The background of the entire image is a dark green wood grain texture. The grain lines are wavy and run diagonally from the top-left towards the bottom-right. There are several prominent, concentric circular knots visible, particularly in the upper right and lower right areas. The overall color is a deep, forest green with subtle variations in tone due to the wood grain.

# **Sustainability Report 2023**

**Alder.**



# Alder's why

As the planet moves away from a stable climate and flourishing biodiversity, it is our greatest challenge to **turn things around**. We need to meet these global problems at a scale and pace that will create a thriving world now and for future generations.

We founded Alder on the conviction that the companies most likely to thrive are those that **drive transformation** and build resilience within their organisation and in the world. We aim to create opportunities for **our portfolio companies** to accelerate growth and strategic development while contributing to a sustainable future.

Alder's investments **actively contribute** to climate change mitigation and adaptation, aim to halt and reverse biodiversity loss and address resource scarcity. As **active owners**, we offer our portfolio companies experience, capital, and a broad network of industrialists and experts who strengthen boards and provide strategic advice, benefitting the company and its impact on the planet.

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## About this report

This is the sixth Sustainability Report from Alder Funds, and it covers the sustainability performance of Alder and its portfolio companies for the financial and calendar year 2023. It is relevant for the legal entities Alder Fund I AB with organisation number 556807-9916, Alder Fund II AB with organisation number 559130-3986, Alder Fund III (D) AB with organisation number 559386-0496 and Alder Fund (E) AB with organisation number 559386-0488. We report on an annual basis and follow the calendar year. We have used the EFRAG Draft Voluntary ESRS for non-listed Small- and Medium-Sized Enterprises Basic Module as guidance for this report. This report has not been externally audited.

The report is available in digital form via [www.alder.se](http://www.alder.se)

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



A message from our team

# The road to supporting the green transition

**From the beginning, our unwavering strategy has been to invest in companies that build resilience within their organisations and the world, contributing to a healthy planet. While our conviction remains, the landscape has evolved significantly over our 13-year journey. Notably, the eagerness of investors to support sustainability-focused funds has reached new heights, marking 2023 as a remarkable year.**

Our fundraising efforts for Alder III exceeded expectations and by the end of the year we were on course to meet our target of SEK 3 billion. This was double the total of Alder II – a considerable feat given the uncertain economic times we are currently living through. The success of Alder III shows a growing recognition of the immense potential and untapped opportunities in financing the green transition as well as our long track record in sustainable investments.

We wasted no time securing Fund III's first two platform investments. Insort, focuses on hyperspectral imaging – a technology pivotal for optimising sorting applications and minimising food waste. EWGroup, brings qualified services and capacity for managing hazardous waste, aligning with our commitment to resource efficiency and creating a circular economy.



2023 also saw two successful exits of Alder I portfolio companies Aidon and Satel. It has been rewarding to be a part of their journeys. These exits showcase Alder's success and create a compelling story for potential investors and portfolio companies by demonstrating our ability to build companies with a positive impact and strong financial returns.

The work to develop our portfolio companies has continued focusing on developing tools to better measure and substantiate their sustainability impact. We have seen significant growth in our portfolio, both financially and in terms of sustainability performance.

Internally, Alder has undergone several noteworthy developments, including recruiting two key positions – Chief Financial Officer and Investment Director. We also finalised and rolled out an updated version of our internal sustainability guidebook, The Alder Way to incorporate the latest regulatory requirements and introduce our Impact Toolbox. Together with the new fund and portfolio companies, these initiatives set the stage for positive momentum in the upcoming year.

Of course, the year has not been without challenges. Our job will always be about resilience; adapting to, managing and overcoming hurdles. Whether it is portfolio companies facing a downturn, instability in the world economy, or the knock-on effects of global conflicts.

The hard work of our portfolio companies, our committed and tight-knit team, an active-ownership approach and robust governance principles mean that we can overcome challenges and come out stronger. In this spirit, we look forward to the year ahead and the opportunities that await us, our portfolio and our investors.

The Alder team

## What do we mean by the green transition?

The green transition refers to the global shift towards more economically sustainable growth. It means transitioning away from fossil fuels and other non-renewable resources, reducing carbon emissions, mitigating climate change, protecting biodiversity, and promoting efficient resource use. The green transition requires policy reform, behavioural change, technological innovation, and a shift in the way we run our businesses and their supply chains.

# A snapshot of Alder in 2023

**3**

Funds

**11**

Companies

**2**

Exits

**2**

New investments

**6**

Add-on acquisitions

**1500+**

Employees across all  
portfolio companies

**13**

Alder employees

**>50%**

CO<sub>2</sub> emissions intensity reduced  
compared to 2022

**+4** bn SEK

In revenue

**100%**

Active ownership

**Article 9**

For all funds



The background of the entire page is a high-contrast, black and white photograph of water. It features several concentric ripples from raindrops, with two prominent splashes in the upper center and middle right. The lighting creates bright highlights on the water's surface, giving it a textured, dynamic appearance.

# About Alder

# Alder at a glance

## Sustainable investments

**Alder is committed to acquiring, growing and developing** companies that contribute to the long-term sustainability of the environment and society and that will remain resilient and thrive with the green transition.

**We use the European Green Deal** to guide our investment decisions and ownership governance, including the EU Taxonomy and SFDR. We also refer to the TCFD, Stockholm Resilience Centre's Planetary Boundaries, the UN SDGs, the Greenhouse Gas Protocol and Alder's internal guidelines.

## Memberships



## Investment criteria

Focus on investments with **substantial growth potential**.

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

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

## Track Record since 2010

# 13+

Years' experience investing as a team

# 5.7 bn

SEK raised since 2010

# 3

Funds

# 19

Platform investments made

# 70+

Add-on-acquisitions

# 9

Exits



# Our core values

## **Development**

Supporting businesses and people to grow is our primary motivation.

## **Collaboration**

By working together, we can develop more impactful solutions.

## **Persistence**

We won't give up until we have reached our goal and we are never satisfied with "almost".

## **Sustainability**

Sustainability and profitable development go hand-in-hand.

# A history of sustainability at Alder

When Alder began in 2008, the founding partners recognised the need for a global shift and the growth potential from companies pioneering technological solutions to mitigate sustainability challenges. Alder pioneered the industry as one of the world's first sustainability-focused private equity funds.

On the next page, you find a timeline of our developments so far.



# Alder timeline

**2008**

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

**2010**

Alder I established as one of the first thematically focused ESG funds.

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.

**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**

Alder 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 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**

Board Chairperson, CEO and Ambassador of all portfolio companies trained in Resilience Thinking.

Introduced SustainLab's platform to manage ESG data.

TCFD update initiated.

**2023**

Established Alder III as an SFDR Article 9 Fund

Aligned all our funds with SFDR templates and reporting

Rolled out new Toolbox – an update to The Alder Way

Established a new process to measure portfolio companies' impact KPIs

Aligned with the EU Taxonomy Taxo4 (biodiversity, water, pollution, and the circular economy)

Vision:  
**No. 1  
Green Investor**

# Alder:

# Governance

# People

# Planet

Just like our portfolio companies, Alder strives to have a positive impact on governance parameters, people and the planet. Our ambition is to lead by example and build a sustainable workplace that reflects our core values: development, collaboration, persistence and sustainability.

During 2023, we developed our internal sustainability efforts focusing on the workplace, nature, and humanity.



# Governance

**Alder and our stakeholders expect and demand high ethical standards within our organisation and in our portfolio companies. In the Alder Code of Conduct and Human Rights Policy (see [alder.se](https://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 whistle-blowing function, managed by WhistleB, where anyone can register complaints anonymously. No incidents were reported in 2023.

# People

**We value diversity and the different perspectives of team members with diverse backgrounds, interests, ages, cultures and genders. Our flat organisation empowers every employee to be their best and contribute to our collective success. At the end of 2023, the Alder team comprised 13 full-time employees and two interns. Only 15% of our employees were female this year, which we will double in 2024 through new confirmed hires for our CFO and an Investment Director.**

We see the importance of working proactively with health and work-life balance and encourage our employees through subsidised training and regular health check-ups.

We have strengthened our onboarding package by developing our HR handbook, setting up four introduction modules, clarifying our “buddy” and “mentor” program and creating an Alder Employee Journey. This describes the stages of an Alder employee, outlining expectations and what competencies and support are needed. We have improved our ways of working with continuous professional development, including career planning. In our regular performance reviews, we also evaluate team members' contributions to building a sustainable portfolio. We engage our entire team in the sustainability agenda through training, discussion and external input, which we believe helps to retain and recruit talent.

# Planet

**We are proud to make a positive environmental impact through our investments. However, we recognise that even small actions can make a difference. That’s why we continuously consider the impact of our choices, from travel policies to food and waste management, to reduce our environmental footprint and set an example for our portfolio companies, investors and peers.**

Travel is integral to discovering new companies, visiting our existing portfolio companies and meeting with our investors. Alder climate compensates for travel emissions at a rate of twice the emissions generated. **We have identified a CO<sub>2</sub> compensation program through FightCOtwo, where we contribute to biodiversity efforts in Swedish forests and wetlands.** For 2023 emissions, the program helped us compensate for 244 tonnes CO<sub>2</sub>e, which amounts to double the amount of emissions Alder emitted during the year.

CO <sub>2</sub> e, tonnes	2023	2022	2021	2019
Travel	95	98	19	156
Energy & Heating	12	12	12	12
Other	15	10	6	7
Total	122	120	58	175
Carbon intensity, tonnes CO <sub>2</sub> e/employee	8.1	8.6	4.8	14.6

**Our calculated emissions in 2023 amounted to 122 tCO<sub>2</sub>e.**





# Our sustainability strategy



**To ensure that we remain on course to achieve our mission to contribute to a sustainable future, we have a rigorous process for investment selection and the governance of our portfolio companies. We follow recognised external sustainability frameworks and internal procedures for an effective entry, ownership and exit process.**

Read more about our Responsible Investment Policy at [alder.se](https://alder.se).

# Alignment with sustainability frameworks

To ensure that the impact and operations of our own business and that of our portfolio companies are robust, we align with several global and EU sustainability frameworks including those within the EU Green Deal. Figure 1 gives an overview of the key frameworks we align with, how they relate to one another, which are mandatory or voluntary and which apply to Alder or our portfolio companies. On the next page you can see how Alder integrates the frameworks.

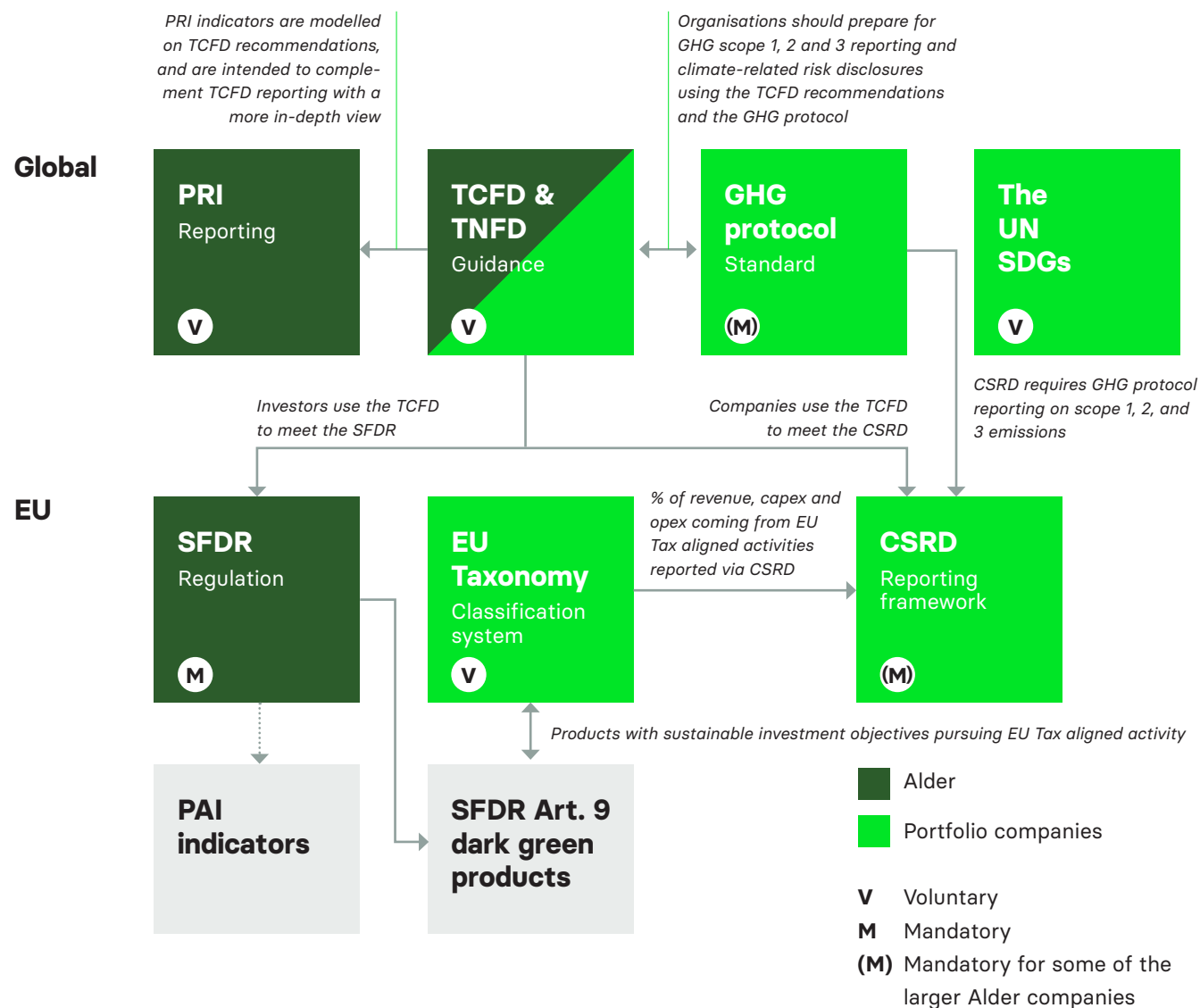


Figure 1. The sustainability frameworks Alder follows and how they are connected.

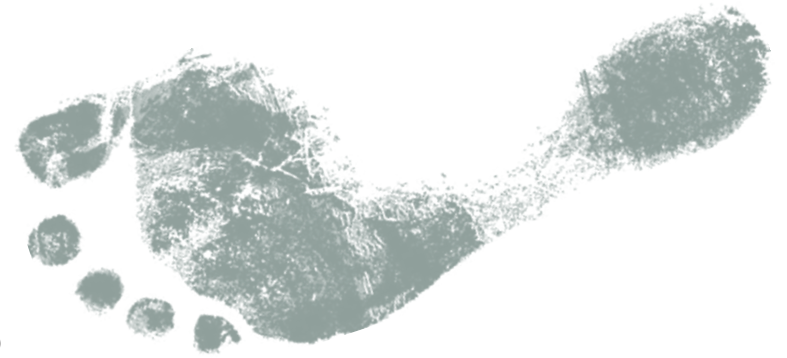
# Integrating the frameworks

Figure 2. How alder works with the sustainability frameworks



# Two dimensions of sustainability

We approach sustainability from two distinct but interconnected angles: **handprint** covers the positive impacts of what our portfolio companies do, and **footprint** is concerned with decreasing the negative impacts of our companies' operations.



## Handprint - the positive impact of what we do

We focus on the handprint of our portfolio, i.e. the positive environmental outcomes that our portfolio companies create. This could include driving down scarce resources and energy consumption, reducing GHG emissions, or improving water quality. At the pre-investment stage, we assess the extent to which each company can have a positive impact. During ownership, we develop measurable impact KPIs and follow progress using the EU Taxonomy and internal measures.

