
EBITDA (Reported mSEK)	296	89	16
Scope 1 Emissions, tCO_2e	4,113	1,403	453
Scope 2 Emissions, tCO_2e	345	407	189
Scope 3 Emissions, tCO_2e**	16,905	6,310	N/A
Energy use, MWh	6,202	2,798	556
Waste: % of recyclable fractions sorted	95	100	100
Employees	750	286	54
Customer satisfaction (%)	90	85	N/A
Taxonomy eligible turnover (%)	100	94	94

* Lagging KPI for scope 3 will be measured every third year. Meanwhile the company measures leading indicators.

** Based on 2021 years average Market based tCO_2e per employee.

Autocirc

2022 Case Story

Becoming energy self-sufficient

In 2022, Autocirc initiated the construction of a 1 MW solar energy park at their headquarters in Esse, Finland. The project is a collaboration between Autocirc, local energy company, Esse Elektro-kraft and Pedersöre municipality. The goal is for Autocirc Finland to be energy self-sufficient and the project looks to enable energy savings of 43,000 EUR per year. The project will be finished by the middle of 2023.

"We see Autocirc's divestment as a true accomplishment, where we have realised the potential for building an industry leader in the recycled automotive aftermarket space."

Arash Raisse, Alder Partner

Highlights 2022

Collaborated with Swedish universities around how reuse of crashed cars can reduce environmental footprint.

R&D project, Autocirc Battery Recycling started in Jakobstad in Finland to find ways to reuse batteries.

Briab

The right side of risk

Briab was founded in 2002 and has its headquarters in Stockholm, Sweden. Briab has a background in fire safety engineering but has broadened its scope to include managing risks and planning sustainable communities. They work with architects, consultants, municipalities, developers and contractors to meet the interests of both authorities and clients.

SDGs

Briab contributes to four of the SDGs: 3, 11, 12 and 13, by managing risk and optimising resilience, material choices and project management.

Fund:

Alder II

Ownership:

65%

Acquired:

2020

Turnover 2022:

m SEK 207

Key performance data 2022

Climate footprint

Read more about Alder targets on page 23

($kgCO_2e/mSEK$)

Scope 1 & 2	Base year 2020	Result 2022	Target 2025	Target 2050
	639**	489	320	0

Scope 3	Base year 2021	Result 2022	Target 2025	Target 2050
	671	Actions ongoing*	570	469

The Alder way compliance

Organising for Sustainability (Ambassador)	YES
Code of Conduct	NO
Supply chain risk assessment	NO
Whistleblower	YES
Management system	ISO 9001. ISO 14001

Other metrics

	2022	2021	2020
Sales (Reported mSEK)	207	167	161
EBIT Group (Reported mSEK)	-3.4	-2.9	10.6
EBIT Services (Reported mSEK)	0.1	13.0	19.4
Scope 1 Emissions, tCO_2e	90	27	7
Scope 2 Emissions, tCO_2e	12	25	14
Scope 3 Emissions, tCO_2e	*	112	N/A
Energy use, MWh	124	73	82
Waste: % of recyclable fractions sorted	90	90	100
Employees	142	122	112
Diversity in Board (% women)	38	-	-
Employee Satisfaction (%)	81	76	68
Customer satisfaction (%)	89	88	84
Taxonomy eligible turnover (%)	69	70	70

* Lagging KPI for scope 3 will be measured every third year. Meanwhile the company measures leading indicators.
** Base year calculated with assumtion of fuelconsumtion as pre-covid.

Briab

2022 Case Story

Timber innovation

The total life-cycle emissions from wind power are predominantly from raw materials and components used to build wind turbines. By swapping to a wooden construction instead of steel, wind turbine towers of the same height and load can reduce CO_2 emissions by more than 100%. This is calculated by considering the dramatic CO_2 reductions from production and because wood is an efficient carbon sink (it captures and stores carbon), therefore a timber tower stores more carbon than it produces. Wood also has a higher specific strength compared to steel, resulting in lighter towers and that are easy to transport in modules. So, when in 2022, Modvion — developers of wooden wind turbine towers — asked Briab to analyse and improve their product's fire safety, they welcomed the opportunity.

Briab conducted a risk analysis identifying risks and proposing measures to improve fire safety, as well as a comparative risk analysis against conventional construction in steel. The purpose is to compile evidence as a robust case for building permit applications and certification according to the machinery directive and workplace safety according to AFS requirements. The full analysis will be completed in 2023.

"Briab aims to contribute to a sustainable construction industry by providing its customers with insights on sustainable alternatives and by reducing construction errors."

Henrik Blomé, Alder Partner

Highlights 2022

Company-wide sustainability seminar focusing on environmental certifications and measuring GHG emissions from building materials and production methods.

Joined LFM 30, a regional community for companies and organisations in Southern Sweden with the goal of achieving a climate-neutral regional building industry.

Roll-out of sustainability KPIs.

Centriair

Clean air innovation

With main offices in Sweden and Gemany, and markets in Europe and North America, Centriair is a cleantech company that designs, develops and delivers leading solutions for the abatement of industrial airborne emissions. Its solutions result in reduced emissions of harmful organic gases and aerosols such as volatile organic compounds (VOC) as well as odours, using less energy compared to prevailing solutions. Centriair operates across a broad range of sectors, including food and waste processing industries.

SDGs
Centriair contributes to SDG 3 where the abatement of airborne emissions secures human health, SDG 11 where they help cities and communities become cleaner and SDG 13 where they help industries solve a broad range of emission problems.

