

# Principle Adverse Impact Statement

Annex 1  
4 April, 2025

**Financial market participant** Alder Funds, Stockholm Sweden, Alder II - LEI: 636700XOBQRZYJTQIM41, Alder III (D) – LEI: 636700MT6HSS3C9VB693 and Alder III (E) – LEI:636700WGKVT1U3RKYI83.

## 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 Alder II, Alder III (D) and Alder III (E) .

This statement on principal adverse impacts on sustainability factors covers the reporting for the period of 1 January to 31 December 2022, 2023 and 2024. We consider the mandatory principal adverse impact indicators in table 1, voluntary climate and other environmental in table 2 and 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 Year 2024 | Impact Year 2023 | Impact Year 2022 | Explanation   | Actions  |
| Greenhouse gas emissions                         | 1. GHG emissions                       | Scope 1 GHG emissions (tCO <sub>2</sub> e)                             | 995              | 1 586            | 2 741            | Variations in emissions across the reporting years are influenced by the timing of assessments and the evolving scope of portfolio companies. Operational improvements, more efficient processes, and enhanced data quality contributed to a measurable reduction in Scope 1, 2, and 3 emissions. | In 2024, Alder implemented standardized GHG reporting templates and synchronized assessment periods across portfolio companies. Companies received targeted support—including technical training, reporting templates, and one-on-one consultations—to align with the GHG Protocol and Race to Zero initiative. As a result, portfolio-level GHG intensity was reduced by 48% compared to 2023.<br><br>Alder mandates the measurement of Scope 1, 2, and 3 emissions for all companies and integrates decarbonization targets into strategic planning. Progress is reviewed annually through defined KPIs. |
|  |  | Scope 2 GHG emissions (tCO <sub>2</sub> e)                             | 78               | 71               | 381              |   |  |
|  |  | Scope 3 GHG emissions (tCO <sub>2</sub> e)                             | 19 581           | 57 975           | 50 629           |   |  |
|  |  | Total GHG emissions (tCO <sub>2</sub> e)                               | 20 654           | 59 632           | 53 751           |   |  |
|  | 2. Carbon footprint                    | Carbon footprint (tCO <sub>2</sub> e/ MSEK invested)                   | 14               | 58               | 45               |   |  |
|  | 3. GHG intensity of investee companies | GHG intensity of investee companies (tCO <sub>2</sub> e/ MSEK revenue) | 91               | 56               | 13               |   |  |

|              |   |   |      |        |        |   |  |
|--------------|---|---|------|--------|--------|---|--|
|              | 4. Exposure to companies active in the fossil fuel sector       | Share of investments in companies active in the fossil fuel sector (%)  | 6    | 0      | 0      | <p>The portfolio's low exposure to fossil fuels is largely attributed to the geographic focus on Sweden, where the energy mix heavily favors renewables, and to Alder's exclusion criteria targeting sustainable sectors.</p> <p>Fluctuations in the ratio of renewable to non-renewable energy consumption reflect changes in portfolio composition and onboarding of new companies with higher baseline non-renewable energy use.</p> | <p>Alder maintains strict pre-investment screening to avoid companies with significant fossil fuel activities.</p> <p>We continue to monitor energy sourcing and promote transitions to low-carbon alternatives during ownership.</p> <p>Through "The Alder Way," we promote clean energy adoption and energy efficiency upgrades.</p> |
|              | 5. Share of renewable energy consumption and production         | Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources (%) | 28   | 49     | 29     |   |  |
|              | 6. Energy consumption intensity per high impact climate sector  | Energy consumption in GWh per million EUR of revenue of investee companies, for high impact climate sector C (GWh/MSEK)   | 0.02 | 0.0016 | 0.0035 |   |  |
|              |   | Energy consumption in GWh per million EUR of revenue of investee companies, for high impact climate sector E (GWh/MSEK)   | 0.01 | 0.013  | 0.005  |   |  |
| Biodiversity | 7. Activities negatively affecting biodiversity-sensitive areas | Energy consumption in GWh per million EUR of revenue of investee  | 0    | 0      | 0      |   |  |

|       |  | companies, for high impact climate sector E  |      |      |     |  |  |
|-------|--|--|------|------|-----|--|--|
| Water | 8. Emissions to water                          | Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas (%) | 0,05 | 0,02 | 0   |  |  |
| Waste | 9. Hazardous waste and radioactive waste ratio | Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average (Tonne / MSEK invested)   | 29   | 12   | 0,1 | The increase in hazardous and radioactive waste is partially due to expanded data collection and the inclusion of newly onboarded companies, some of which operate in sectors with regulatory obligations for waste handling |  |