**Over time, our positive handprint should increase.**



## Footprint - how we decrease the negative impact of our operations

Company footprint focuses on reducing the negative impact of the operations of our business and our portfolio companies. This includes implementing the appropriate governance systems and policies, such as a common Code of Conduct, focusing on minimising negative environmental impacts and actively developing competencies and satisfaction among portfolio company employees.

We have chosen not to require our portfolio to join the Science Based Targets initiative (SBTi). We do however expect our companies to reduce their footprint in line with the UN Race to Zero campaign and the Paris Agreement's 1.5-degree target. We believe we will achieve a greater impact by focusing on maximising positive environmental impact through growth and development while simultaneously driving down companies' negative footprint.

**Over time, our negative footprint should decrease.**



## Acquisition process

Investing in a new company is an exciting and critical stage of our ownership journey. The process includes a risk and opportunity assessment and analysis of the company's potential to create a positive impact. To further strengthen our process, we have developed our definition of impact and work proactively to find companies that will contribute the most. **We use the following steps to ensure this:**

1.	2.	3.	4.	5.
Identify	Screening	Initial assessment	Due Diligence (DD)	Investment decision
Our team and network constantly look for promising companies who fit our investment criteria.	We focus on companies with a positive environmental impact. We reject companies within alcoholic beverages, commercial gaming, tobacco, pornography or weapons.	We use the Alder Environmental Impact Assessment Tool (see Appendix 3 for more details) to determine if businesses meet our investment criteria, which includes EU Taxonomy classifications.	We perform sustainability DD following the Alder ESG DD guidelines, including SFDR's PAI indicators, Do No significant Harm (DNSH) and Organisation for Economic Cooperation and Development (OECD) minimum safeguards for responsible business.	Red flags discovered during due diligence must be addressed, and hypotheses for impact key performance indicators (KPIs) must be established for the investment to move forward.

## Ensuring we select the most impactful companies

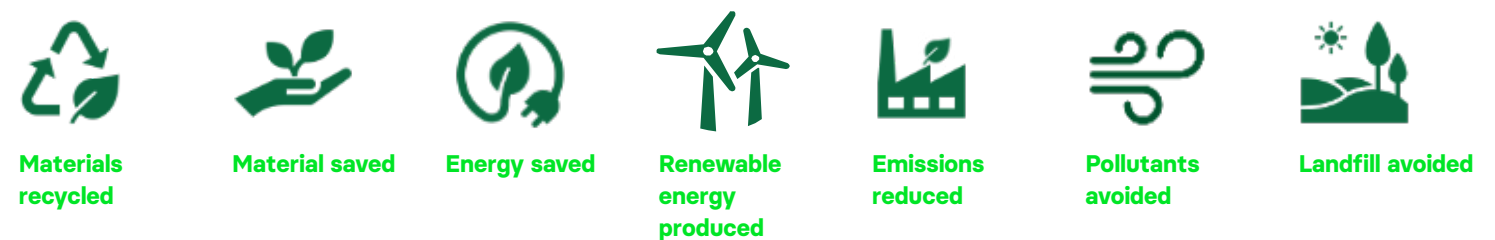
**While the world needs an urgent transition, we know that humans will continue to have complex needs that must be met in ways that allow both people and the planet to thrive. This is where we see our opportunity to help build and drive sustainable companies that enable a resilient future.**

Our role is to identify and evaluate companies that directly and indirectly drive positive environmental impact.

This year, we defined the areas where our portfolio companies currently drive measurable positive environmental impact, which are shown in Figure 3. You can also see a table on page 35 showing how each company contributes to one or more of the seven areas, and a description on each company page later in this report about how they contribute.

We will use these seven areas as part of our portfolio company selection process going forward, and we intend to develop this further and add other impact areas.

**Figure 3.** Seven ways in which our portfolio companies contribute to driving positive environmental impact.



## Investment themes – future-ready investments

**We have a proactive strategy and processes for identifying promising companies for investment opportunities, where we have an opportunity to build companies that enable a resilient future within the planetary boundaries. To better serve these areas, we have defined four key investment themes:**



### **Natural resources**

We require a shift towards solutions that provide sustainable ecosystem services and that contribute to reversing biodiversity loss. Examples include limiting air emissions, providing clean water, efficient food systems, smart consumption and long-term carbon capture and storage.

**Safe Monitoring Group,  
3nine, Centriair, Insort**



### **Building efficiency**

With a growing population, there is an increasing need for smart and efficient buildings. 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.

**Umia, SI, Briab**



### **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.

**AB Inventech, EcoMobility**



### **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.

**Scanacon, EWGroup**

# Two waste problems, two innovative solutions

**Autumn was a busy season at Alder as we closed two new platform investments – Insort and EWGroup (EWG).**



**Our first investment in Alder III** was of EWGroup, a one-stop shop for treatment of contaminated materials primarily generated by the construction industry. Demand for recycling services for construction waste and its residual products exceeds supply, so EWG is well positioned for growth. We recognised their significant potential to minimise the use of finite resources and decrease human and environmental exposure to toxic materials. Read more about EWG on page 53.



**Our second investment in Alder III** was of Insort, a pioneer in Hyperspectral Imaging (HSI) for the food processing industry. Insort, based in Austria, is the culmination of efforts from our team to find a company at the forefront of this promising technology. Insort's solutions make an important contribution to reducing food waste and help improve food quality and safety. Read more about Insort on page 56.



# Ownership

**Alder is an active owner. We invest our time, resources and expertise, including board activities and stewarding each company so they are resilient, make a positive impact and offer long-term customer value.**

During the onboarding period, we focus on creating an infrastructure including establishing ESG parameters and implementing systems and data management tools. Throughout 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 their operations.

To enhance our process we have continued to develop our internal sustainability guideline, The Alder Way, and developed tools to visualise our metrics, ensuring transparency in tracking progress.

## The Alder Way update

**Our internal sustainability guidebook, The Alder Way, helps to guide our portfolio companies in a two-dimensional approach to building resilience, where value is created through increasing our handprint (the positive impact of what we do) and by decreasing the footprint (the negative impact of our operations).**

### **The intention of The Alder Way is to:**

- Set a common roadmap for defining and implementing sustainability strategies in our portfolio companies
- Share key tools, processes and frameworks
- Align expectations and clarify ownership and roles

### **The Alder Way has two parts:**

## Part 1

### **ESG infrastructure**

The first part requires our companies to put the necessary ESG infrastructure in place: people, governance systems and data measurement tools:

- Code of Conduct
- Whistle Blowing function
- Management System
- Data Handling System
- Risk Management System
- Supply Management System

New companies should have the infrastructure in place after one year of Alder's investment. This also includes 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).

## Part 2

### **The Toolbox**

The Toolbox is a hands-on, strategic process for measuring and 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.

**During Alder’s ownership, our portfolio companies should:**

- Work actively towards aligning their major business operations with their positive environmental impact.
- Demonstrate strong efforts in addressing emission reduction within their own organisation in line with the UN Race to Zero campaign.

**We measure progress towards these objectives on both a fund and portfolio company level:**

Fund level	<b>Green investments.</b> Percent of EU Taxonomy eligible investment*.
	<b>Growth of green turnover.</b> Economic activities contributing to driving positive environmental impact.
Company level	<b>Company-specific environmental targets.</b> Avoided emissions, recycled materials, which are set in relation to the portfolio companies’ handprint.
	<b>Reduce scope 1 and 2 emissions</b> by 50% within five years of ownership (see company pages 33–74 for progress).
	<b>Reduce scope 3 emissions</b> by 15% within five years of ownership through regularly measuring activities that have the greatest impact and possibility to make improvements.
	<b>Growth of green turnover.</b> Economic activities contributing to driving positive environmental impact.
	<b>Company-specific social targets.</b> Diversity, health, employee satisfaction.

\* subject to change, see Appendix 4 (EU Taxonomy)

## Ownership

## Portfolio company targets for 2024

**Define how we will work with positive environmental impact**

Linking impact and value

**Transparency & participation**

Clear targets & roadmaps

**Strengthened strategies**

Embrace The Alder Way

**Commitment**

We walk the talk

## Sustainability data

**We work with external experts, SustainLab, to gather data to create more robust evidence around the sustainability performance of our portfolio companies and their products and services.**

SustainLab's AI-powered SaaS sustainability management platform collects and processes sustainability data and outputs, and actionable impact insights that can be updated, tracked and followed up. The system covers sustainability data in line with SFDR's PAI indicators, scope 1, 2 and 3 from the GHG Protocol, eligibility and alignment according to the EU Taxonomy, Alder's ESG indicators and each portfolio company's specific sustainability targets.



## Finalist: Real Deals ESG Awards 2023

We were proud to be nominated In three categories for Real Deals ESG Awards 2023, which recognises authentic ESG change in private equity. The categories were ESG sector specialist, ESG Small Cap House of the Year and Environmental and Sustainability Deal of the year for the exit of Autocirc.







**Each company shall leave Alder with a more attractive, competitive and sustainable proposition than when they joined us. Sustainability impact and operational KPIs are core components for enhancing the company's value. During the exit process, we highlight the company's sustainability impact and their progress and potential so that prospective buyers can assess risks and opportunities.**

**9**

**To date, we have successfully completed nine exits and in 2023, we divested two companies from Alder I.**

## Two successful exits in 2023

**Two of our longest ownerships came to a fruitful close this year with the exits of Aidon and Satel from Alder I.**

**Alder invested in Aidon in 2013** when it was a local Finnish company that we saw huge potential in. During our ownership, the company has expanded to become a strong Nordic platform with branches in Finland, Sweden, Norway and Denmark. The smart meters they provide are critical to the energy transition, enabling visibility, optimisation of networks and integration of renewable energy production. Aidon's technology is used in about five million energy metering points across the Nordics. We are proud of Aidon's transformation during our ownership, and we believe that with the support of its new owner, the company can become an industry leader in Europe.



**Alder invested in Satel in 2014.** The Finnish radio technology company develops radio connectivity solutions for environmental monitoring, smart farming and land-surveying ecosystems, amongst other demanding industries. During Alder's ownership, Satel has grown considerably and made significant contributions to enabling the development of low-carbon technologies. As of 2023, 97% of Satel's turnover was eligible under the EU Taxonomy, evidence that their positive environmental handprint has developed in tandem with their growth.

We are happy to see that Satel is now an industry leader in its niche of communication technology. It has been a privilege to work with them and Satel is now set to accelerate their vision for mission-critical connectivity tailored to the most demanding applications and conditions.



# Greening pensions with AP7

This year, our team received commitment for Alder's Fund III, with significant investor interest in our sustainability-focused strategy. One investor, AP7, has supported Alder from the beginning, investing in all three funds. As a Swedish government agency overseeing premium pension funds, AP7 has investments in over 3,000 companies globally, prioritising capital for ESG solutions. We spoke with AP7's **Johan Florén**, Chief ESG & Communication Officer, and **Per Olofsson**, Deputy CIO and Head of Alternatives, to gain insight into their commitment to financing the green transition.



Johan Florén



Per Olofsson

**Can you tell us about the background of AP7's focus on sustainable investments and how you started working with Alder?**

**PO:** Public equity markets have led the charge in sustainability, while private equity, our realm, took a bit longer to catch up. But in 2007, we decided to allocate a portion of our capital to what was then called "cleantech". Not long after, we connected with Alder who was raising capital for their first fund. The industry didn't use terms like ESG as much then, and impact measures were pretty underdeveloped. A lot has changed, but even then, we recognised the significance of investing in companies tackling environmental issues.

## How do you stay ahead and relevant in terms of innovative investments?

**JF:** Sustainable finance is in a state of constant and rapid change, and the competition is fierce, which makes it hard to remain unique. Staying ahead demands continuous effort and a proactive and adaptive approach – it requires an organisation and management team that's on board for constant evolution. You also need to be curious and good at filtering and absorbing information about new technologies, regulations and breakthroughs.

## And how do you see AP7's role, or the financial sector's in general, in the green transition?

**JF:** We know that if we want to be part of the solution, ownership is the key. We focus on supporting smaller, innovative enterprises in their growth phase, providing the continuous capital they need to scale. Our selection criteria prioritise companies with significant sustainability impact and we actively contribute to their journey towards maturity and addressing global challenges. This unique opportunity isn't feasible in the listed market, where investors merely trade stocks.

**PO:** To add to that, our role is to put pressure on companies that are lagging in their sustainability progress. While challenging to measure, pushing the transition model forward with companies lacking a specific climate focus could have a substantial impact as they raise their standards. However, this commitment must come from within the organisation, embraced by top management and boards, and integrated into the overall business strategy. External pressure, whether from us or others, is insufficient without internal commitment.

## What is your process for ensuring that you invest in impactful companies and where do you draw the line for blacklisting sectors or companies?

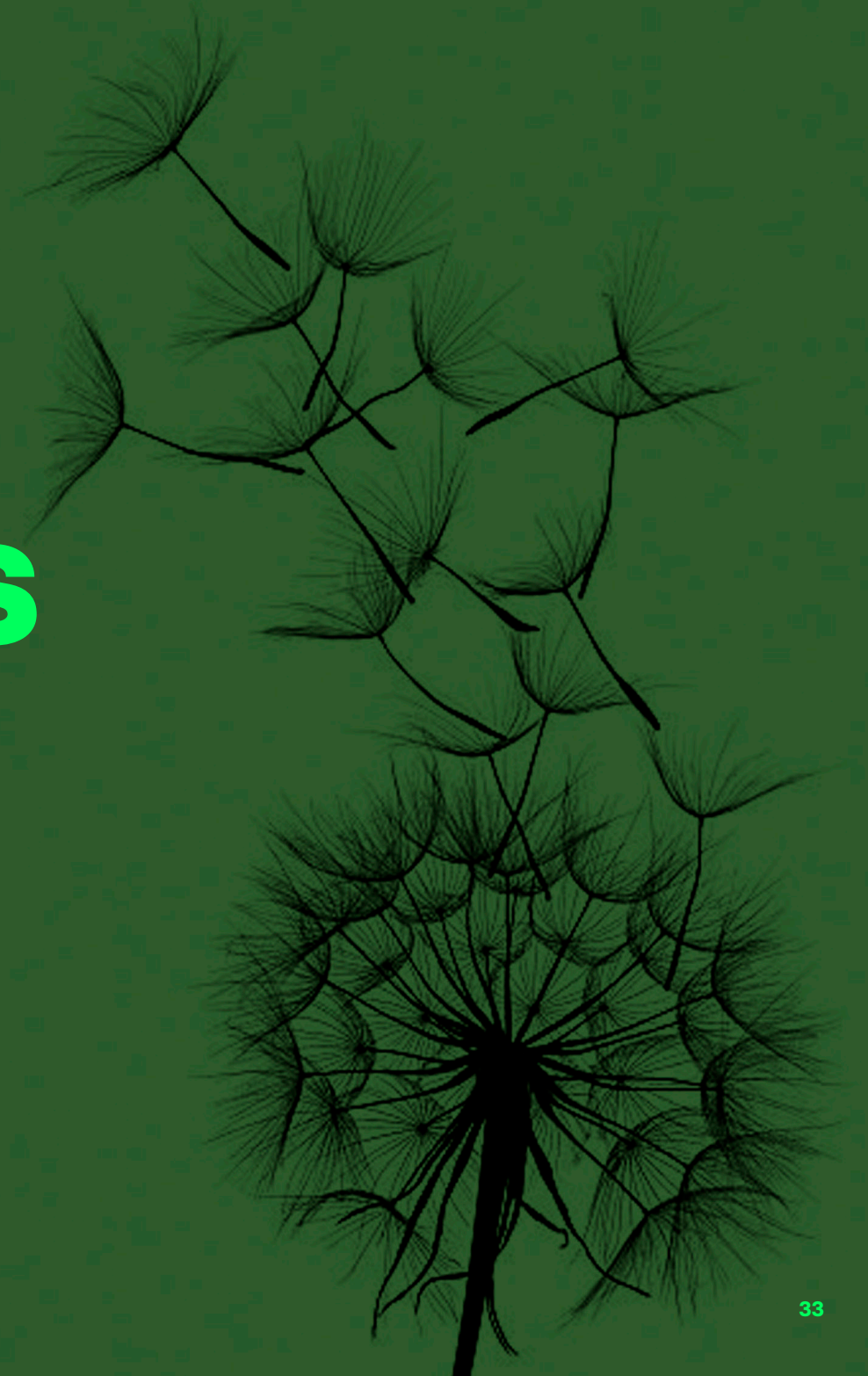
**PO:** The AP7 method, which we've had since the fund launched, uses a norms-based screening built on the UN Global Compact principles of human rights, environment, labour rights and anti-corruption. We apply it to all our assets, impact investment or otherwise. When we started investing in impact prospects, the bar for goals like net zero was still quite low, but as companies have become more ambitious, we have increased our requirements correspondingly. Of course, we draw a line for companies we can't invest in if they don't meet our standards. But you can't take that decision lightly because if you strike off too many sectors, you lose the ability to influence what's going on. So it's a final step that we consider carefully.