Fund:
Alder II

Ownership:
16%

Acquired:
2021

Turnover 2022:
m SEK 96

Key performance data 2022

Climate footprint

($kgCO_2e/mSEK$)

Scope 1 & 2	**Base year 2022**	**Target 2027**	**Target 2050**
	400	200	0

Scope 3	**Base year 2022**	**Target 2027**	**Target 2050**
	22,183	18,856	15,528

Read more about Alder targets on page 23

The Alder way compliance

Organising for Sustainability (Ambassador)	YES
Code of Conduct	YES
Supply chain risk assessment	NO
Whistleblower	NO
Management system	NO

Other metrics

	2022
Sales (Reported mSEK)	96
EBIT Group (Reported mSEK)	-26.4
Scope 1 Emissions, tCO_2e	28
Scope 2 Emissions, tCO_2e	10
Scope 3 Emissions, tCO_2e	2,119
Taxonomy eligible turnover (%)	20

Centriair

2022 Case Story

Major milestone tackling airborne emissions

After five years in development, Centriair has completed factory testing of its new DualCat 2000™ system. In March, the system will be installed at Kristianstad Biogas in Sweden. DualCat 2000™ is designed to eliminate methane slip (where unburned methane escapes) from the biogas upgrading stage, significantly lowering emissions of this potent greenhouse gas to the atmosphere. It is considered to be the most advanced technology of its kind in Europe.

DualCat 2000™ has clear advantages over other methane reduction technologies, including lower energy use and cost savings and helping reduce CO_2e emissions. Data in Europe and Sweden indicates that up to half of the environmental benefits achieved through biogas production can be lost due to methane slip. The investment in Centriair's system, therefore, provides a significant climate benefit compared to the financial costs involved. The technology can be used in any application within a biogas plant where there is methane slip such as in biogas upgrading, in the mixing stage or in storage of substrate and digestate. In 2023, following successful commissioning at Kristianstad Biogas, the second DualCat 2000™ system will be installed at the biogas plant at Apsley Farms in the UK.

"The company is run by a highly skilled and entrepreneurial team and delivers a leading technology offering in its field."

Dag Broman, Alder Partner

Highlights 2022

Analysed the company based on the EU Taxonomy and GHG Protocol to determine a base year. An ESG strategy has been prepared based on this.

A new and efficient filtration test equipment and pilot plant successfully tested in the laboratory.

Safe Monitoring Group

Gas detection

Founded in 1990 as Samon, Safe Monitoring Group provides gas detection systems for the refrigeration industry and other industries where dangerous concentrations of gas can occur, including industrial, commercial, and marine applications. In 2022, Safe Monitoring Group was formed out of the company Samon to better represent the breath of services they now offer. Samon still exists as a company within the Group.

SDGs

Safe Monitoring Group contributes to SDG 3 by ensuring health through the detection and warning for hazardous gases, SDG 6 by reducing ammonia in bodies of water through gas leak detection, SDG 11 by securing safer urban areas and SDG 13 by protecting the ozone layer, reducing greenhouse gases and enabling energy savings.

Fund:
Alder II

Ownership:
67%

Acquired:
2020

Turnover 2022:
m SEK 179

Key performance data 2022

Climate footprint

($kgCO_2e$/mSEK)

Scope 1 & 2	Base year 2020	Result 2022	Target 2024	Target 2050
	405	352	203	0

Scope 3	Base year 2021	Result 2022	Target 2024	Target 2050
	38,387	Actions ongoing*	32,629	26,871

Read more about Alder targets on page 23

The Alder way compliance

Organising for Sustainability (Ambassador)	YES
Code of Conduct	YES
Supply chain risk assessment	YES
Whistleblower	YES
Management system	ISO 9001

Other metrics

	2022	2021	2020
Sales (Reported mSEK)	179	40	40
EBITDA (Reported mSEK)	29.2	11.0	12.5
Scope 1 Emissions, tCO_2e	49	8	3.4
Scope 2 Emissions, tCO_2e	14	15	13
Scope 3 Emissions, tCO_2e	*	1,547	-
Energy use, MWh	57	50	50
Waste: % of recyclable fractions sorted	35	35	25
Employees	103	17	13
Diversity in Board (% women)	0	0	0
Employee Satisfaction (%)	88	-	-
Customer satisfaction (%)	90	90	N/A
Taxonomy eligible turnover (%)	95	95	95

* Lagging KPI for scope 3 will be measured every third year. Meanwhile the company measures leading indicators.

