

## **Sustainability-related disclosures under the SFDR**

Alder makes the following disclosures in accordance with Articles 3(1), 4(1)(a) and 5(1) of the Sustainable Finance Disclosure Regulation (2019/2088) (“SFDR”). Links to further information on our approach and impact assessments are provided on our webpage and on Investors Portal.

### **(a) Summary**

Alder was founded on the conviction that companies that are well positioned with sustainable and resilient offerings will prosper, and that long-term value creation must incorporate the principles of sustainability.

We do that by acquiring and developing companies that will benefit from the green transition and contribute to the long-term health and sustainability of the environment.

Our sustainable investment objective is to invest in companies that significantly contribute to reducing impacts on the environment by industrial processes or infrastructure, or measurably enhance positive impacts.

### **(b) No significant harm to the sustainable investment objective**

Alder’s Responsible Investment Policy incorporates an impact materiality assessment in the due diligence procedures.

Sustainability risks are integrated in the investment decision process

### **(c) Sustainable investment objective of the financial product**

Our sustainable investment objective is to invest in companies that significantly contribute to reducing impacts on the environment by industrial processes or infrastructure, or measurably enhance positive impacts.

### **(d) Investment strategy**

Alder is a Nordic investment fund with the aim of creating good opportunities for sustainable technology companies to accelerate growth and strategic development. All our companies contribute some environmental benefit, for example through resource efficiency. In our role as active owner, we bring skills and capital, together with a broad network of industrialists and experts who strengthen boards and provide strategic advice.

Our investments focus on established companies with profitable growth and a turnover of between SEK 100 and 750 million. Alder invests primarily as a majority shareholder in companies established in the Nordic region, but may also invest selectively in the rest of Europe, in particular in German-speaking countries.

### **(e) Proportion of investments**

Alder invests exclusively (100%) in companies where a significant part of the value proposition –more than 50% of their business–is to deliver or enable an environmental benefit, which should be measurable as defined in the sustainable investment objectives.

## **(f) Monitoring of sustainable investment objective**

On acquisition, it must be clear that companies will be able to show measurable, year on year progress in at least one of the following indicators:

- A) Avoided emissions of greenhouse gases
- B) Avoided release to the environment of other pollutants (substances of concern)
- C) Avoided use of non-renewable raw materials or renewable resources from stress sources by establishing processes that meet circular economy principles
- D) OR: deliver a critical solution that enables these avoided impacts to occur downstream in a value chain.

## **(g) Methodologies**

At each stage of the relationship with our portfolio companies, from entry to ownership and exit, creating environmental and stakeholder value is a constant that guides our decision-making and development.

### **Sustainability Risk Integration in Investment Decision-Making**

We acknowledge the importance of incorporating environmental, social, and governance (ESG) factors into our investment decision-making process as part of our responsibility to customers and stakeholders. To ensure informed investment choices, we aim to integrate ESG considerations into our analysis. By recognizing that ESG factors can present both risks and opportunities, we can identify potential investment prospects and evaluate sustainability risks.

#### **How we integrate sustainability risk in our investment decisions:**

1. Providing portfolio managers and analysts with access to relevant ESG information to identify sustainability risks within the investable universe.
2. Including sustainability risks in our investment evaluation to enhance long-term risk-adjusted returns.
3. Identifying, evaluating, and taking appropriate action on issuers with significant exposure to sustainability risk.
4. Learn more about our approach to integrating sustainability risk into our decision-making process.

#### **Integration of sustainability risks in remuneration:**

In addition to incorporating sustainability risks into our investment processes, we also include them in our remuneration models to promote commitment and engagement in sustainability among our employees. Our remuneration policies encompass sustainability risk considerations at various levels, including the design and long-term perspective of the structure, as well as the governance of remuneration policies and decisions in a sustainable manner.

A more complete description can be found in the Responsible investment policy posted on our webpage.

**(h) Data sources and processing**

We aim to continuously improve how we gather and analyse our portfolio's sustainability data to be as accurate and transparent as possible. This is a prerequisite that comes from Alder's core values but also from increasing regulative demand.

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

The system 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.

We aim to fully integrate the tool for regular input to management teams and boards, and use it to keep track of targets and progress and enable annual reporting.

**(i) Due diligence**

We perform a sustainability due diligence as a component of the overall due diligence process. The ESG Due Diligence is performed in accordance with the ESG Due Diligence guidelines and Alder's ESG DD evaluation model, and covers the adverse impacts laid out in Annex I to identify sustainability related risks and opportunities across the company's value chain, from raw materials sourcing to customer use of the product or service.

**(j) Attainment of the sustainable investment objective**

Alder report quarterly to our investors on the financial and sustainability progress towards the sustainability objective in line with SFDR's disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852. The complete Sustainable investment objective and Periodical reports can be found in our Investors portal.