**JF:** In terms of our focus, we've been working with the climate transition for several years, and now we are also engaged in the TNFD – the Task Force for Nature-related Financial Disclosure. So, our efforts are moving more into biodiversity and ecosystem preservation.

## Many new standards and regulations are coming up now, particularly regarding financing the green transition, with the EU Taxonomy, TCFD, CSRD and so on. How will these frameworks impact your work?

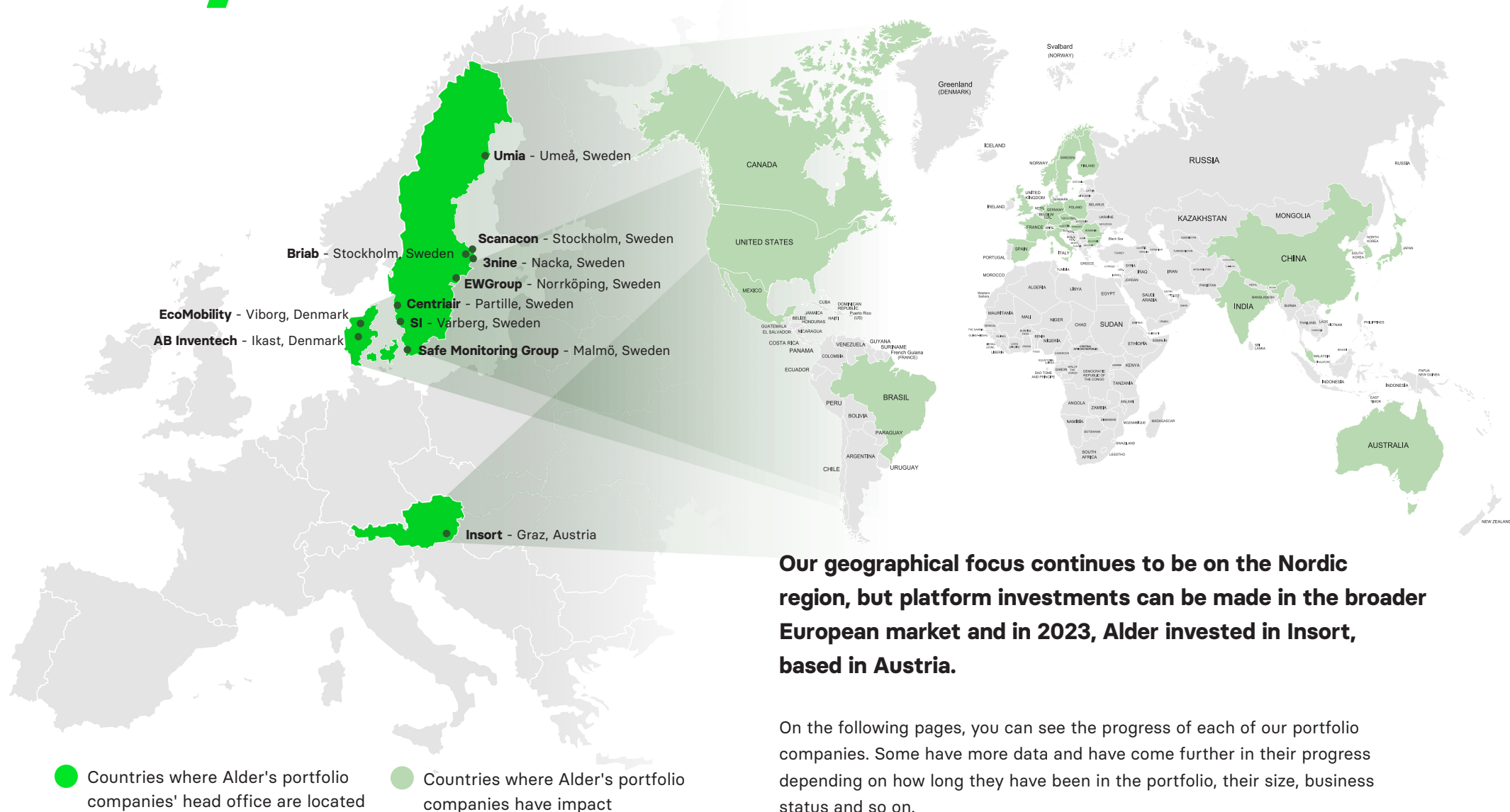
**JF:** If there is no evidence of alignment with required standards or reporting on progress and impact, it's a bad sign for an investor. However, while all the new frameworks are helping to create a global reference for progress, one must be mindful that reporting itself doesn't change anything. If we want change, companies need to ensure that all their time and energy doesn't get diverted into the administration of meeting standards and that they have enough resources left to get on with the action and create positive impact.

# Portfolio companies












# Beyond the Nordics



# How our portfolio companies are driving environmental impact

See page 22 for more details

	 Material saved	 Renewable energy produced	 Emissions reduced	 Pollutants avoided	 Energy saved	 Materials recycled	 Landfill avoided
AB Inventech	●	●					
Briab	●		●			●	
Centriair	●			●			
EcoMobility			●		●		
EWGroup						●	●
Insort	●		●				
Safe Monitoring Group			●	●			
Scanacon			●			●	●
SI			●		●		
3nine				●		●	
Umia	●				●		



# 3nine

A photograph of a large industrial facility, likely a factory or warehouse, with high ceilings and complex piping. In the foreground, there are several large, black, rectangular air purification units. A yellow storage bin with the label 'MS 01' is positioned in front of one of the units. The background shows more industrial equipment and structural elements of the building.

Fund  
Alder II

Acquired  
2022

Ownership  
80%

Turnover 2023  
130 mSEK

## Innovation-leading solutions for the purification of industrial indoor air

3nine is a Sweden-based company that develops solutions for the purification of industrial indoor air. Their patented technology is based on disc stack separation, which provides an extremely high degree of purification in a very compact format and requires minimal maintenance. 3nine's technology ensures clean air at the lowest total cost of ownership.

# A year of accelerating change



**Brad Eicher**  
CEO, 3nine

**Reflecting on 3nine's first full year under Alder's ownership and my first four months as CEO, I am optimistic. I look forward to being a part of this innovative and forward-looking organisation as we move forward.**

## Company outlook

There has been a significant shift in our industry over the last few years, as everyone's focus has become trained on sustainability. Total Cost of Ownership (TCO) ruled for many years and remains a pivotal consideration. However, we are seeing a major shift in customers demanding products that simultaneously reduce climate and environmental impact.

Using patented technology, our oil mist eliminators are proven to significantly extend the lifetime of the filters, the result is fewer filter changes, which reduces operating

costs but also positively affects both upstream and downstream filter consumption and disposal. Additionally, we can recycle cutting fluid in our machines – in certain instances saving up to three barrels per year through reuse. These factors align with the evolving needs of our customers to transition their own value creating processes to more sustainable production systems and the adoption of the circular economy.

## Highlights and challenges of 2023

Since joining Alder, this year has primarily been a phase of assessment, planning and understanding. The vast potential to mitigate negative impacts and accelerate positive ones, both internally and for our customers, is evident. Being part of Alder raises the bar, providing us with tools and processes to speed up our sustainability progress and ask the hard questions.

This year, we have been actively exploring technical developments to further extend filter lifetime and reduce the energy consumption of our products. Our products have the potential to make a real difference to our customers' own impact, not least of which is securing access to clean and safe air in the workplace – which we consider a basic right.

## Looking ahead

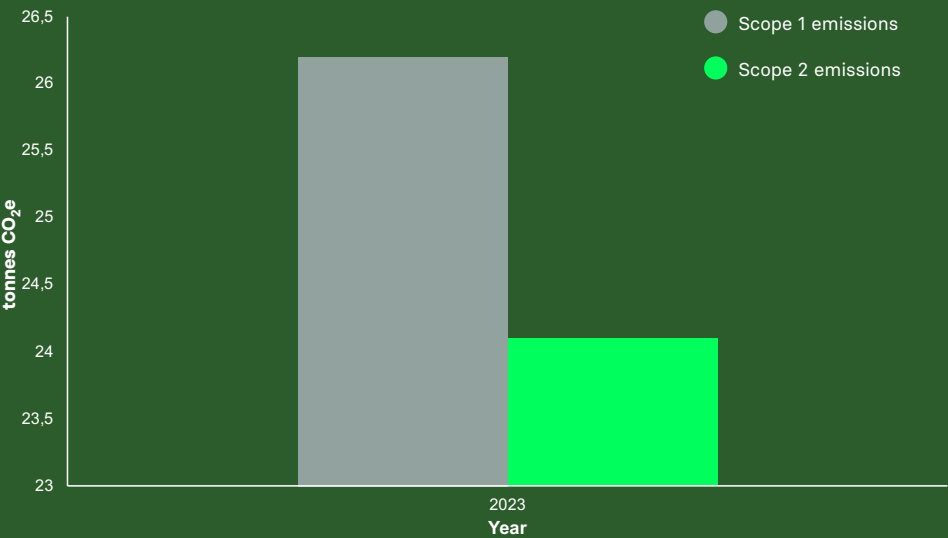
There is still work to be done, and together with Alder, we will strengthen our sustainability strategy, including measuring our scope 1, 2 and 3 emissions and establishing a roadmap for reduction. We will also map the intrinsic sustainability benefits of our products with robust evidence, facilitating informed choices for our customers. Our focus extends beyond products; we aspire to implement thoughtful policies and strategies for enhancing workplace environments and prioritising the well-being of our employees.

I very much look forward to the year ahead and the impact we can have across the industries we serve.



Planet

Footprint



Handprint

Driving positive environmental impact

3nine contributes through Materials Recycled and Pollutants Avoided because their products recover and reuse oil lubricants, create cleaner air and reduce energy use.

Actions planned to increase handprint

Technical solutions to further extend filter lifetime and reduce the energy consumption of products.

People

36

Employees

Employee satisfaction



80%

Customer satisfaction



85%

● Target

Total



36%

Management



25%

Board



0%

Governance

People



System



Data



● Not started  
● In progress  
● Completed

Read more about governance systems and data measurement tools on page 26.



# AB Inventech

Fund  
Alder II

Acquired  
2021

Ownership  
73%

Turnover 2023  
153 mSEK

## Green energy transition through automation technology

AB Inventech is a leading supplier 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.

# Driving forward with industry-changing innovations



**Niels Kirkegaard**  
CEO, AB Inventech

**This year, our resilience and determination have produced some remarkable results. We've successfully launched industry-changing innovations and propelled the sector forward, particularly in terms of circularity. These projects will serve as a strong foundation for continued positive momentum.**

## Company outlook

At AB Inventech, our core purpose is to contribute to emissions reduction. Around 98% of our business is dedicated to the wind turbine industry, where we provide automation and solutions for manufacturing turbine blades. While cost reduction remains a primary benefit for our customers, our recent efforts, especially in the past 12 months, have significantly enhanced the sustainability and circularity of turbine production.

## Highlights and challenges of 2023

This year's standout accomplishment was a circularity project in collaboration with one of our clients where we introduced a machine refurbishment system to recondition and update old units with new technology. This not only benefits our clients by saving costs but also helps them meet emission reduction goals through the reuse of capital equipment.

In a parallel, we introduced a project to process composite components based on thermoplastic epoxy, which helps overcome the challenges associated with dismantling turbine blades previously made using traditional epoxy resin. This innovation allows for easy disassembly and sorting of components for efficient reuse or recycling. Pilot projects are underway, and we will scale up the project in the coming months.

Our facilities have successfully run on energy produced by the 1000m<sup>2</sup> of solar panels on our roof for the first full year. They cover approximately 75% of our energy needs, supplemented by purchased renewable energy, primarily from wind.

In 2023, we established a People and Culture Department focused on enhancing onboarding, recruitment, internal communications, and our employee handbook. Despite significant achievements, this year's key challenge has been a lack of internal resources to meet our ESG goals, a hurdle we plan to address in the coming year.

## Looking ahead

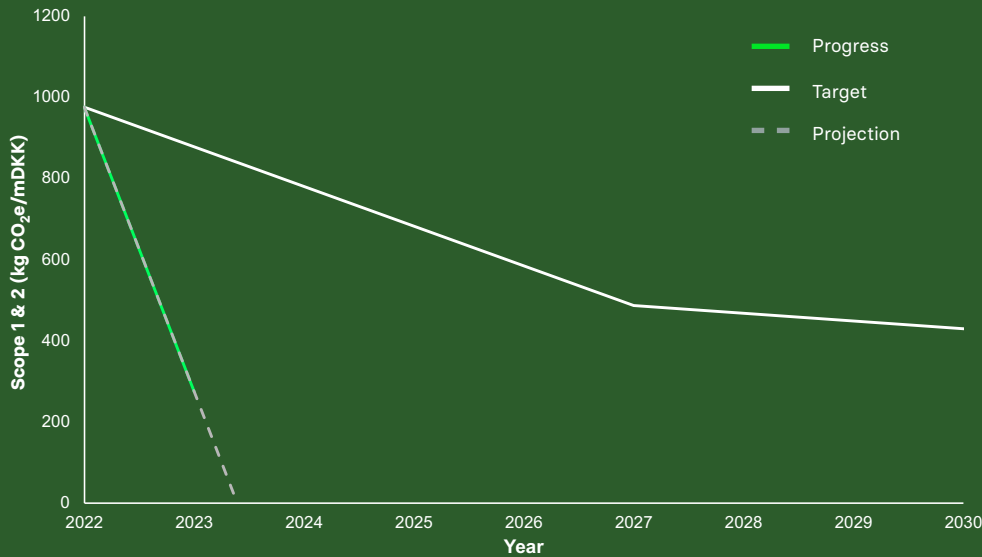
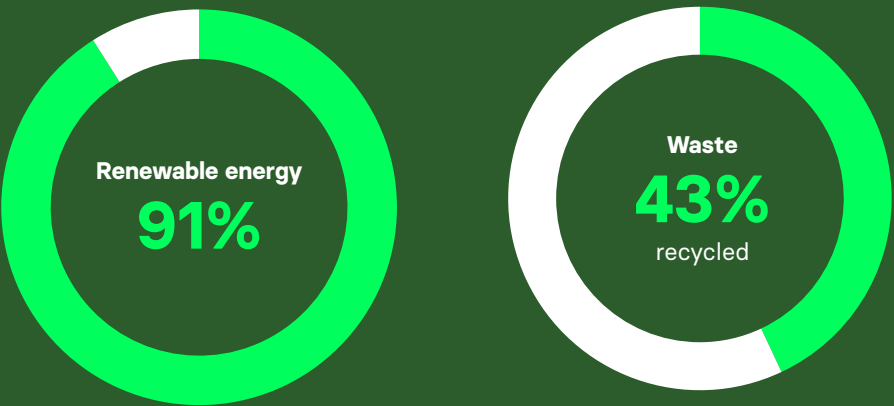
We aim to reduce air travel to our customers by introducing online and virtual client assistance and collaborating with local partners. We've already taken the first step with a two-person team in India, supporting the local market and minimising the need for engineers to travel from Europe.