Safe Monitoring Group

2022 Case Story

Monitoring while you sleep

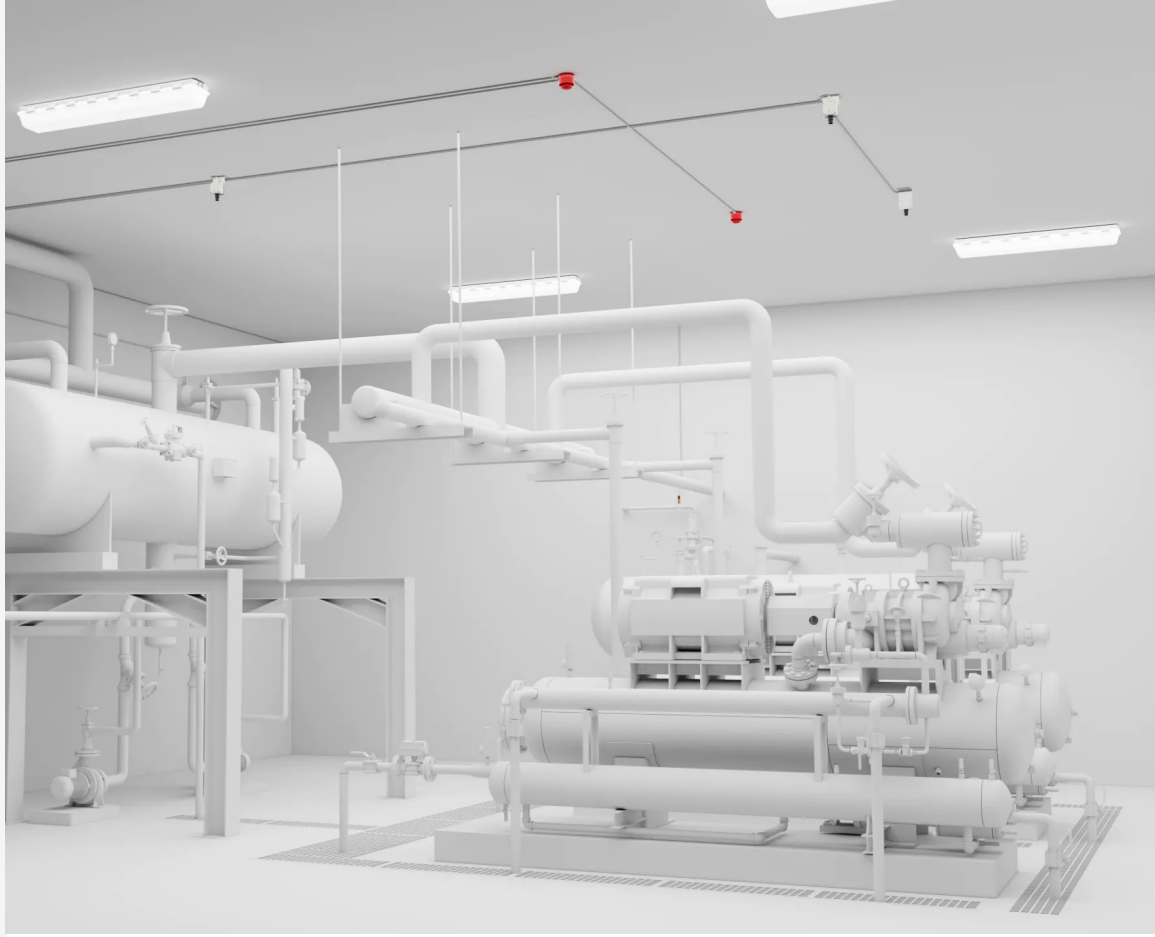
In 2022, SMG entered a sales agreement with their long-term customer, CPC. Based in the UK, CPC supply, install and maintain refrigeration controls, refrigerant leak detection, refrigeration system optimisation and energy reduction initiatives. They ordered 5000 units of the Group's Room Monitors (RM) to use in hotel rooms. The RM is a gas detector that reacts to most types of Hydrofluorocarbons (HFCs). It is developed for installation in offices, hotel rooms, stores or other confined spaces where people spend extended periods and where the concentration of HFCs could reach critical thresholds. It can also distinguish between other gases that might be in these environments, such as perfume and hair spray.

HFCs can be found in a hotel room's air conditioning system, as they are efficient for cooling and refrigeration. However, HFCs are potent greenhouse gases that can have an impact that's hundreds to thousands of times more powerful than carbon dioxide per unit of mass. This means they significantly affect climate change and it's vital to monitor for leaks.

Safe Monotoring Group estimates that the 5,000 detectors delivered to this customer could save c. 234.9t CO_2e through leak detection. That's the equivalent of 125 petrol cars driving 15,000 km/year with an emission of 130gr CO_2/km.

"We will continue to expand our work to protect people, equipment and the enviornment from hazarous gas leaks."

Dag Broman, Partner Alder



Highlights 2022

Ca. 80% employee growth in 2022, with >50% gender diversity.

UN Race to Zero — aligned targets on scope 1, 2 and 3.

New GLACIAR MIDI launched, detects all refrigerant gases, including natural refrigerants such as CO_2, propane, and ammonia, as well as HFC and HFO refrigerant blends.

All SMG employees participated in the workplace culture survey, "Great Place to Work®". In 2022, they scored their highest Overall Trust Index Score of 92%.

Satel

Mission-critical connectivity

SATEL is a leading expert and innovator in wireless networking technology. They develop high-quality connectivity solutions to enable secure, mission-critical connections. Satel's technology is used in a wide range of industrial applications, many vital to achieving the SDGs and global climate ambitions. These include electricity distribution, smart grids, water use and treatment, weather stations, environmental monitoring, transport systems and improved crop harvesting.

SDGs

SATEL contributes to five of the SDGs: SDG 2 by making farm operations more efficient with precision farming. SDG 6 by making utilities, including the supply of drinking water, more reliable. SDG 7 with the reliability of electricity distribution. SDG 11 with infrastructure solutions for public transport. SDG 13 through precision farming technology, which reduces GHG emissions.

Fund:
Alder I

Ownership:
93%

Acquired:
2014

Turnover 2022:
m EUR 19

Key performance data 2022

Climate footprint

(kgCO_2e/mSEK)

Scope 1 & 2	Base year 2019	Result 2022	Target 2024	Target 2050
	7,426	1,129**	3,713	0

Scope 3	Base year 2021	Result 2022	Target 2024	Target 2050
	104,390	Actions ongoing*	88,732	73,073

Read more about Alder targets on page 23

The Alder way compliance

Organising for Sustainability (Ambassador)	YES
Code of Conduct	YES
Supply chain risk assessment	YES
Whistleblower	YES
Management system	ISO 9001, ISO 14001

Other metrics

	2022	2021	2020
Sales (Reported m€)	19	16.4	12.8
EBITDA (Reported m€)	5	3.6	1.9
Scope 1 Emissions, tCO_2e	4	3	4
Scope 2 Emissions, tCO_2e	18	36	48
Scope 3: Emissions, tCO_2e	*	1,712	N/A
Energy use, MWh	514	562	528
Employees	83	83	77
Diversity in Board (% women)	0	0	0
Employee Satisfaction (%)	76	75	78
Customer satisfaction (%)	88	88	83
Taxonomy eligible turnover (%)	97	97	97

* Lagging KPI for scope 3 will be measured every third year. Meanwhile the company measures leading indicators.

