

Sustainability Policy

1. Purpose & scope

Alder is committed to integrating sustainability into our investment strategy to create both economic value and a positive environmental impact. This policy outlines our ESG and impact management approach, applying to all investment activities and portfolio companies.

2. Governance & accountability

Sustainability and impact management oversight rest with Alder's Partners, with implementation led by the investment team. This policy aligns with our Responsible Investment Policy, SFDR disclosure, Impact Management Principles and Code of Conduct.

Alder applies the Operating Principles for Impact Management across all investments to ensure accountability and transparency in driving sustainable value creation.

3. Key Governance Meetings & Teams

We maintain robust oversight through structured governance mechanisms:

- **Portfolio Reviews** – Evaluate ESG and impact performance bi-annually.
- **Trojka Meetings** – Strategic alignment between Alder, company leadership, and stakeholders.
- **Board Meetings** – Oversight of strategy, governance, and sustainability objectives.
- **Alder Investment Committee (IC)** – Approves investments aligned with financial, ESG, and impact goals.
- **Company CEOs & ESG Ambassadors** – Ensure local ownership of sustainability strategy.

4. Integration in investment process

Sustainability is embedded in every stage of our investment process. During due diligence, we assess ESG risks alongside financial and strategic factors, focusing on environmental impact, governance, and social responsibility. This ensures informed investment decisions that drive long-term value creation.

As active owners, we support portfolio companies in improving ESG performance and embedding sustainability into operations. We also systematically evaluate sustainability risks that could affect financial stability and resilience. Our remuneration policy aligns with these principles, incentivizing responsible investment. Sustainability considerations are integral to our exit strategies, ensuring long-term impact.

5. Focus areas & Strategic impact objectives

Our investments contribute to key global challenges, including:

- **Climate change mitigation:** Reducing emissions and improving energy efficiency.
- **Resource efficiency & circular economy:** Optimizing resource use and promoting sustainability.
- **Biodiversity & environmental Stewardship:** Supporting responsible land and water management.
- **Good governance & social responsibility:** Encouraging ethical business conduct and fair labor practices.

Each portfolio company must contribute to at least one of Alder's eight impact objectives, with targets such as:

- ≥50% of deployed capital supporting environmental objectives
- ≥50% of turnover from green activities, aiming to double

We align with global sustainability frameworks, including the EU Taxonomy, UN PRI, SDGs, and TCFD.

6. Impact Management approach

Alder follows the 9 Principles of the Impact Management framework:

1. Strategic impact goal-setting
2. Fund-level impact management
3. Active contribution to impact
4. Systematic impact evaluation
5. ESG risk mitigation
6. Impact monitoring & KPIs
7. Impact-driven exits
8. Learning & continuous improvement
9. Public disclosure & independent verification

7. Monitoring, reporting & transparency

We track and report Impact and ESG performance across our portfolio, ensuring compliance with our own and global standards. Transparency is key, and we regularly disclose progress to investors and stakeholders. In line with SFDR, we provide clear reporting on sustainability risk management and continuous improvements.

We ensure accountability through structured reporting and external transparency:

- **PRI Public Report** – Annually in July
- **Sustainability Report** – Annually by March 31
- **SFDR PAI Statement** – Annually by June 30
- **Impact Monitoring** – Bi-monthly internal reviews, quarterly LP updates

8. Sustainable culture & continuous improvement

Sustainability is embedded in Alder's DNA. We foster sustainability awareness through training, sustainable workplace practices, and industry engagement. Our approach evolves through annual policy reviews to stay at the forefront of responsible investing.