To further our commitment to renewable energy, we plan to install electric vehicle chargers utilising solar power during sunny months to support our employees and facilitate the transition to an electric fleet.

I look forward to building upon this year's momentum by strengthening our core management team and advancing our ESG initiatives under the guidance of Alder and our internal Sustainability Ambassador.

Planet

Footprint



Actions performed to reduce footprint:

Scope 1 & 2

- Heat and water consumption reduced
- Solar panels installed on premises
- Only purchased green electricity

Scope 3

- Increased supplier information/data

Handprint

Driving positive environmental impact

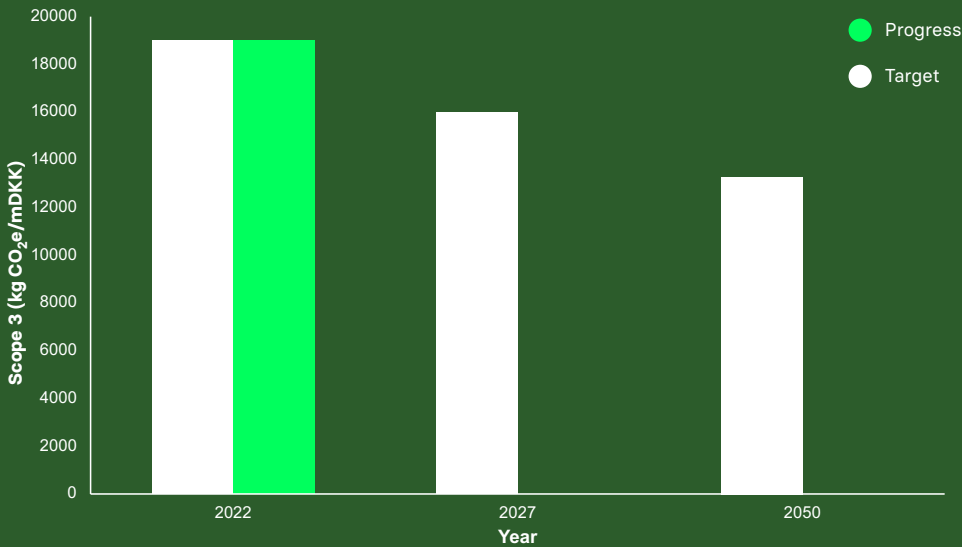
AB Inventech contributes through Renewable Energy Produced and Material Saved because they deliver reliable automation systems to the wind turbine industry.

Impact KPIs

In progress

Actions planned to increase handprint

A circularity project for disassembly and sorting of components.



People

87  
Employees



76%  
80%

Total



18%

Management



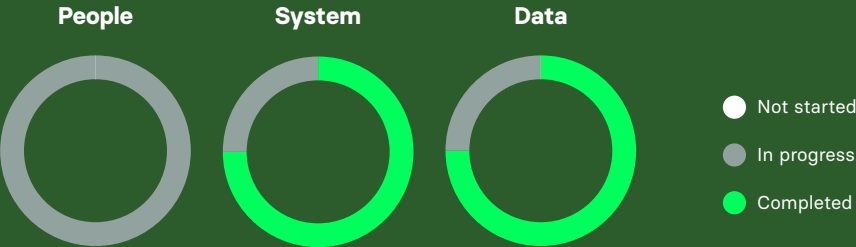
23%

Board



17%

Governance



Read more about governance systems and data measurement tools on page 26.



# Briab

Fund  
Alder II

Acquired  
2020

Ownership  
66%

Turnover 2023  
174 mSEK

## Welcome to the right side of risk

Briab was founded in 2002 and is headquartered in Stockholm, Sweden. With fire safety engineering as the cornerstone of its offering, Briab has broadened its scope over the years to include managing risks and planning sustainable communities. They work with architects, consultants, municipalities, developers and contractors to meet the interests of authorities, clients, communities and the environment.



# Creating a thriving company for a thriving future



**Håkan Danielsson**  
CEO, Briab

**As the newly appointed CEO at Briab, it's been an exciting year where we've seen increased company performance on all levels. We provide services within fire, risk and security, but we are much more than that. We are a part of the puzzle for creating a future-proof and resilient society.**

## Company outlook

I've worked in the consulting business for many years and one reason I choose to stay is because you never quite know what's around the corner and no day looks quite like another. That's what attracted me to Briab. The company's uniqueness lies in the close collaboration between Briab and Alder and the input of a professional and knowledgeable board that is deeply committed to advancing progress across all ESG parameters.

I firmly believe that every corporate decision carries a sustainability impact and addressing ESG issues requires an adaptable approach. There is no silver-bullet solution – it's about evolving, making informed decisions based on current insights and navigating potential impacts. This is the mindset I bring to Briab, which I hope will complement an already robust foundation of sustainability progress.

## Highlights and challenges of 2023

Our highlights of 2023 revolve around three projects dedicated to championing a fossil-fuel-free future. Notably, we've enhanced the facilities of three battery plants and collaborated on a project with a green steel producer in Northern Sweden where they can reduce CO<sub>2</sub> emissions by up to 95% compared to traditional steelmaking. We are immensely proud to have been selected for these projects, which exemplify our commitment to transforming infrastructure and society.

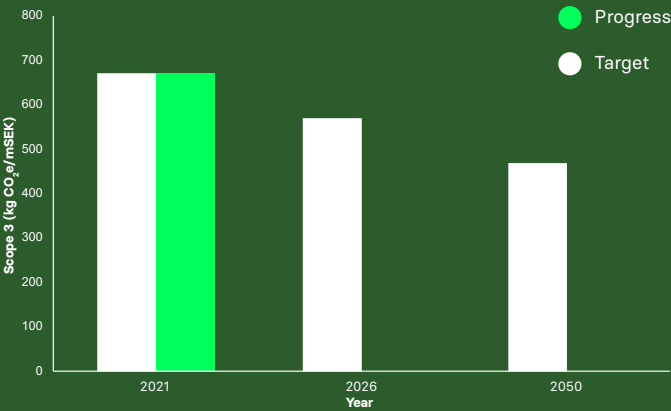
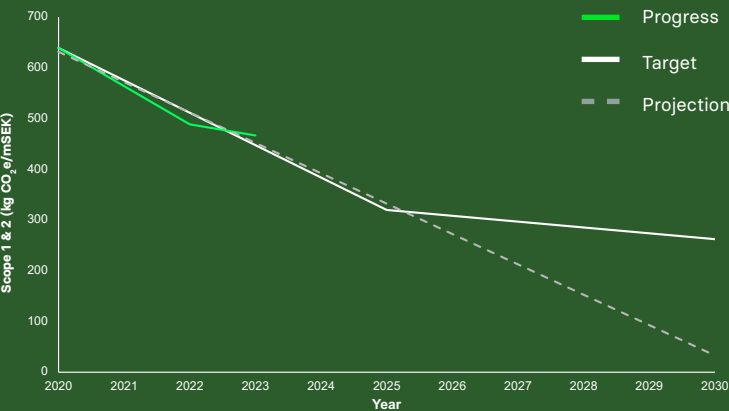
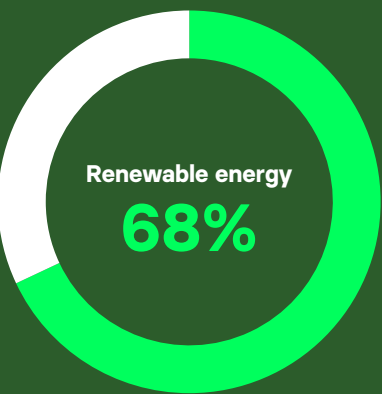
This year, we also developed the 'Total Sustainability Management' initiative. The system encourages our team and clients to pose essential questions about impact from the project's outset, embedding sustainability considerations at an early stage.

## Looking ahead

While the market posed challenges in 2023, particularly with a dip in residential construction assignments, signs of stabilisation and a return to normality are becoming evident. As a people-centered business, our success hinges on the skills and expertise of our talented workforce. Therefore, our priority moving forward is to foster an even more stable business and work environment, ensuring our people feel secure in a thriving enterprise. By advancing revenue and ESG progress, my vision is for Briab to be seen as an employer of choice, attracting and retaining the right people, winning the right customers and contributing to a resilient future.

Planet

Footprint



Handprint

Driving positive environmental impact

Briab contributes through CO<sub>2</sub> Reduction and Materials Saved by optimising resilience, smart material choices and efficient project management.

Actions planned to increase handprint

Technical solutions to further extend filter lifetime and reduce the energy consumption of products.

Impact KPIs

Reviewing (hours)

Target (2024)

2310

Result (2023)

2200

Site visits (hours)

Target (2024)

8925

Result (2023)

8500

Project modelling (hours)

Target (2024)

5040

Result (2023)

4800

Reuse assessment

Target (2024)

+5%

Climate risk assessment (tkr)

Target (2024)

150

People

139

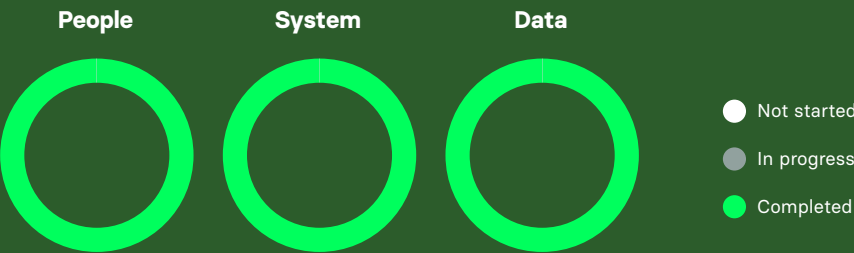
Employees



73%

84%

Governance



Read more about governance systems and data measurement tools on page 26.

Total



32%

Management



39%

Board



29%



# Centriair

Fund  
**Alder II**

Acquired  
**2021**

Ownership  
**27%**

Turnover 2023  
**120 mSEK**

## Cleaner air. Fewer resources.

With offices in Sweden and Germany, and customers in Europe and North America, Centriair designs, develops and delivers leading solutions for the abatement of airborne industrial emissions. Its solutions reduce emissions of harmful organic gases and aerosols such as volatile organic compounds (VOCs) as well as odours, using less energy compared to many other solutions. Centriair operates across a broad range of sectors, including food and waste processing industries.



# Accelerating air treatment for a cleaner world



**Peter Lagerlöf**  
CEO Centriair

**Over the past 18 months, since taking on the role of CEO at Centriair, I have focused on leveraging our strengths, outpacing legacy technology providers, and delivering products vital for reducing environmental impact while aligning with regulations.**

## Company outlook

Centriair operates in a niche market – some might even describe us as nerdy – specialising in solutions for industrial air treatment. Many industries, like biogas plants or waste sorting facilities, produce VOCs and odours as part of their operations. The main drivers for our products lie in two customer needs. First, requirements to align with tightening EU regulations and compliance with

country-specific emission thresholds. Second, it's all about people – to create a safe work environment for employees and be a good neighbour you need to cut smells and VOCs.

While Centriair operates in a specialised market, where other players may offer cheaper but sub-standard solutions, we boast several advantages, including higher reduction efficiency, superior continuous reduction performance, lower energy consumption, reduced space requirements and unparalleled expertise in our served industries.

## Highlights and challenges of 2023

I am confident in Centriair's impact and the value we bring to the climate, society, customers, and employees. For example, Centriair's advanced odour treatment solutions also act as a critical enabler for our customers to obtain permits to produce renewable energy and reduce dependence on fossil fuels.

One project this year reduced odour from 14 866 OU/m<sup>3</sup> to 262 OU/m<sup>3</sup>, saved an area of over 200m<sup>3</sup> and reduced water consumption by over 1900 litres per day – equivalent to 950 adults' daily water need. Another great example is the food frying sector, where our technology removes frying oil from the air, eliminates up to 99% of odours and recovers and reuses energy. In one of our projects this year, our technology provided an annual energy saving of 4.6 megawatts, equivalent to heating 3000 Swedish homes for a year.

Despite facing challenges amid fast-paced growth and global economic conditions, Centriair reached a turning point in 2023, restoring profitability in the second half of the year.

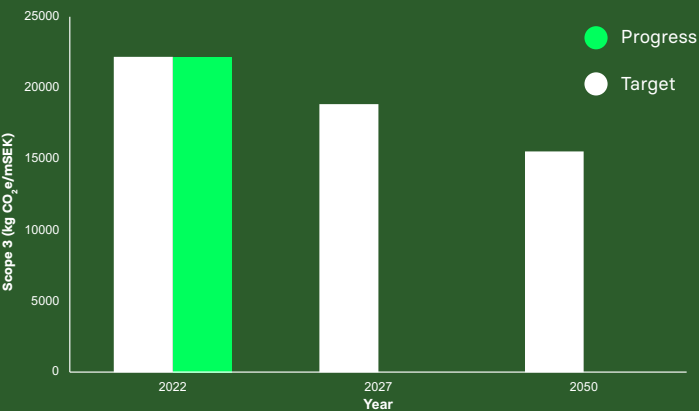
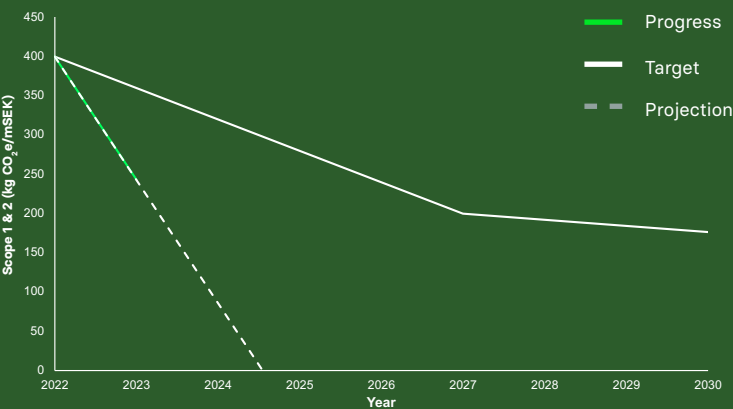
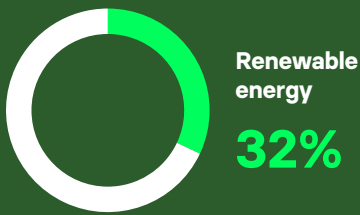
## Looking ahead

I look forward to another exciting year, maintaining profitability and enhancing circular systems. Although our products have already proven beneficial from an environmental perspective, we will continue to improve and optimise them. We are also continuing our focus on procedures and practices for people in our organisation and strengthening our supply chain.



Planet

Footprint



Handprint

**Driving positive environmental impact**  
Centriair contributes through Pollutants Avoided in their abatement of airborne emissions.

Impact KPIs

Avoided odour

Result  
**4290**  
MOU/h

Reduce water consumption

Result  
**4313**  
m<sup>3</sup>/year

Results based on case presented on page 48.