** Original target already reached.

Satel

2022 Case Story

Precision farming on the increase

As the global population increases, there is more pressure to produce food and, at the same time, reduce the environmental impact of agriculture. Precision farming plays an important role in achieving this by using sensor technologies, satellite navigation and positioning technology to monitor and optimise production processes.

SATEL's radio technology is used worldwide in precision agriculture applications using GNSS (Global Navigation Satellite System). Their solution creates a wireless data link between the GNSS base and rover stations once every second with centimetre accuracy. Precision farming increases the quantity, accuracy and quality of agriculture. It can help save costs, reduce environmental impact and produce greater and higher quality yields. By making it possible to use less energy, water, fuels, pesticides and fertilisers, precision farming reduces CO_2 emissions and other negative impacts associated with agriculture.

In 2022, the growing demand for these solutions was evident, as SATEL saw sales in precision farming solutions more than double from 1,055 m EUR in 2021 to 2,304 m EUR.

"Satel helps its customers to measure, analyse and act for a better world and its solutions help solve climate change and other global challenges of our time."

Henrik Blomé, Alder Partner

Highlights 2022

Satel featured in Business Finland's Smart Forestry initiative, which aims to identify new business opportunities related to sustainable forest management and the forest industry supply chain.

Product development process updated to include sustainability options at each development milestone.

Scanacon

Closing the loop

Scanacon was founded in 1982 in Sweden, and provides acid management systems used in the production of special metals. Their solutions reduce the volume of acids and chemicals required, bringing down costs and emissions. They also provide technology to clean and recycle waste acids, minimising the use of scarce resources. They have installed hundreds of systems worldwide, currently serving customers from offices in Stockholm, Ohio, Shanghai and Hong Kong.

SDGs

Scanacon contributes to five SDGs. SDG 3 through the safe handling of hazardous acids, minimising manual operation and mitigating workplace health risks. SDG 6 by enabling significant water-use reduction in stainless steel production. SDG 12 by enabling recycling of up to 90% of acids. SDG 13 by reducing production and transport of acid through large scale acid reuse, and SDG 14 by preventing water contamination.

Fund:
Alder II

Ownership:
87%

Acquired:
2018

Turnover 2022:
m SEK 159

Key performance data 2022

Climate footprint

($kgCO_2e$/mSEK)

Scope 1 & 2	Base year 2019	Result 2022	Target 2024	Target 2050
	340	317	170	0

Scope 3	Base year 2021	Result 2022	Target 2024	Target 2050
	4,060	Actions ongoing*	3,451	2,842

Read more about Alder targets on page 23

The Alder way compliance

Organising for Sustainability (Ambassador)	YES
Code of Conduct	YES
Supply chain risk assessment	YES
Whistleblower	YES
Management system	Scanacon AB ISO 9001

Other metrics

	2022	2021	2020
Sales (Reported mSEK)	159	100	111
EBITDA (Reported mSEK)	45	19	17
Scope 1 Emissions, tCO_2e	8	0	38
Scope 2 Emissions, tCO_2e	43	16	15
Scope 3 Emissions, tCO_2e	*	406	N/A
Energy use, MWh	162	87	96
Waste: % of recyclable fractions sorted	90	N/A	N/A
Employees	40	36	37
Diversity in Board (% women)	0	-	-
Taxonomy eligible turnover (%)	68	68.4	68.4

* Lagging KPI for scope 3 will be measured every third year. Meanwhile the company measures leading indicators.

Scanacon

2022 Case Story

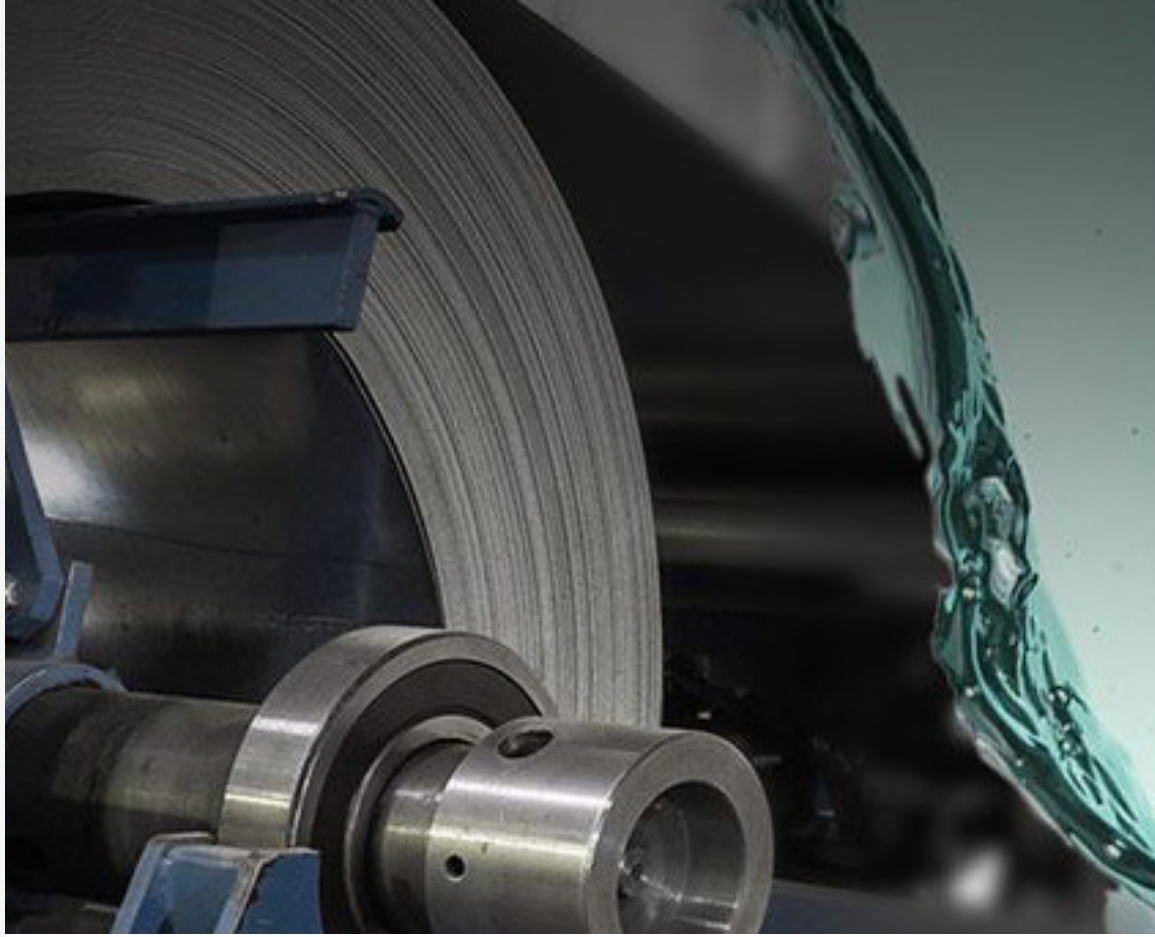
Adding customer value through sustainability