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

| Adverse sustainability indicator |   | Metric   | Impact<br>Year 2024 | Impact<br>Year 2023 | Impact<br>Year 2022 | 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                   | 0                   |   |  |
|                                  | 11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises | Share of investments in 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 for Multinational Enterprises (%) | 78                  | 79                  | 58                  | A significant portion of portfolio companies, particularly smaller or early-stage firms, currently lack formal mechanisms to monitor compliance with the UN Global Compact principles and OECD Guidelines. This is often due to resource constraints or the nascent stage of ESG integration. | In 2024, Alder enhanced its onboarding requirements by introducing a standardized compliance framework based on international standards. All companies are now expected to implement policies for grievance handling, ethical oversight, and supply chain due diligence. Through Scope 3 data analysis and climate adaptation workshops, companies gained greater awareness of supply chain risks and began identifying priority areas for responsible sourcing. This deeper engagement supports more consistent follow-up and monitoring of ESG-related supplier practices. |

|  |   |    |    |    |   |  |
|--|---|----|----|----|---|--|
| 12. Unadjusted gender pay gap  | Average unadjusted gender pay gap of investee companies (%)   | 28 | 19 | 15 | The increase in the unadjusted gender pay gap in 2024 is mainly due to acquisitions in male-dominated industries. Meanwhile, board gender diversity saw a temporary decline linked to restructuring in several portfolio companies. | Alder is addressing these disparities by embedding gender equity targets in portfolio governance assessments. All companies are required to track gender metrics and report progress yearly. |
| 13. Board gender diversity   | Average ratio of female to male board members in investee companies, expressed as a percentage of all board members (%) | 12 | 16 | 17 |   |  |
| 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  | 0  |   |  |

Table 2 - Additional climate and other environment-related indicators

| INDICATORS FOR CLIMATE AND OTHER ENVIRONMENTAL-RELATED MATTERS |                              |   |                  |                      |             |  |  |
|--|------------------------------|---|------------------|----------------------|-------------|--|--|
| Adverse sustainability indicator                               | Metric                       | Impact Year 2024  | Impact Year 2023 | Impact ref Year 2022 | Explanation | Actions  |  |
| Water, waste and material emissions                            | 6. Water usage and recycling | Average amount of water consumed by the investee companies (in cubic meters) per million EUR of revenue of investee companies (m3/MSEK revenue) | 59               | 38                   | 2           | Non-recycled waste and water use figures reflect increased data coverage and onboarding of companies with higher baseline impacts. |  |
|  | 13. Non-recycled waste ratio | Tonnes of non-recycled waste generated by investee companies per million EUR invested, expressed as a weighted average                          | N/A              | 14                   | 0,14        |  |  |

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

| INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS |  |  |                  |                      |             |   |   |
|--|--|--|------------------|----------------------|-------------|---|---|
| Adverse sustainability indicator   | Metric   | Impact Year 2024   | Impact Year 2023 | Impact ref Year 2022 | Explanation | Actions   |   |
| Social and employee matters  | 2. Rate of accidents   | Rate of accidents in investee companies expressed as a weighted average (accidents per 100,000FTE)   | 4 230            | 25                   | 22          | The uptick in reported accidents and lost days is driven by improved transparency and broader inclusion of near-miss incidents and illness-related absences in data collection. | In 2024, Alder enhanced its onboarding requirements by introducing a standardized compliance framework based on international standards. Included in the framework is health and safety reporting and risk management. Companies are required to report on accidents and days lost annually |
|  | 3. Number of days lost to injuries, accidents, fatalities or illness | Number of workdays lost to injuries, accidents, fatalities or illness of investee companies expressed as a weighted average (Number of workdays lost)                    | 5 649            | 5 232                | 218         |   |   |
| Anti-corruption and anti-bribery   | 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) (%) | 61               | 25                   | 33          | The identified gaps in supplier codes of conduct and whistleblower protections largely relate to smaller, newly acquired companies still in early ESG integration stages.       | In 2024, Alder rolled out a harmonized onboarding program, including ESG policy templates and onboarding checklists. All portfolio companies are expected to adopt a supplier code aligned with Alder standards and implement an external whistleblower channel.                            |

|  |   |  |    |    |    |  |   |
|--|---|--|----|----|----|--|---|
|  | 6. Insufficient whistleblower protection              | Share of investments in entities without policies on the protection of whistleblowers (%)  | 12 | 7  | 3  |  |   |
|  | 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 (%) | 9  | 10 | 29 | A downward trend in the lack of anti-corruption policies reflects Alder's ongoing efforts to institutionalize compliance across its portfolio. | We provide a standard anti-corruption policy template, conduct onboarding sessions on UN Convention compliance, and audit policy adoption as part of our ESG due diligence process. |

## 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 2021 years report and since then, the indicators was to a large extend aligned with the PAI indicators in this document.