People

**28**  
Employees

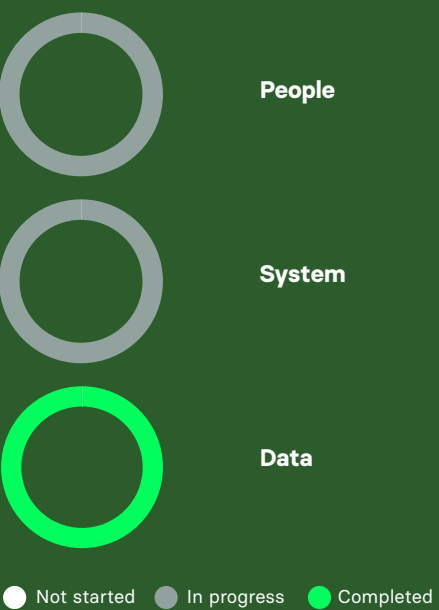
Total

Management

Board



Governance



Read more about governance systems and data measurement tools on page 26.



# EcoMobility Group

Fund

Alder II

Acquired

2022

Ownership

94%

Turnover 2023

109 mSEK

## Simple Insights, lasting Impact

EcoMobility Group is based in Denmark and provides proprietary software solutions in vehicle telematics and fleet management for a wide range of customer needs. The solutions offer a positive climate impact by reducing fuel emissions through route optimisation, traffic forecasting and visualisation and analysis of driving patterns. EcoMobility is the result of a merger between r2pTracking in Denmark and SkyCom in Luxembourg.



# Leveraging driver data for a greener future



**David Norton**

CFO/Deputy CEO, EcoMobility Group

**2023 marked a milestone when we merged r2pTracking ApS and SkyCom S.à r.l. to form EcoMobility Group. With some six decades of telematics expertise between us and a pan-European perspective, we are positioned to empower businesses to operate and manage their vehicles and assets sustainably and profitably.**

## Company outlook

Our merger has created a combined customer pool of c. 8,000 with over 70,000 subscriptions, translating to 70,000 devices driving around gathering valuable data. This allows us to contribute to the three sustainability pillars: environmental, social and governance. From CO<sub>2</sub> reporting to efficient driving practices, improving the longevity of vehicles and helping reduce accidents, we aim to lead the industry towards a more sustainable future.

EcoMobility Group is dedicated to serving the underserved, particularly SMEs with budget constraints but growing legal and sustainability obligations. Our mission is to guide these companies on their sustainability journey, helping them understand CO<sub>2</sub> reporting, how they can save resources and costs through more efficient driving and many other fleet management practices.

## Highlights and challenges of 2023

This year, I was particularly proud of our team for their efforts in developing a groundbreaking electric vehicle (EV) technology that demonstrates to customers the environmental and economic benefits of switching to EVs. Set to launch in 2024, this innovation aims to revolutionise the industry by contributing to reducing combustion engines on European roads.

While merging two companies has created many opportunities, it has also presented challenges, such as combining our values, assets and operational approaches. To overcome this, we formulated three core values: Insightful (data-driven insights), Impactful (make a difference from those insights), and Inclusive (positive collaborations internally and externally). This has helped to create a cohesive approach as we move forward as one entity.

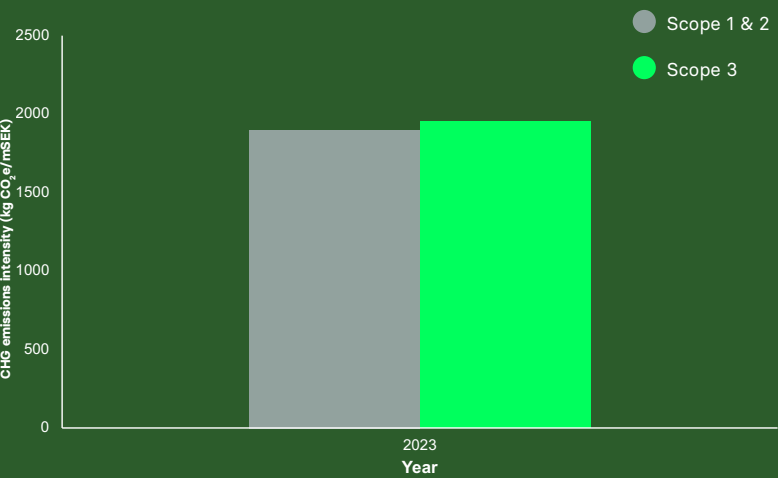
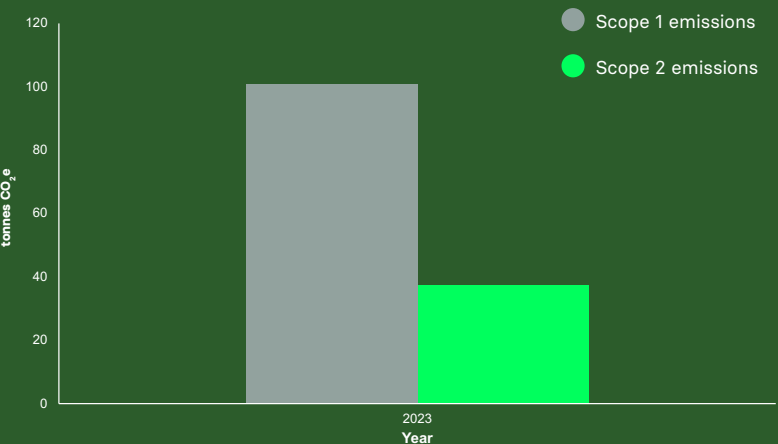
## Looking ahead

As we look forward, the imminent launch of our EV technology promises a positive and necessary impact once in the hands of our customers. We are also set to roll out an internal CO<sub>2</sub> reporting dashboard to help us understand more about the volume of users and their needs.

Our long-term goal is to become the go-to expert for fleet sustainability, offering expertise in electrification, efficient driving, driver analysis and asset longevity. While economic improvement for our customers remains a priority, we are committed to reducing our customers' and our own environmental impact and creating a stable future for our planet.

Planet

Footprint



Handprint

**Driving positive environmental impact**  
EcoMobility contributes through Energy Saved and CO<sub>2</sub> Reduction in their work to enable companies to manage their fleets more efficiently, leading to safer driving conditions and reduced emissions.

Impact KPIs

Number of electric vehicles in fleet 2023

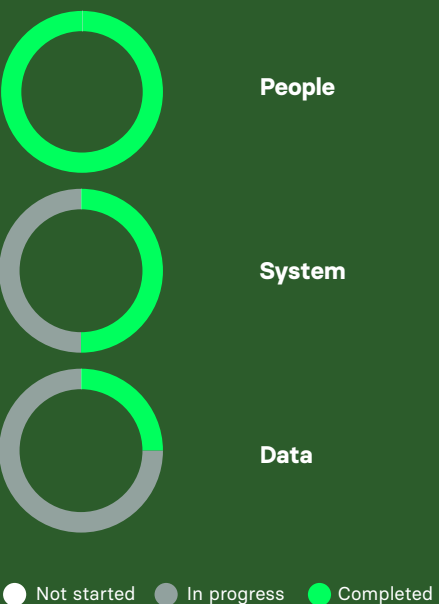
**145** **258**  
Denmark Luxembourg

People

**66** **Total**  
**Employees** **Management** **Board**



Governance



Read more about governance systems and data measurement tools on page 26.



# EWGroup

Fund

**Alder III**

Acquired

**2023**

Ownership

**65%**

Turnover 2023

**194 mSEK**

## Complete solutions in environmental management

EWGroup is an innovation-based technology company that deals with all forms of land environment issues. They offer a wide range of services in waste management, land remediation, sampling, water treatment and project management. Their services keep finite materials in circulation and ensure toxins prevalent in landfills do not reach our groundwater.



# From risks to resources – EWGroup joins the Alder portfolio



**Max Lindqvist**  
CEO, EWGroup

**Reflecting on 2023, we welcomed the opportunity to become part of the Alder portfolio. This marked a significant development as we transitioned from being a family-run business to working with a new ownership. Aligned in vision and with shared expertise, I am confident that our collaboration will be the next chapter in our success.**

## Company outlook

Not many other companies in Sweden can handle the types of waste we process or do it the same way. Our neutralisation process sets us apart, ensuring not only the removal of harmful substances and chemicals from the environment but also circling the suitable materials back into the system for reuse. When we treat materials from the construction industry, for example, we ensure that around 90% of the content can be reused, avoiding adding to landfill and reducing reliance on new raw materials.

## Highlights and challenges of 2023

This year has been busy, finalising becoming part of Alder and developing our service offerings. Notably, our acid treatment process is an excellent example of our commitment to addressing complex societal challenges. We have also sped up our process to deal with the issue of persistent PFAs in the environment, a synthetic chemical that makes products resistant to stains, grease, soil, and water. It is a big challenge to deal with these chemicals, but we are very proud to be part of solving the problem.

I am grateful to all our employees at EWGroup, who make our daily work possible. We strive to create a good working environment for our people, and the large percentage of our employees who have stayed with us for many years shows that this is working. It's wonderful to see employee pride in working at EWGroup.

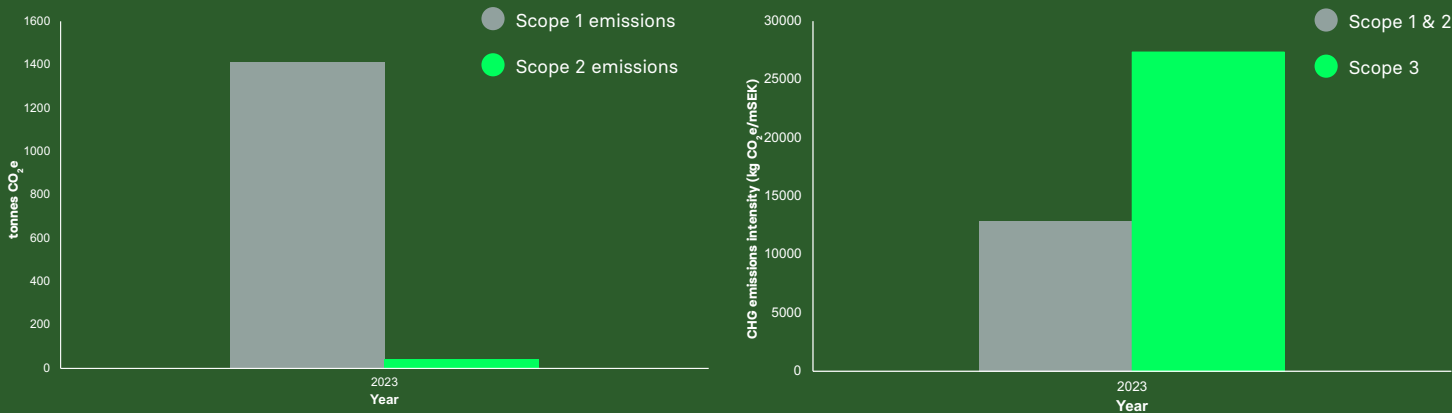
## Looking ahead

Our goal for 2024 is to up the pace of a project that's been several years in the making – preventing sulphates from escaping from various types of rock. We have developed a technique that neutralises the stone and combines it with other materials to create a valuable construction material.

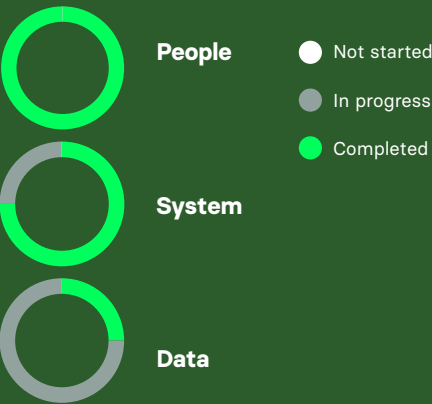
We also hope to expand geographically within Sweden with two new sites closer to where the waste comes from to reduce transport emissions. With Alder on board, I look forward to speeding up our company growth and becoming leaders within our sector through technological innovation.

Planet

Footprint



Governance

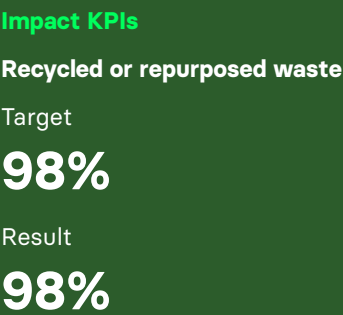


Read more about governance systems and data measurement tools on page 26.

Handprint

**Driving positive environmental impact**  
EWGroup contributes through Landfill Avoided and Materials Recycled because their services improve industrial processes, recycle industrial waste and safeguard land from hazardous materials.

- Actions planned to increase handprint**
- Efficient waste management and transportation strategies
  - Reduce the need for new materials
  - Adopt fossil-free, self-sufficient electricity solutions
  - Facilitate charged batteries and charging for heavy vehicles



People





# Insort

Fund

**Alder III**

Acquired

**2023**

Ownership

**65%**

Turnover 2023

**164 mSEK**

## Intelligent selection

Based in Austria, Insort is a highly specialised company dealing with the optical sorting of food products. They develop tailor-made technologies for classifying and sorting products in the food processing industry using hyperspectral imaging technology. Their products can significantly decrease food waste and loss rates by determining the food product's quality and whether it is fit for consumption.

# A year of industry firsts and partnerships



**Matthias Jeindl**  
Partner and CEO, Insort

**This year, we became part of Alder, adding a new business model to their portfolio within food sorting and food waste prevention. Partnering with Alder was an obvious choice for us with their focus on sustainability and growth.**

## Company outlook

When Insort started in 2011, we saw vast potential in hyperspectral imaging technology. We knew it would be a game changer for our industry and for tackling the global food waste issue. Today, with a team of 60 people and customers worldwide, our belief in our product and technology remains strong.

Our success results from our dedication to solving our customers' challenges. By reversing issues like product loss and low yields, we mitigate financial deficits for our clients and contribute to overcoming the climate impact caused by unnecessary food waste. I firmly believe that doing things right leads to inevitable success.

## Highlights and challenges of 2023

A milestone in 2023 was the successful negotiation and agreement to bring Alder in as an owner. We have also made strides in product development, namely our ongoing project to transition from halogen to LED light sources in our machines. This will reduce the energy consumption of our products, and we are now looking at ways to implement it as standard across our range – an industry first.

## Looking ahead

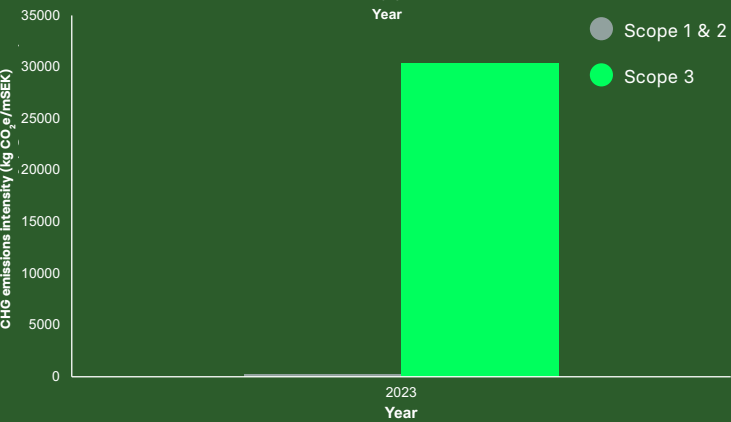
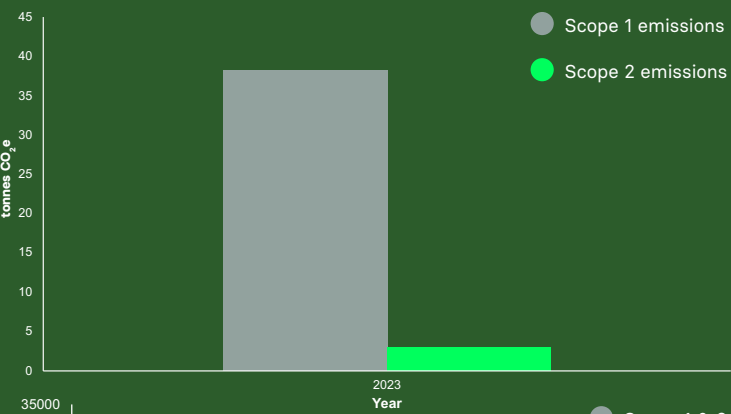
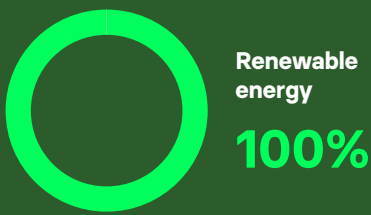
We have several ambitions for the year ahead to strengthen our sustainability offer. Important for transparency and communications will be to accurately calculate the success rate of our products. For example, we are reaching a 99.9% removal rate in sorting shell fragments with high defect loads in almonds in one pass at a significantly lower false reject rate than our competitors. This year's aim is to gather robust data to back these figures up and communicate them clearly to our customers.