After Alder's Resilience Thinking workshop in May, Scanacon's team was fueled with new ideas about implementing strategic sustainability in their client offering and communication. Soon after, they brought on board consultancy Material Economics/McKinsey to help assess how they could better understand their customers' needs and pain points. Using a set of analytical tools, Scanacon can now analyse their customers' sustainability hotspots and provide a clear roadmap for how its products can create value and reduce environmental impact.

Through this initiative, Scanacon aims to make sustainability a clearer and more valuable part of their client offering, and to strengthen their commitment to reducing environmental impact and internal sustainability culture.

"Demand for Scanacon's solutions is growing in line with stricter environmental standards and through the company's competitive product offering. We also want to expand Scanacon's business into new, related market segments through continued development of the technology base."

Henrik Blomé, Alder Partner



Highlights 2022

Expanded and improved R&D capability and capacity by adding a new laboratory and development facility in connection to the head office in Stockholm.

Metal Recovery project further validated by introducing the project to major stainless steel producers in the EU, China and US. Evaluation of strategic partnerships for pilot projects are ongoing.

SI – Sustainable Intelligence

Creating an energy-efficient world

The Group has a new name, Sustainable Intelligence (SI) and their mission is to improve the sustainable management of buildings. They design, develop and deliver solutions for energy efficiency and automation in buildings and other facilities. Founded in 1998 in Sweden, their vision is to create an energy-efficient world for the next generation.

SDGs

SI contributes to SDG 6 through automation, control and servicing of municipal water treatment facilities, SDG 7 through solutions for energy efficiency and automation, SDG 11 by reducing energy consumption in cities and SDG 13 by reducing the climate impact of buildings.

Fund:

Alder II

Ownership:

51%

Acquired:

2021

Turnover 2022:

m SEK 349

Key performance data 2022

Climate footprint

($kgCO_2e$/mSEK)				
Scope 1 & 2	**Base year 2021**	**Result 2022**	**Target 2026**	**Target 2050**
	591**	417	296	0
Scope 3	**Base year 2021**	**Result 2022**	**Target 2027**	**Target 2050**
	11,365	Actions ongoing*	9,660	7,956

Read more about Alder targets on page 23

The Alder way compliance

Organising for Sustainability (Ambassador)	YES
Code of Conduct	YES
Supply chain risk assessment	YES
Whistleblower	YES
Management system	ISO 9001, ISO 14001, planned Certification for ISO 27001

Other metrics

	2022	2021
Sales (Reported mSEK)	349	251
EBITDA (Reported mSEK)	64	52
Scope 1 Emissions, tCO_2e	143	69
Scope 2 Emissions, tCO_2e	3	5
Scope 3 Emissions, tCO_2e*	*	2,847
Energy use, MWh	328	213
Waste: % of recyclable fractions sorted	100	95
Employees	199	110
Diversity in Board (% women)	17	17
Taxonomy eligible turnover (%)	91	75

* Lagging KPI for scope 3 will be measured every third year. Meanwhile the company measures leading indicators.

** Base year calculated with assumtion of fuelconsumtion as pre-covid.

SI – Sustainable Intelligence

2022 Case Story

Total optimisation at Ästad Vingård

Home to a thriving organic vineyard, spa, three restaurants, conference facilities and hotel, Ästad Vingård is a treat for the senses. SI has been working with Ästad for several years and has installed one of their most advanced systems to date, ensuring optimal comfort for guests and optimised energy use from the vineyard to the sauna.

A challenge of growing grapes so far north is the risk of frost when the buds are about to open. This mean the loss of the whole crop. SI's solution automatically irrigates the vineyard when temperatures drop below 0°C so when the water freezes, it insulates and protects the buds.

Across the premises, SI solutions include heating and cooling automation depending on whether rooms are booked or empty. Monitoring water use and pressure from the facility's own well; controlling heating, cooling, ventilation and fridges in the restaurant; and ensuring that electricity is not overloaded by switching units off in sequence. A solar panel installation with a 500kW output means that around half of the energy needed at the location comes from renewables, and electric car chargers were installed in the car park.

"Helping SI's customers reduce impact and measure progress is a huge business opportunity, but above all it is positive for the environment."

Henrik Flygar, Alder Partner

Highlights 2022

Rebranding to 'SI - Sustainable Intelligence' and repositioning as a long-term sustainable automation partner has been launched.

Ongoing work to develop metrics and target to demonstrate positive environmental impact.

