

# Principle Adverse Impact Statement

Annex 1  
30 June 2023

**Financial market participant** Alder Funds, Stockholm Sweden, LEI: 2138007JY7ZENKS8O467, LEI: SE 559130398601,

## Summary

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

The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Alder, including Fund I and Fund II.

This statement on principal adverse impacts on sustainability factors covers the first reference period from 1 January to 31 December 2021 and reporting for the period of 1 January to 31 December 2022. We consider the mandatory principal adverse impact indicators in table 1 and 3 voluntary social indicators in Table 3 described and applicable in line with our Sustainable Investment Objective.

## Description of principal adverse sustainability impacts

### Indicators applicable to investments in investee companies

**Table 1 - Description of the principal adverse impacts on sustainability factors**

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Adverse sustainability indicator		Metric	Impact 2022	Impact year 2021	Explanation	Actions
Greenhouse gas emissions	1. GHG emissions	Scope 1 Tons co2e	2,741	3,964	Including 2 additional portfolio companies	Alder is committed to contribute to the goals of the Paris Agreement and to achieving net zero carbon emissions by 2050.  All our portfolio companies are to set targets and roadmap on Climate Change Scope 1&2 and Scope 3 in line with the Paris agreement.  During 2021 and 2022 we have
		Scope 2 Ton co2e	381	553	Including 2 additional portfolio companies	
		Scope 3 Tons CO2e	133,229	118,782	Including 2 additional portfolio companies	
		Total GHG emission CO2e	136,352	123,299	Including 2 additional portfolio companies	
	2. Carbon footprint	Carbon footprint Tons CO2e/M€ capitol	113	119	Including 2 additional portfolio companies	- aligned our way to measure GHG scope 3 according with GhG protocol supported by

	3. GHG intensity of investee companies	Carbon intensity of investor companies Tons CO2e/M€ revenue	33	49	Including 2 additional portfolio companies	<p>external consultant company, Ramboll.</p> <ul style="list-style-type: none"> <li>- Performed an EU Taxonomy project together with our portfolio companies to learn, align and produce data for eligibility and alignment.</li> </ul> <p>During 2022 we are Implementing a platform for managing all Sustainability Data, SustainLab.</p> <p>We will measure and visualize our Targets (Race to Zero, Alignment, Impact) for all our Portfolio companies during 2023.</p> <p>Sustainability risk as well as potential opportunities, are included in the investment case business plan.</p>
	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0	0		
	5. Share of renewable energy consumption and production	% Renewable consumption of total consumption.	74%	58%	Including 2 additional portfolio companies	
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	NA	N/A		
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Negative impact on Biodiversity % of companies	10%	13%	Including 2 additional portfolio companies	
Water	8. Emissions to water	Emissions to water Tons	0%	0%		
Waste	9. Hazardous waste and radioactive waste ratio	Hazardous waste generated Tons	0,1%	0%		

## INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS

Adverse sustainability indicator		Metric	Impact 2022	Impact 2021	Explanation	Actions
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0	0		Company alignment with the OECD Guidelines and UNGP on Business and Human Rights is ascertained during the ESG DD Process.  Sustainability risk as well as potential opportunities, are included in the investment case business plan.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance / complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines	0	0		The internal ESG handbook, "the Alder Way", outlines key tools, frameworks and responsibilities, and includes a checklist for progress against requirements that the company is expected to meet within the first year, if they are not already met at point of acquisition.

		for Multinational Enterprises				
12. Unadjusted gender pay gap	Gender paygap % difference woman & men	10%	9%			
13. Board gender diversity	Percentage of boardmembers who are female	17%	23%			
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0	0			

**Table 3 - Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters**

<b>INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS</b>						
<b>Adverse sustainability indicator</b>	<b>Metric</b>	<b>Impact 2022</b>	<b>Impact 2021</b>	<b>Explanation</b>	<b>Actions</b>	
Social and employee matters	4. Lack of a supplier code of conduct	Share of investments in investee companies without any supplier code of conduct (against unsafe working conditions, precarious work, child labour and forced labour)	33%	12%	Included yearly assessments via surveys/and supplier audits. <small>Including 2 additional portfolio companies</small>	Company alignment with the OECD Guidelines and UNGP on Business and Human Rights is ascertained during the ESG DD Process.  Sustainability risk as well as potential opportunities, are included in the investment case business plan.
	6. Insufficient whistleblower protection	Share of investments in entities without policies on the protection of whistleblowers	3%	0%	<small>Including 2 additional portfolio companies</small>	The internal ESG handbook, "the Alder Way", outlines key tools, frameworks and responsibilities, and includes a checklist for progress against requirements that the company is expected to meet within the first year, if they are not already met at point of acquisition.
	15. Lack of anti-corruption and anti-bribery policies	Share of investments in entities without policies on anti-corruption and anti-bribery consistent with the United Nations Convention against corruption	29%	12%	Included in the CoC for most <small>Including 2 additional portfolio companies</small>	

## Other indicators for principal adverse impacts on sustainability factors

In addition to the set of mandatory indicators above, we are measuring a couple of additional indicators subject to customer satisfaction, implementation of management systems, employee satisfaction and employee competence development.

## Description of policies to identify and prioritise principal adverse impacts on sustainability factors

Our Responsible Investment Policy describes the framework governing our approach to responsible investments and ESG/sustainability. Our ESG strategy identifies four core areas of interest.

## Engagement policies

Alder is a member and a signatory of the UNPRI, the SVCA and the EVCA. In line with the guidelines from these organisations, it puts a high value on professional conduct in all aspects, including ESG. ESG is integrated in all Alder's core processes, from exclusion to investment, development, and exit.

Alder strongly believes that transparency, engagement, cooperation, and partnership is how we can leverage a positive result for the resilience of our Portfolio Companies and our funds.

We have a clear engagement policy for our portfolio companies – and through that we have a program to engage, support and share best practice.

We engage with Stockholm Resilience center to be able to offer executive training sessions to our portfolio companies and stay ahead of the sustainability agenda.

We engage with our investors and reports on ESG development twice yearly at LP meetings.

We engage with PRI, PE Growth Sustainability network and SVCA Invest Europe to share and learn from our peers and follow the European development of the Green Deal.

## References to international standards

Alder's Sustainable Investment Policy and hence its assessment of PAIs is based on international norms and conventions including:

Paris Agreement under the United Nations Framework Convention on Climate Change - As a signatory to Net Zero Asset Managers Initiative we are committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C.

UN Global Compact

OECD Guidelines for Multinational Enterprises

UN Guiding Principles for Business and Human Rights

Universal Declaration of Human Rights

UN Principles for Responsible Investment (PRI) and the Principles for Sustainable Insurance (PSI)

Task Force on Climate-related Financial Disclosures (TCFD)

## Historical comparison

Alder has published Sustainability reports since 2018, they can be found on [www.alder.se](http://www.alder.se). The choice of indicators has evolved since the first year and 2021 years report was to a large extent aligned with the PAI indicators in this document,