I look forward to an exciting year as part of Alder.



Planet

Footprint



Handprint

Driving positive environmental impact

Insert contributes through CO<sub>2</sub> Reduction and Materials Saved because they reduce the quantity of unnecessary food waste and create better use of food resources, thereby reducing emissions.

Impact KPIs

Reduction of food waste

**Target:**  
Reduce food waste through improved downstream sorting accuracy.

Improved food safety

**Target:**  
Eliminate foreign materials and defects to prevent foodborne illness, recalls and health risks.

Result illustrating use of One machine – One application – One year

576	7680	200	1771
tonnes saving of raw material by improved machine 2023, reducing over sorting.	tonnes of raw material saved with peeling control technology.	tonnes of averted food saved using our unique foreign body detecting machine.	tonnes almonds saved by better detection.

People

52  
Employees

Total

Management

Board



23%

13%

0%

Governance



People



System



Data

- Not started
- In progress
- Completed

Read more about governance systems and data measurement tools on page 26.



# Safe Monitoring Group

Fund  
Alder II

Acquired  
2020

Ownership  
60%

Turnover 2023  
288 mSEK

## Gas detection for people and planet

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. Safe Monitoring Group was founded in 2022 out of the company Samon (which was originally acquired by Alder in 2020), and currently consists of four companies.

# The Group keeps growing



**Alexander Larsson**  
CEO, Safe Monitoring Group

**During 2023, Safe Monitoring Group saw significant growth, new product launches, recognition of our exceptional working culture and the go-ahead to grow our team.**

## Company outlook

Gases are an integral part of society but if mishandled, they can have harmful consequences for people and planet. Our vision is for a world where working with gases is efficient and safe. Across our group of companies, we assist customers in preventing gas leaks, ensuring cost savings, human safety and reduced greenhouse gas emissions. We see our USP in our niche markets where we match solutions to specific applications.

## Highlights and challenges of 2023

A standout moment was the launch of the Glacier Micro series, a compact gas detector designed for heat pumps and display cases. The energy-sector trend for heat pumps is growing, and we are proud to be serving this shift to renewable energy and ensuring that gases used in the process, like refrigerants and propane, are kept safe.

This year, we acquired two new companies into the Group, Bieler+Lang in Germany and International Gas Detectors in the UK. These additions open up new markets and opportunities to apply our know-how to other types of gases.

Samon, our first company in the Group, was named 15th Best Workplace in Sweden for small companies by Great Place to Work, a testament to our commitment to creating an inclusive, safe and fun working environment. We aim to extend what we have achieved at Samon to all our companies. This year, for example, we gave all our managers the opportunity to take a course, Development of Groups and Leaders, with the Swedish Defense University.

## Looking ahead

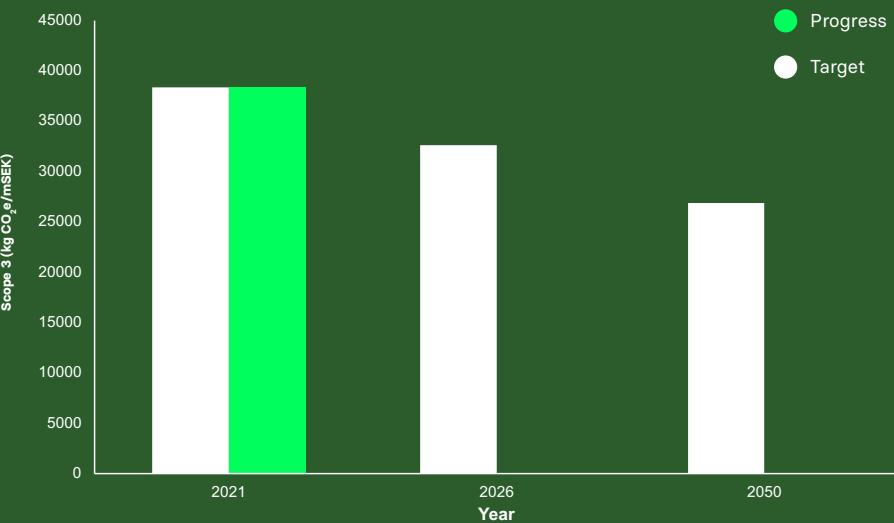
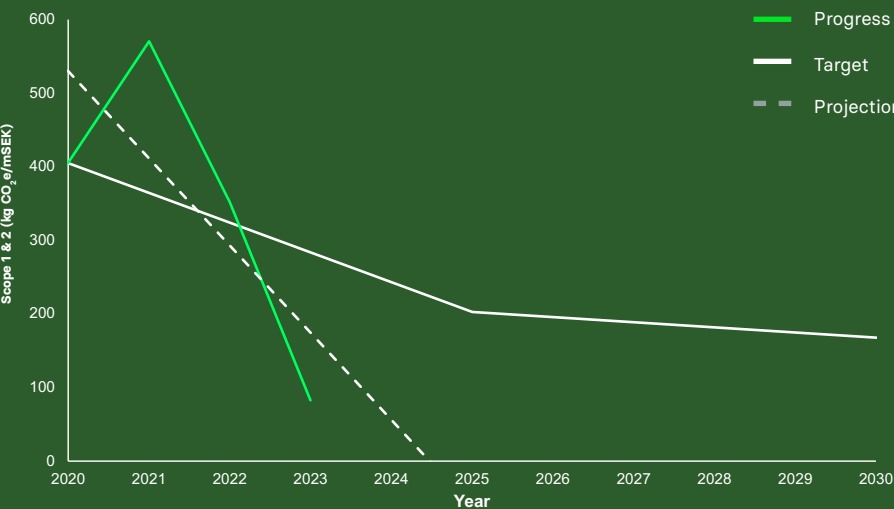
We will roll out a project demonstrating that the positive impact of our products outweighs the impact of manufacturing them and our own operations. We will also put a greater focus on collaboration with our customers to achieve more efficient shipments and reduce transport emissions.

Anticipating continuous growth, we're set to recruit 21 new talents in 2024, expanding our team from 150 to 171. Our ambition includes welcoming new companies into the Group, strengthening our expertise in gas leak detection and reinforcing our commitment to safeguarding people and the climate.



Planet

Footprint (including only Samon)



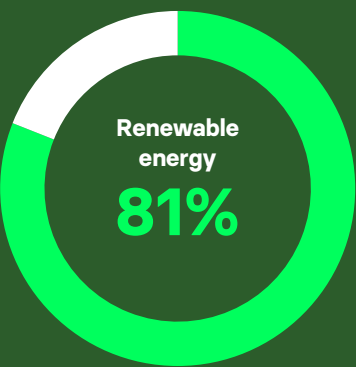
Actions performed to reduce footprint:

Scope 1 & 2

- Solar panel installation on some company buildings

Scope 3

- Larger Minimum order quantity
- Select suppliers (forwarders) with low CO<sub>2</sub> footprint



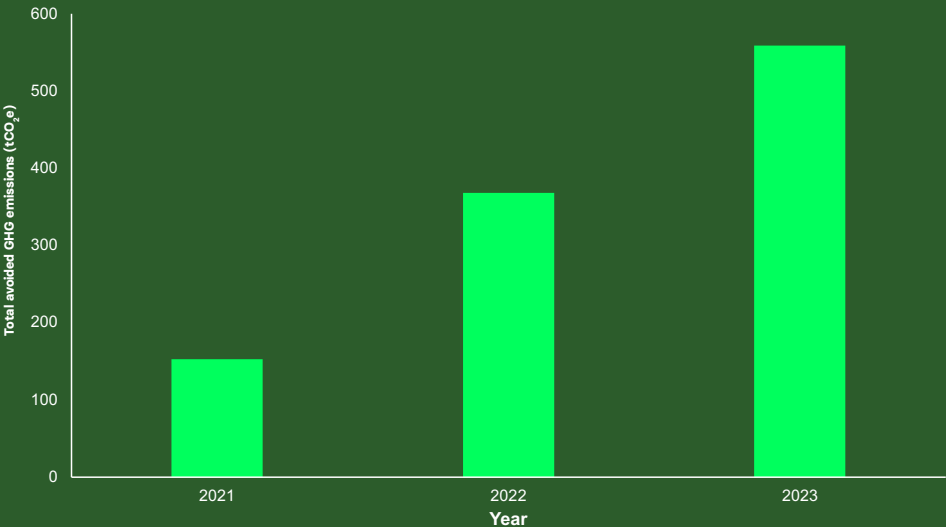
Handprint

Driving positive environmental impact

Safe Monitoring Group contributes through CO<sub>2</sub> Reductions and Pollutants Avoided because their services detect and warn for hazardous gases, reduce ammonia in bodies of water through gas leak detection, and reduce greenhouse gases.

Total avoided CO<sub>2</sub>e emissions (tCO<sub>2</sub>e)

2021	2022	2023
153	368	559



People

141

Employees

Employee satisfaction



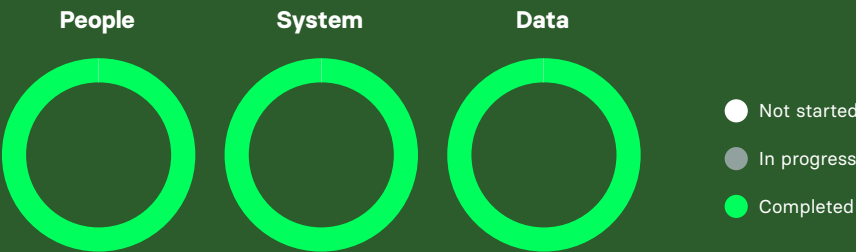
94%

Actual



37%

Governance



Read more about governance systems and data measurement tools on page 26.



# Scanacon

Fund  
**Alder II**

Acquired  
**2018**

Ownership  
**86%**

Turnover 2023  
**143 mSEK**

## Climate-smart acid management

Scanacon is a world-leading supplier of acid handling systems used to produce specialty metals. The company offers solutions to achieve safe, efficient and high-quality handling of metal products at the lowest cost, while enabling the recycling of waste acids and minimising the consumption of scarce resources. Scanacon is headquartered in Stockholm and serves the global market from its offices in Sweden, the United States and China.

# Shaping tomorrow's steel industry



**Karl Holmqvist**  
CEO, Scanacon

**Scanacon has gone from strength to strength this year with a game-changing R&D project to dramatically reduce CO<sub>2</sub> emissions of stainless steel and a more robust way to demonstrate the environmental benefits of our solutions.**

## Company outlook

When I joined Scanacon two years ago, my objective was clear: to grow the business by introducing new, sustainable products and reinforcing our position as an environmentally responsible company. The developments in 2023 affirm that we are on the right track, outperforming competitors in reducing landfill, minimising water use and lowering emissions of nitrates and CO<sub>2</sub>.

During my two decades in the steel industry, sustainability has evolved from a mere annual report exercise to an integral part of our customers' business models. This is partly due to greater awareness, but also, in the face of emerging regional and international environmental regulations, we've witnessed a significant industry shift towards investing in environmental technology for compliance.

## Highlights and challenges of 2023

This year's highlight has been the development of a metal recycling R&D project involving almost our entire team. The project will enable our customers to eliminate landfill and make all waste products circular in this process. If you compare our system to some existing technologies, we estimate that it will reduce CO<sub>2</sub> emissions by up to 90%. That makes this project a game changer for our industry and for the environment when steel has such a significant impact.

We have also begun leveraging the data we gathered in 2022 together with Material Economics on the environmental benefits of our services. We've transitioned from average assumptions to precise, realistic and customised calculations, providing transparent and detailed insights on the environmental impact of our products.

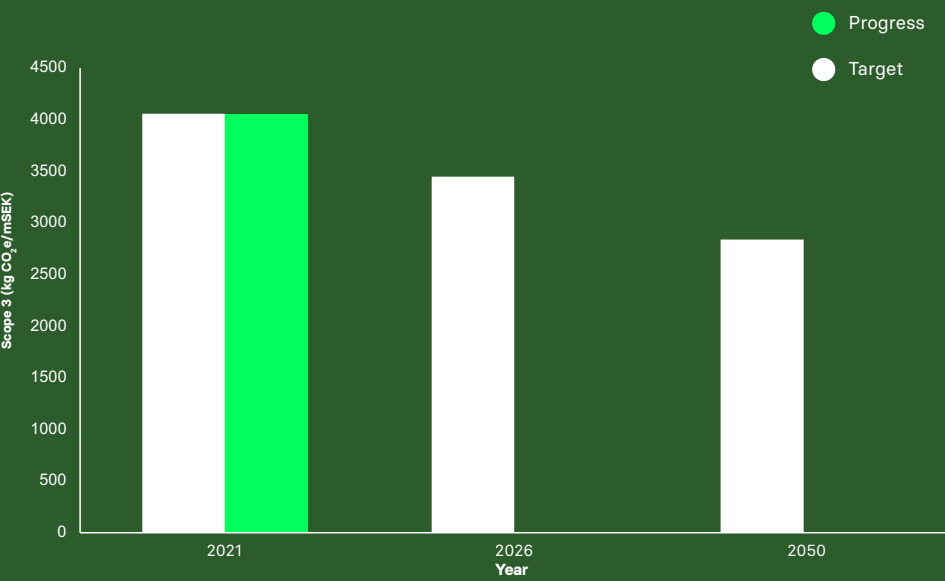
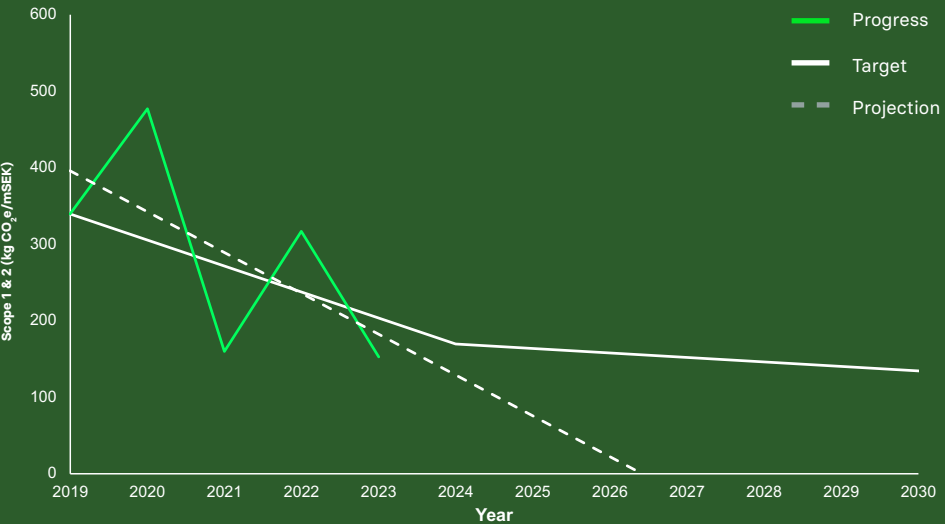
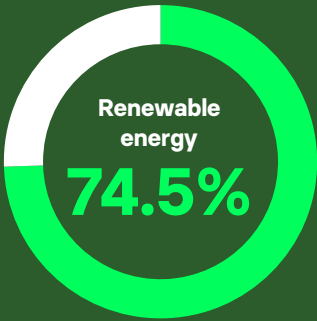
People are at the centre of our operations, and this year, we ran a physical and mental health program for our employees and had a Sustainability Day to involve the entire team in our progress. I'm proud of our team and I am convinced that the diversity within our company makes a more creative team that delivers better results.