Started gathering kWh/m2 data over time, for customers to monitor and measure improvements.

Umia

Integrated efficiency

Umia was founded in 2010 and is headquartered in Umeå, Sweden. They provide energy-efficient installation solutions by combining and integrating electrical, piping, sprinkler and HVAC technologies for customers in public, commercial and industrial sectors. Their integrated model enables more efficient installations resulting in lower energy costs for the customer over time.

SDGs
Umia contributes to SDG 7 by identifying and delivering energy-efficient solutions in buildings, SDG 12 with average savings of 13% for materials and appliances in projects and SDG 13 by reducing project emissions through reduced use of materials, efficient logistics solutions and energy savings for customers.

Fund:
Alder I

Ownership:
49%

Acquired:
2015

Turnover 2022:
m SEK 1,387

Key performance data 2022

Climate footprint

($kgCO_2e/mSEK$)

Scope 1 & 2	**Base year 2019**	**Result 2022**	**Target 2024**	**Target 2050**
	1,529	1721	765	0
Scope 3	**Base year 2021**	**Result 2022**	**Target 2024**	**Target 2050**
	81,147	Actions ongoing*	68,975	56,803

Read more about Alder targets on page 23

The Alder way compliance

Organising for Sustainability (Ambassador)	YES
Code of Conduct	YES
Supply chain risk assessment	YES
Whistleblower	YES
Management system	Umia-modellen

Other metrics

	2022	2021	2020
Sales (Reported mSEK)	1,387	1,208	1,164
EBIT Group (Reported mSEK)	56	45	33
Scope 1 Emissions, tCO_2e	2,362	2,428	1,129
Scope 2 Emissions, tCO_2e	25	35	34
Scope 3: Emissions, tCO_2e*	*	98,025	N/A
Energy use, MWh	1,032	305	788
Waste: % of recyclable fractions sorted	100	100	N/A
Employees	800+	827	750
Diversity in Board (% women)	0	0	0
Employee Satisfaction (%)	78	1+	78
Customer satisfaction (%)	66	88	N/A
Taxonomy eligible turnover (%)	45	45	45

* Lagging KPI for scope 3 will be measured every third year. Meanwhile the company measures leading indicators.

Umia

2022 Case Story

Heat pumps lead to big savings

Heat pumps are an efficient way to cover heating and hot water needs, reducing energy consumption and costs. This year, Umia carried out a major reconstruction of the heating system for an apartment complex in northern Sweden. This included replacing the existing heat pumps, the electric boiler, and individual apartment hot water delivery with new, efficient heat pumps. They also added more boreholes to increase capacity.

Umia also started preparing to replace boilers with heat pumps at one of Umeå's largest high schools and conference facilities, which has around 20 buildings. The initial study looks at reusing energy from waste warm air in the building for the heat pumps to conserve energy with the goal of saving up to 1,000,000 kWh per year.

"Umia is changing the installation industry from the ground up. We see all technologies as a whole and have developed a modern and unique collaboration philosophy."

Jonas Frick, Partner

Highlights 2022

Started using data to further reduce the environmental footprint of each project. The last 37 projects have resulted in CO_2 reductions of 17%.

Research on reducing scope 3 GHG emissions carried out through collecting data on CO_2 emissions from transporting materials.

Evaluation of how activities impact CO_2 emissions refined and modified to better represent all activities within the company.

Appendix

Appendix 1

Material sustainability topics

Materiality

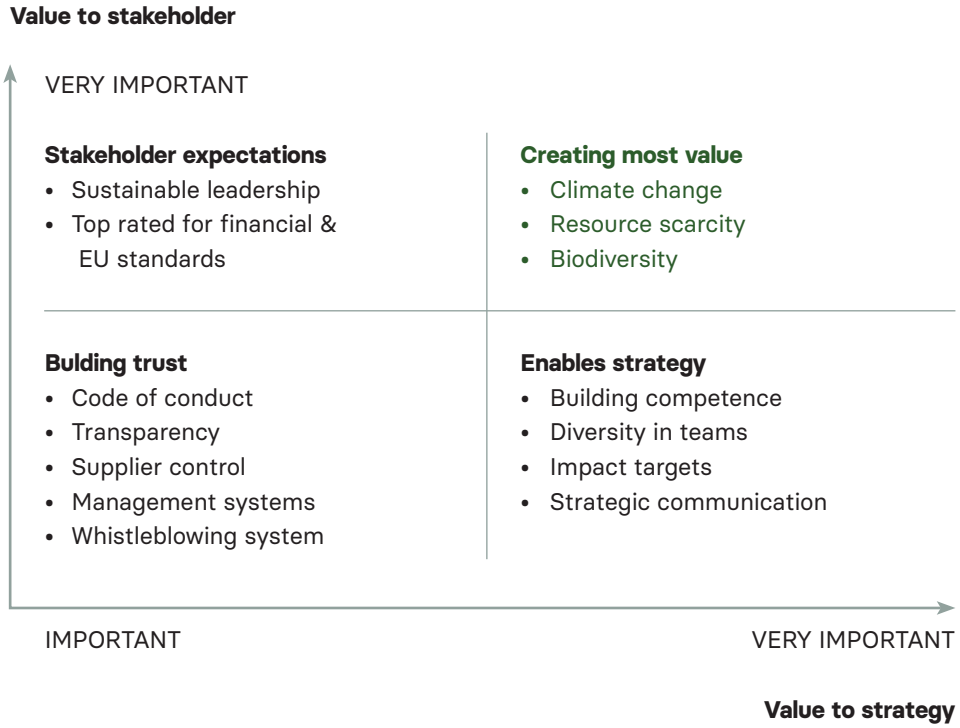
We have identified our company's sustainability priorities and how our business can most importantly, create impact and value for stakeholders and at the same time, support our strategy.