## Looking ahead

The next phase of our R&D project will take it from the drawing board to a scalable system supported by robust data. In the long term, our vision is to be recognised as the leading supplier in our niche for environmental systems – I am confident that we will achieve this ambition.

Planet

Footprint



Scanacon

Data

Handprint

Driving positive environmental impact

Scanacon contributes through CO<sub>2</sub> Reduction, Materials Recycled, and Landfill Avoided by safely handling hazardous acids, enabling a significant water-use reduction in stainless steel production, enabling recycling of up to 90% of acids, and reducing production and transport of acid through large-scale acid reuse.

Actions planned to increase handprint

- Continuous recirculation of acids and metals
- Reduced lime consumption
- Elimination of natural gases and less landfill compared to best available technologies
- Continuous development of metal recovery
- Closing the loop
- Reduction of sludge generation through acid recycling and metal recovery
- More projects within the circular economy

Impact KPIs

Reduce carbon footprint

Result

9355

Tonnes reduced CO<sub>2</sub> emissions

Improved resource efficiency

Result

2304

Tonnes reduced landfill

Land use improvement

Result

2850

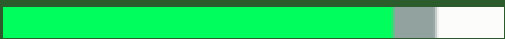
Tonnes reduced nitrate discharge

People

49

Employees

Employee satisfaction



75%

● Actual ● Target

Total



20%

Management



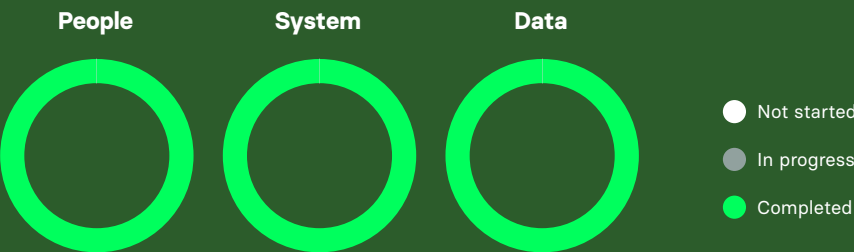
19%

Board



17%

Governance



Read more about governance systems and data measurement tools on page 26.



# SI – Sustainable Intelligence

Fund  
**Alder II**

Acquired  
**2021**

Ownership  
**48%**

Turnover 2023  
**595 mSEK**

## Together for the next generation and an energy-efficient world

Sustainable Intelligence (SI) develops software and systems that improve the sustainable management of buildings and deliver solutions for energy efficiency and automation in all types of buildings.

# A mindset shift puts our services at the forefront



**Mikael Norlander**  
CEO, Sustainable Intelligence

**This year, Sustainable Intelligence (SI) turned 25. A lot has changed in that quarter century when it comes to the demand for sustainability, particularly during the two-and-a-half years of my tenure as CEO and notably in the past 12 months. While our business idea has remained constant, societal and property sector demands have shifted, placing sustainability at the forefront of decision-making.**

## Company outlook

Our core business – software and systems for energy efficiency and automation in buildings – has always had sustainability at the core. Our sales approach is what has adapted over the years to a changing customer mindset. Rather than solely emphasising energy savings, our sales communications now highlight how our services reduce buildings' carbon footprint.

This shift is driven by property investors making decisions based on how green a building will be and the impact on return of investment. It's also driven by potential tenants who put higher demands on the sustainability of their new office, factory or logistics terminal. This mindset shift has also meant that we are now typically engaged at a much earlier stage of a project. The industry recognises the necessity of integrating optimised energy systems from the drawing-board.

## Highlights and challenges of 2023

One noteworthy project in 2023 involved designing an automation system for a logistics terminal that is focusing on achieving net-zero targets in the coming years. We are proud to be part of projects that have ambitious sustainability goals and where our solutions can contribute to the long-term reduction of emissions.

This year, we achieved accredited certification within information security ISO 27001 and we received positive results from our employee satisfaction survey, which we follow up year-on-year.

## Looking ahead

Our commitment to creating a more sustainable world involves measuring the value we provide to customers. Our focus for the upcoming year is on quantifying the impact we make by calculating the CO<sub>2</sub> reduction and green building scores achievable by partnering with SI. We are confident that our services are leading in the industry. Additionally, we're undertaking a project to calculate energy savings before and after renovation projects, benefiting both our sales and providing solid data for customers to present to potential investors and tenants.

These initiatives position us for even greater impact in the future.

Planet

Footprint



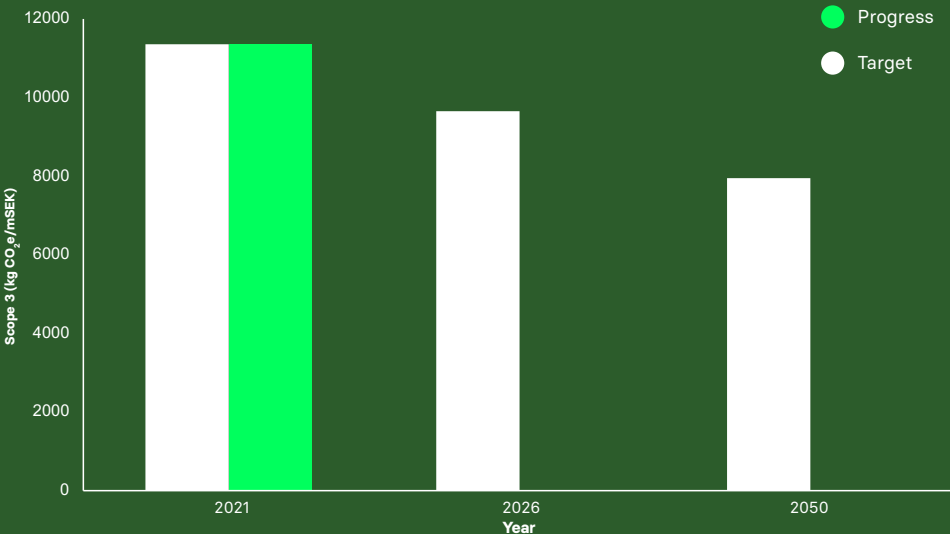
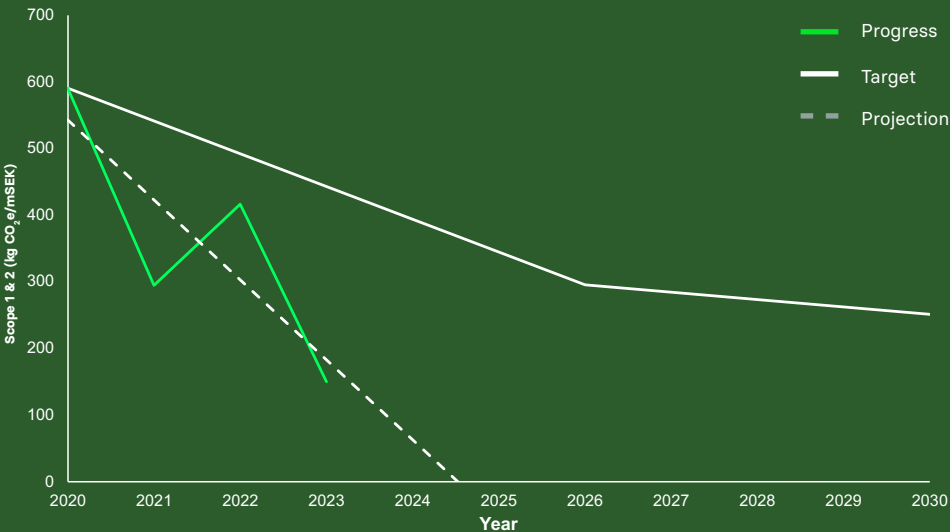
Actions performed to reduce footprint:

Scope 1 & 2

- Create report to continuously follow up and set goals
- Mapping areas with the most emissions

Scope 3

- Create an activity for a greater dialogue upstream and downstream





Handprint

Driving positive environmental impact

SI contributes through Energy Saved and Materials Saved by their services in automation, control and servicing of municipal water treatment facilities, solutions for energy efficiency and energy consumption and reducing the climate impact of buildings.

Actions planned to increase handprint

- Contribute to more energy-efficient buildings both in new production and reconstruction projects
- Reduce energy consumption for our customers with the help of our services on existing measurable facilities
- Improve energy classification of our customers' properties

Impact KPIs

Energy use saving per project

Result (DFDS)

31%

Energy use reduction

Result (Boxflow)

25%

Energy use reduction

CO<sub>2</sub> emissions savings per project

Result (Boxflow)

15,344

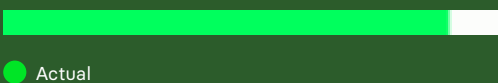
kgCO<sub>2</sub>e

People

303

Employees

Employee satisfaction



89%

Total



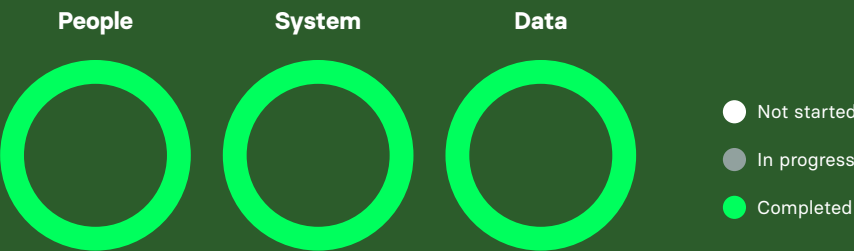
12%

Board



17%

Governance



Read more about governance systems and data measurement tools on page 26.

# Umia

Fund

Alder I

Acquired

2015

Ownership

49%

Turnover 2023

1067 mSEK

## Creating installations of the future

Umia is an installation company that delivers energy-efficient solutions through the interplay of heating, security, sprinkler and control technologies for commercial and industrial customers, as well as the public sector. Their integrated model enables more efficient installations, resulting in lower energy costs for the customer over time.

# Continued energy optimisation despite uncertain times



**Andre Ruuth**  
Group Strategist, Umia

**In the face of a challenging market, Umia remains dedicated to advancing energy optimisation on the path toward a decarbonised, green future. Our commitment to resource-efficient solutions positions us as a crucial player in assisting customers in meeting evolving sustainability challenges and regulations.**

## Company outlook

Energy-saving solutions have been the core of our business from the start – optimising energy for ventilation, heating, cooling, lighting and beyond. Over time, there has been a shift, so a substantial part of our efforts now centre on total installation services. Our installation model is designed not only to bring down installation costs but also to reduce our customers' impact by minimising material use.

In both services, we see an opportunity to engage our customers in addressing their businesses' environmental impact by demonstrating how our products can reduce emissions and resource use.

## Highlights and challenges of 2023

This year, we worked on several rewarding projects, such as a new residential area in Umeå, where we continued work on an extensive solar-panel plant to supply the property with electricity and send any excess to the grid. The project also runs several energy recovery systems, including a heat pump and recycling energy from showers to heat hot water.

In another energy-saving project for a housing association in northern Sweden, we developed a solution for a 102-apartment property to recycle energy from the ventilation system. The results achieve an annual saving of 400 MWh per year, that's equivalent to powering around 60 Swedish households for a year (based on an assumed average consumption).

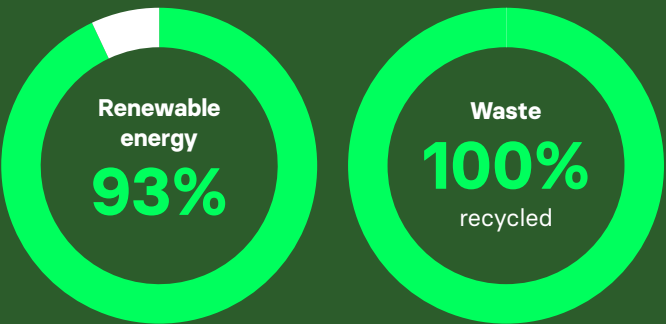
There have also been challenges this year as an unstable economy ground the construction industry, one of our key customer segments, almost to a halt. However, we are confident that our solutions will continue to be in demand in an increasingly sustainability-focused market.

## Looking ahead

In the upcoming year, we will focus on accurately measuring the impact of our services, especially in how much we can potentially reduce our customers' CO<sub>2</sub> emissions. This commitment will serve as an essential sales strategy, aligning with the rising importance of sustainability across many organisations.

Planet

Footprint



Activities

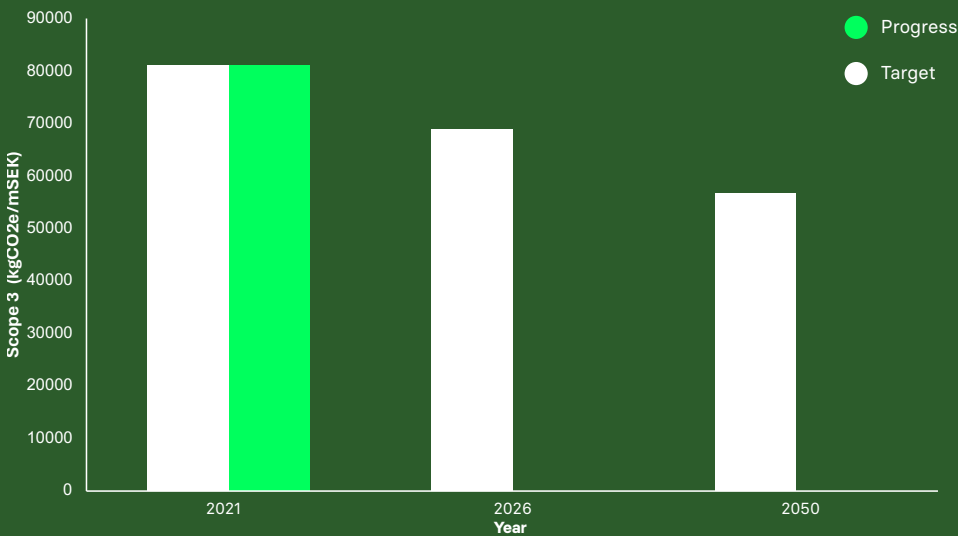
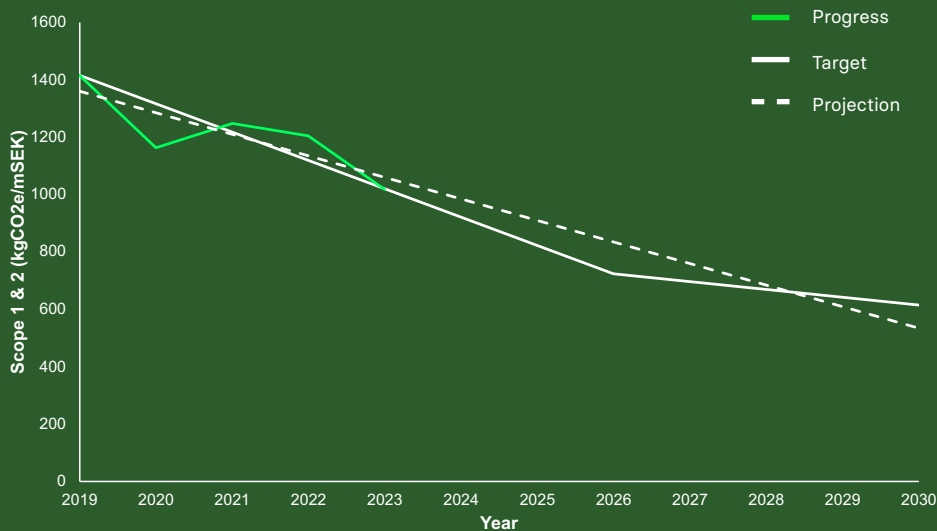
- Switch service cars to electric
- Minimise miles driven through better planning tools
- Increase direct-to-customer orders
- Improve space efficiency and minimize office space
- Place demands on property owners for energy efficiency

Recycling

- Reduce deposited material and waste (kg)
- Increase joint deliveries through larger order total
- 5% of material used should be reused materials

Scope 3

- Reduce CO<sub>2</sub> emissions for built-in materials
- Measure original demands for and emissions of CO<sub>2</sub>
- Set project goals for technical solutions and products
- Measure and follow up the final result
- Minimise CO<sub>2</sub> for transport of material from suppliers
- Work with suppliers to coordinate materials for the same project





Handprint

Driving positive environmental impact

Umia contributes through Energy Saved Materials Saved and Materials Recycled by identifying and delivering energy-efficient solutions in buildings, by making an average saving of 13% for materials and appliances in projects and by reducing project emissions through reduced use of materials, efficient logistics solutions and energy savings for customers.