Our conclusion is that the sustainability topics where we can create most value (economic and environmental) and that we will strategically focus on through our investments and by supporting our portfolio companies are; climate change, resource scarcity and biodiversity.

Enabling sustainability topics are; building competence, diversity in teams, impact targets and strategic communication.

We will continue to live up to our stakeholders' expectations but need to better communicate our strategy and results.

We will continue to build a stabile sustainability core in our portfolio companies through systematic work and continuous improvement.



Appendix 2

Alder in 2022

Environment

We set a high environmental standards for ourselves. All Alder company cars are electric, and our offices are energy efficient with LED lighting. Our calculated emissions in 2022 amounted to 120 tCO_2e. We see a large increase from last year's post-COVID levels, but still a reduction compared to pre-COVID levels, 175 tCO_2e in 2019. Travel is normally by far the largest source of our emissions. We can see that our efforts to travel more via train and to continue to use both virtual and in-person meetings has a good effect.

Alder climate compensates for CO_2e emissions at a rate of twice the emissions generated. For 2022 emissions, we contribute to 240 tonnes of CO_2e reduction through the Gold Standard Bhadla Solar Park project in India.

CO_2e, tonnes	2022	2021	2019
Travel	98	19	156
Energy and Heating	12	12	12
Other	10	6	7
Total	120	58	175
Climate compensation	(240)	(116)	(350)
Carbon intensity, tonnes CO_2e/employee	8.6	4.8	14.6

Social

The Alder team consisted of 14 full-time employees and four regional partners at the end of 2022. We value diversity and the different perspectives that are added from team members with differences in backgrounds, interests, age, culture and gender. Within the Alder team, we speak nine languages and 21% of our employees are female.

We see the importance of working proactively with health and life balance and encourage our employees through subsidized training and regular health-checkups.

We have updated our skills on CPR (cardiopulmonary resuscitation) and most of the team members have voluntarily joined the SMS Livräddare. Career planning and competence development is managed in regular performance reviews, in which we also evaluate the team members' sustainability contribution.

Governance

Alder - and our stakeholders – expect and demand high ethical standards within our own organisation and in our portfolio companies. In the Alder Code of Conduct and Human rights policy, shared on www.alder.se, we define the principles and standards for how we behave and conduct our business, and how we interact with portfolio companies, colleagues, investors and suppliers.

Alder commits to the UN Guiding Principles on Business and Human Rights. We work with our portfolio companies to ensure fair working conditions and adherence to human rights in their supply chains.

We provide an anonymous and externally handled whistleblowing channel, managed by WhistleB, to which complaints can be reported anonymously.
No incidents were reported in 2022.

Appendix 3

Alder PAI indicators

Alder considers principal adverse impacts of our investment decisions on sustainability factors as part of its investment due diligence process and procedures. This means that we are ensuring that our investments do no significant harm to any environmental or social objective.

Area		Measurement	2022	2021
Greenhouse gas emissions	1	Scope 1 Tons CO_2e	2,741	3,964
		Scope 2 Ton CO_2e	381	553
		Scope 3 Tons CO_2e	133,229	118,782
		Total GHG emission CO_2e	136,352	123,299
	2	Carbon footprint Tons CO_2e/MSEK capital*	113	119
	3	Carbon intensity of investor companies Tons CO_2e/MSEK revenue**	33	49
	4	% of investment active in the fossil fuel sector	0%	0%
	5	Renewable energy consumption %	74%	58%
	6	Energy consumption of investee companies, per high impact climate sector	N/A	N/A
Biodiversity	7	Negative impact on Biodiversity (% of companies)	10%	13%
Water	8	Emissions to water Tons/ MSEK invested	0	0
Waste	9	Hazardous waste generated Tons/MSEK invested	0,07	0
	10	Non-rcycled waste Tons/ MSEK invested	0,14	25%
Social and employee matters	10	Involved in violations of UNGC or OECD	0	0
	11	Lack of Policies to monitor compliance with UNGC or OECD	0	0
	12	Gender pay gap % difference woman & men	10%	9%
	13	Percentage of board members who are female	17%	23%
	14	Involved in manufacture or selling of controversial weapons	0%	0%
Human rights, anti-corruption	4	% Lack of Code of conduct and anti-bribery matters	33%	12%
	6	% Lack of Whistleblowing channel	3%	0%
	15	% Lack of policy on Anti-Corruption and anti-bribery consistent with UN Convention	29%	12%

Appendix 4

Taxonomy result Alder 2022

Overview of how our companies' activities are eligible according to the Taxonomy Compass on Climate Mitigation and Adaptation. And where our portfolio companies have the most significant impact connected to EU Taxonomy economic activities.

	AB Inventech	Aidon	Autocirc	Briab	Centriair	Samon	Satel	Scanacon	SI	Umia
% of Total turnover eligible according to the EU Taxonomy	100%	100%	100%	69%	20%	95%	97%	68%	91%	45%
% Eligibility of Alders's funds based on investment cost						88%				

Appendix 4

	Activity number	Aidon	Autocirc	Briab	Centriari	AB Inventech	Samon	Satel	Scanacon	SI	Umia
Climate Change Mitigation											
Manufacture of renewable energy technologies	3.1					100					
Manufacture of other low carbon technologies	3.6 e						(81)	97	68		
Production of heat/cool using waste heat	4.25				20						
Transmission and distribution of electricity	4.9	86									
Material recovery from non-hazardous waste	5.9		71								
Construction of new buildings	7.1 e			50							
Renovation of existing buildings	7.2 e			13							
Installation, maintenance and repair of energy efficiency equipment	7.3										25
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings.	7.5									83	9
Installation, maintenance and repair of renewable energy technologies	7.6										8
Data-driven solutions for GHG emissions reductions	8.2	14									
Professional services related to energy performance of buildings	9.3									8	3
Climate change adaptation		●		●	●			●		●	●
Circular			●	●					●		●
Pollution prevention: Collection and transport of hazardous waste			●		●		●		●		
Biodiversity								●			
Water								●			

Appendix 5

Reporting on climate-related financial risks

This report comes from work for Alder to report according to the Task Force on Climate-related Financial Risk Disclosures (TCFD):

Background

The TCFD asks that companies understand the way that climate change can change the potential for companies to create value for their customers, investors and other stakeholders. It plans to provide information to investors about what companies are doing to mitigate the risks of climate change, as well as be transparent about the way in which they are governed. It was established in December 2015 by the G20 Financial Stability Board, and is chaired by Michael Bloomberg.