Actions planned to increase handprint

- Increasing the number of own energy saving projects
- Choosing green projects
- Calculating the objectives in respective projects
- Involving suppliers with CO<sub>2</sub> emissions

Impact KPIs

Increase green projects

Result

2100

MWh energy use reduction through energy-saving projects

Reducing CO<sub>2</sub> in projects

Target

10%

reduction

Renewable energy

Result

700

Mwh of electricity produced by

2000

m<sup>2</sup> of solar panels

People

638

Employees

Employee satisfaction



85%

Customer satisfaction



65%

● Actual

● Target

Total



7%

Management



17%

Board



14%

Governance

People



System



Data



● Not started

● In progress

● Completed

Read more about governance systems and data measurement tools on page 26.

# Appendix



# Material sustainability topics

## Materiality

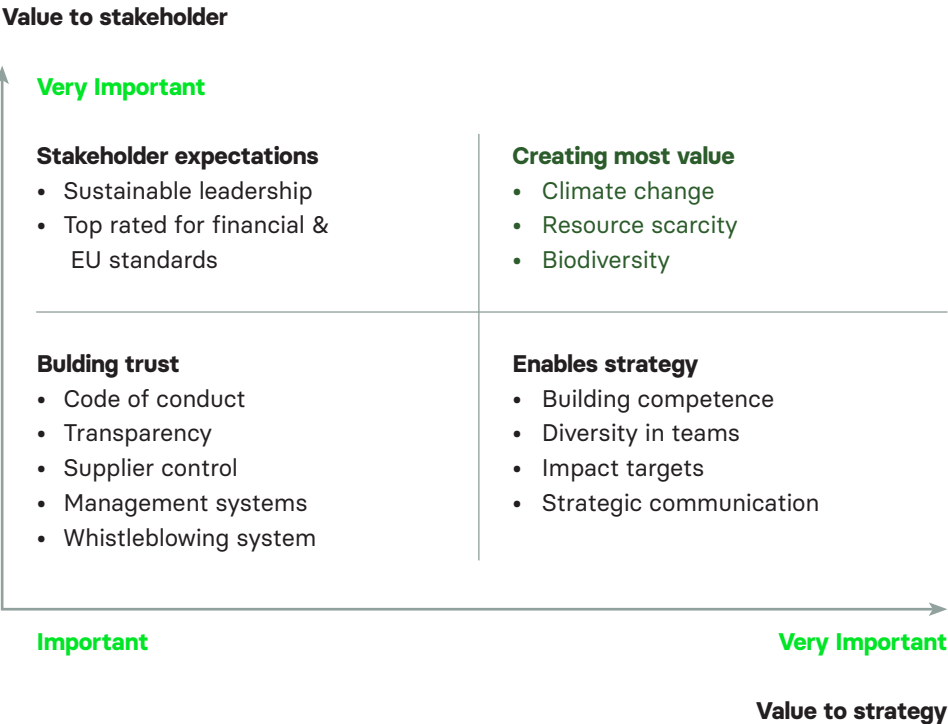
We have identified our company’s sustainability priorities and how our business can most importantly, create impact and value for stakeholders and at the same time, support our strategy.

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.



# PAI indicators

The SFDR requires financial market participants and financial advisers to publish a Principal Adverse Impact (PAI) statement on their website. PAI can be any impact of investment decisions with a negative sustainability impact, including on the environment, people, society, or employees.

Alder considers the principal adverse impacts of its investment decisions on sustainability factors as part of its investment due diligence process. For sustainable investments, this means ensuring that the investments do no significant harm to any environmental or social objective.

Alder I | Alder II | Alder III

<b>1 GHG emissions</b>	<b>Scope 1</b> <b>1,586</b> 428   442   1434 tonnes CO <sub>2</sub> e	<b>Scope 2</b> <b>71</b> 8   42   41 tonnes CO <sub>2</sub> e	<b>Scope 3</b> <b>57,975</b> 34,619   20,556   5,599 tonnes CO <sub>2</sub> e	<b>Total</b> <b>59,632</b> 35,056   21,039   7,074 tonnes CO <sub>2</sub> e
<b>2 Carbon footprint</b> <b>58</b> 561   25   30 tonnes CO <sub>2</sub> e/ mSEK invested	<b>3 GHG intensity of investee companies</b> <b>56</b> 24   23   18 tonnes CO <sub>2</sub> e/mSEK revenue invested	<b>4 Exposure of companies active in fossil fuel sector</b> <b>0</b> 0   0   0 % share	<b>5 Renewable energy consumption</b> <b>70</b> 7   73   67 % of total	<b>6 Energy intensity of investee companies</b> <b>0.02</b> 0   0.006   0.02 GWh/mSEK invested
<b>7 Activities negatively affecting biodiversity</b> <b>0</b> 0   0   0 % sensitive areas	<b>8 Emissions to water</b> <b>0.02</b> 0   0   0.05 tonnes	<b>9 Hazardous waste</b> <b>13</b> 0   0.02   25 tonnes	<b>6 Water usage and recycling</b> <b>13</b> 0   0.02   25 tonnes	<b>6 Water usage and recycling</b> <b>13</b> 0   0.02   25 tonnes
<b>10 Violations</b> <b>0</b> 0   0   0 %	<b>11 Lack of compliance mechanisms</b> <b>78</b> 100   84   22 %	<b>14 Exposure to controversial weapons</b> <b>0</b> 0   0   0 %	<b>12 Unadjusted gender pay-gap</b> <b>19</b> 2   22   22 % difference	<b>13 Board gender diversity</b> <b>16</b> 14   16   10 % women
<b>2 Rate of accidents</b> <b>25</b> 16   8   1 % share	<b>3 Number of days lost to injuries etc.</b> <b>5,232</b> 1,660   3,476   194 days	<b>4 Lack of supplier code of conduct</b> <b>25</b> 0   26   22 % share	<b>6 Insufficient whistleblower protection</b> <b>7</b> 0   5   22 % share	<b>15 Lack of anti-corruption and anti-bribery policies</b> <b>10</b> 0   9   22 % share



# Alder Environmental Impact Assessment Tool

We use our internally developed Environmental Impact Assessment Tool to guide our investment decision-making process. It enables us to move through a process of elimination or selection of new portfolio companies using a set of fundamental questions:

- 
- **Does the company's product/service have a positive environmental impact?**  
Is the environmental impact of the company's product/service different from its competitors?
- 
- **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?**

# Alder EU Taxonomy result 2023

**The EU Taxonomy is a classification system to help companies and investors identify environmentally sustainable economic activities, i.e. those that make a substantial contribution to at least one of the EU's climate and environmental objectives, while at the same time not significantly harming any of these objectives and meeting minimum social safeguards.**

This year, we drew from the EU Taxonomy to strengthen our existing strategy, which aims to grow companies by enhancing their environmental contributions. To ensure that this happens, we have integrated aspects of the EU Taxonomy into The Alder Way, detailing our support and expectations for portfolio companies to progress as follows:

- 1. Identify measurable contributions to environmental objectives
- 2. Ensure economic activities do not harm other environmental goals
- 3. Establish good governance practices, including risk management and human rights safeguards across the value chain

In this way, Alder guides our companies to become innovative and trusted actors in a sustainable economy based on science, social responsibility, and governance best practices.

While the expectation was that Alder's invested companies' technology-based products and services would be covered directly by the EU Taxonomy, we have discovered that this is not always the case. This is because the Taxonomy prioritises

sectors and activities most urgently in need of transformation – the most significant polluters. Instead, Alder companies often enable their customers to be significantly more efficient and more environmentally responsible, often addressing technical solutions not yet covered by the EU Taxonomy (for example gas detectors or metal recycling).

Since we believe in the EU Taxonomy's objectives, we will continue to use it where possible. Where we consider portfolio companies to be green but not yet covered directly by the Taxonomy, we will develop an equivalent internal tool to use in the meantime.

On the next page, you can find an overview of how our companies' activities are eligible according to the Taxonomy economic activities. The lower result this year is a reflection of the adjusted scope as discussed above.

### Eligible vs aligned activities

An eligible activity is an economic activity that is described and has technical screening criteria set out in the Taxonomy. These have been identified by the EU as having the greatest impact on the six objectives of the Taxonomy.

Once identified as eligible, in order to be considered aligned, an activity must meet all the criteria outlined in the Taxonomy regarding technical screening (TSC), do-no-signifi-cant-harm (DNSH) in relation to the other environmental objectives, and comply with minimum social safeguards as described in the Taxonomy Regulation.



Climate Change Mitigation



Climate Change Adaption



Circular Economy



Pollution



Ecosystem & Biodiversity



Marine Resources & Fresh Water

# Alder EU Taxonomy result 2023

Company name	AB Inventech	Briab	Centriair	Eco- Mobility	EWG	Insort	SI	SMG	3nine	Umia
Company Turnover (MSEK)	153	174	120	109	194	164	595	288	130	1067
% of Total turnover eligible according to the EU Taxonomy	100%	63%	0%	0%	83%	0%	88%	24%	0%	45%
% Eligible of Alders funds	<b>52%</b>									

























# Alder EU Taxonomy result 2023

Company	Activity numbers	Text	Mitigation	Adaptation	Pollution	Circular economy	% turnover
AB Inventech	4.3	Electricity generation by wind power	E				100
Briab	9.3	Professional services related to energy performance of buildings	X				50
	3.2e	Renovation of existing buildings				X	13
Centriair	0	Activity not currently listed in the EU Taxonomy	Helping customers maintain an odour-free working environment, minimising need for ventilation and controlling leakage of odourous gases.				0
EcoMobility	0	Activity not currently listed in the EU Taxonomy	Smart data solutions to optimise driving to reduce fuel use, tire-wear and other life-span reducing impact on motors.				0
EWGroup	2.7	Sorting and material recovery of non-hazardous waste				X	71
	2.2	Treatment of hazardous waste			X		12
Insort	0	Activity not currently listed in the EU Taxonomy	Technology to eliminate foreign or faulty items in the food chain, reducing spoilage and waste from contamination, decomposition, or quality deterioration.				0
Scanacon	5.9	Material recovery from non-hazardous waste			x		100
SMG	3.6	Manufacture of other low carbon technologies	E				24
SI	7.3	Installation, maintenance and repair of energy t efficiency equipmen	X				88
3nine	0	Activity not currently listed in the EU Taxonomy	Recovery and resuse of mineral oils and coolants from oil mist in industrial machines, reducing need for refill.				0
Umia	7.3	Installation, maintenance and repair of energy efficiency equipment	x				25
	7.5	Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	x				20



# The UN Sustainable Development Goals (SDGs)

In 2025, world leaders adopted the 17 Sustainable Development Goals (SDGs) at a historic UN summit in Paris. Countries, businesses and organisations can use them as a guide to meet the objectives of ending poverty, fighting inequalities and tackling climate change.

	Avoided emissions	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER
AB Inventech	  				7				13.1	
Briab	 						11.3   11.5	12.2   12.6	13.1	
Centriair	 		3.9				11.6		13.3	
EcoMobility	 						11.2   11.6			
EWGroup	 			6.3		9.4	11.5	12.4   12.5		
Insort	 	2.1   2.4						12.3   12.5	13.1	
Safe Monitoring Group	 		3.9	6.3			11.6		13.1	
Scanacon	  		3.9	6.4				12.4   12.5		14.1
SI	 			6.3	7.3		11.6			
3nine	 		3.9							
Umia	 				7.3			12.2		

# Reporting on climate-related financial risks

**The Task Force on Climate Related Financial Disclosures (TCFD) has developed a framework to help public companies and other organisations more effectively disclose climate-related risks and opportunities through their existing reporting processes. The following is a summary of Alder's work to report according to the 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 degree 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.

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

	Key Questions	Climate-related Metrics	Alder Targets
<b>Governance</b>	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 2023.
<b>Strategy</b>	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.
<b>Risk Management</b>	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.



## Risk Analysis: Interview results

● Significant risk
 ● Medium risk
 ● Low risk

Area	Relevant Risks	Relevant Opportunity	Result	Measures taken
<b>Policy &amp; Legal</b>	Increasing in operating costs due to price of emitting GHG.	Energy efficiency and control of emissions will face increasing demand for 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.
	Change in regulation on products and services penalise or ban high emitters.	Market regulation favours innovative actors delivering solutions.		
<b>Technology</b>	Innovative market entrants will compete with lower emissions options of existing products and services, or lower cost solutions.	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.
	R&D costs in new and alternate technologies.			
<b>Market</b>	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.
<b>Reputation</b>	Companies not clearly recognised as part of climate solution may miss out on opportunities, or not be associated with the “green economy”.	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.
	Any products that are not consistent with a strong climate-friendly identity may risk confusion or even cause brand dissonance.			



## Appendix 6

<div> <div>Significant risk</div> <div>Medium risk</div> <div>Low risk</div> </div>				
Area	Relevant Risks	Relevant Opportunity	Result	Measures taken
<b>Acute Physical</b>				
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.
<b>Chronic Physical</b>				
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.

# Upcoming regulations

## Corporate Sustainability Reporting Directive (CSRD)

The CSRD replaces and builds on the Non-Financial Reporting Directive (NFRD) by introducing more detailed reporting requirements and expanding the number of companies that must comply. It is relevant for companies operating in the EU and uses a Double Materiality perspective – looking at both the company's impact on ESG factors, as well as the impact of ESG factors on the company's ability to operate.



## The Taskforce on Nature-related Financial Disclosures (TNFD)

The TNFD developed a set of disclosure recommendations and guidance that encourage and enable business and finance to assess, report and act on their nature-related dependencies, impacts, risks and opportunities.





The image shows a detailed view of a wood surface, likely Alder, characterized by its dark green hue and intricate grain patterns. The grain features prominent, concentric growth rings that create a swirling, organic texture. A small, dark knot is visible in the upper left quadrant, adding to the natural character of the wood. The lighting highlights the fine details of the wood fibers and the depth of the green color.

**Alder.**