Overview of findings from interviews with five Alder portfolio companies

- The changes/risks described by the TCFD are not in the future – they are today. Companies are experiencing the changes and learning to manage them – but this is only relevant for a scenario of 1.5 degrees warming. More work is needed to understand the impact of a 3 degrees warming scenario.
- Conversations about longer-term plans to adapt to climate risks and opportunities will need to start soon.
- The potential of new markets emerging in the transition is real – but not systematically explored.
- Supply chain challenges were experienced during the pandemic. How climate change may create the same challenges has not yet been assessed sufficiently.
- The potential of increasingly intense competition and innovation in climate-friendly solutions was not fully explored and may be hard to characterise in cutting-edge sectors.

Appendix 5

Alder approach to manage climate-related financial risk (from TCFD)

	Key Questions	Climate-related Metrics	Alder Targets
Governance	Is the organisation's governance enabling oversight, assessment and management of climate risks and opportunities?	Alder, managing investor funds, explicitly sets goals for the management of climate-related risks and opportunities to the boards of the portfolio companies	Climate-related risks and opportunity was discussed at every Portfolio company board meeting in 2022
Strategy	Is the organisation aligning its business strategy and financial planning in light of climate risks and opportunities?	Proportion of assets and/or operating, investing or financing activities aligned towards climate opportunities	The Alder responsible investment policy ensures that 100% of company assets are aligned with climate opportunities.
		GHG emissions, Scope 1, 2 & 3 in Alder itself and associated with the operations of portfolio companies	Targets for emissions reductions of 50% for scope 1 & 2, and 15% for scope 3 emissions after 5 years of ownership for all portfolio companies.
Risk Management	What is the organisations exposure to climate risk?	Climate-related financial risk per portfolio company assessed based on transitional and physical risk	Risk judged to be low.

Appendix 5

Interview results

Area	Relevant Risks	Relevant Opportunity	Result	Measures taken
Policy & Legal	Increasing in operating costs due to price of emitting GHG. Change in regulation on products and services penalize or ban high emitters.	Energy efficiency and control of emissions will face increasing demand for solutions. Market regulation favours innovative actors delivering solutions.		Alder portfolio companies are working to increase their capacity to report on the benefits they provide to customers related to expected policy impacts, and to reduce exposure to any elements in their supply chains that will not benefit from future policy.
Technology	Innovative market entrants will compete with lower emissions options of existing products and services, or lower cost solutions. R&D costs in new and alternate technologies	Existing technologies are already at the forefront and anticipate increasing demand		Alder portfolio companies are sharpening their climate-related business environment analyses to ensure that they remain leaders in their sectors.
Market	Awareness of the need to respond to climate change increases demand – and thus cost- for low carbon raw materials and energy, also increases the costs of transport and any remaining embedded carbon in the supply chain	An early market presence as a supplier of climate solutions allows swift response to shifting customer needs. Similarly, being part of a value chain that is climate-risk aware is an advantage		Alder portfolio companies are encouraged to explore their supply chains to identify risks of this nature.
Reputation	Companies not clearly recognised as part of climate solution may miss out on opportunities, or not be associated with the “green economy”. Any products that are not consistent with a strong climate-friendly identity may risk confusion or even cause brand dissonance.	Companies clearly positioning themselves and their products and services will be rewarded as the economy shifts increasingly to climate solutions.		Through the work with Alder, portfolio companies are working on their market messaging, and ensuring that their metrics identify any products that might not match this market position.

Appendix 5

Area	Relevant Risks	Relevant Opportunity	Result	Measures taken
Acute Physical				
Increased severity of extreme weather events such as cyclones and floods, including wild fires.	Reduced revenue from decreased production capacity (e.g. transport difficulties, supply chain interruptions)	As weather becomes more unpredictable, smart products that improve the capacity to measure the status of equipment or real estate will be increasingly needed.		Alder portfolio companies are being encouraged to assess their supply chains for vulnerabilities related to extreme weather.
Chronic Physical				
Changes in precipitation patterns and extreme variability in weather patterns, rising mean temperatures and rising sea levels	Weather events and climate changes such as rising temperatures and sea levels may impact value chains in the short and long term, for example due to work force health issues, suppliers or transport solutions impacted by such risks. It is likely that, especially in a warmer scenario, value chain disruptions become more frequent in coming years.	As weather becomes more unpredictable, smart products that improve the capacity to measure the status of equipment or real estate will be increasingly needed.		Alder portfolio companies are being encouraged to assess their supply chains for vulnerabilities related to changes in weather patterns, and climate changes such as rising temperatures and sea levels.

About this Report

This is the fifth Sustainability Report from Alder Funds, covering the legal entities Alder Fund I AB with organisation number 556807-9916, and Alder Fund II AB, 559130-3986. The reporting cycle is annual and follows the calendar year. This sustainability report covers our sustainability performance for the financial and calendar year 2022.

This report has not been externally audited. The report is available via Alder's website, www.alder.se.

For questions about this report, please contact Alder's Sustainability Manager, Eva Normell: eva.normell@alder.se.

Alder.