

ALTOR

Disclosure Statement 2025

Operating Principles for
Impact Management

Introduction

Altor Equity Partners AB (the “Signatory”, hereafter “Altor”) hereby affirms its status as a Signatory to the Operating Principles for Impact Management (the “Impact Principles”). This Disclosure Statement applies to Altor ACT I (“ACT I” or “the Fund”). The total covered assets under management in alignment with the Impact Principles is USD 1,249m as of December 31, 2025.

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Alignment with the Impact Principles

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Principle 1:

Define strategic impact objective(s), consistent with the investment strategy

The Manager shall define strategic impact objectives for the portfolio or fund to achieve positive and measurable social or environmental effects, which are aligned with the Sustainable Development Goals (SDGs), or other widely accepted goals. The impact intent does not need to be shared by the investee. The Manager shall seek to ensure that the impact objectives and investment strategy are consistent; that there is a credible basis for achieving the impact objectives through the investment strategy; and that the scale and/or intensity of the intended portfolio impact is proportionate to the size of the investment portfolio.

Driving the green transition in Europe

- Altor ACT I is established with the ambition of accelerating Europe's green transition. The Fund pursues this goal by investing in European scale-ups and growth enablers with the potential to scale and decarbonize hard-to-abate sectors. This ranges from renewable energy alternatives to low-carbon materials, circularity innovations, e-mobility solutions, and more. Every investment is anchored in a clear and measurable decarbonization objective and builds upon our 20+ years of industrial sector experience.
- Central to the impact strategy is a Theory of Change, which articulates how Altor's inputs and activities are expected to translate into outputs, outcomes, and long-term impact (see Altor's Sustainability Report 2024, p.25, available [here](#)). The Theory of Change incorporates assumptions as well as corresponding impact indicators and provides a structured basis for pre-investment impact assessments (see Principle 4). EU SFDR Article 9 Fund
- Altor ACT I is classified as an EU SFDR Article 9 fund and is committed to maintaining 100%* sustainable investments with an environmental objective. The Fund also targets a minimum of 20% EU Taxonomy alignment.

Sustainable Development Goal 13: Climate action

- Altor ACT I seeks to generate decarbonization impact, contributing to Sustainable Development Goal 13: Climate action ("SDG 13").

Science-based Target Initiative

- In 2021, Altor was among the pioneering private equity firms to commit to the 1.5-degree ambition as outlined in the Paris Agreement. Altor submitted near-term science-based targets in March 2023, which were approved in November 2023. Details of Altor's commitment and targets can be found [here](#). In March 2026, Altor published a Net Zero commitment, in line with the SBTi Financial Institutions Net Zero (FINZ) standard.

Other commitments and memberships

- Altor is a signatory of the UN Principles for Responsible Investments and a member of various associations, including the ESG Data Convergence Initiative (EDCI), SVCA, NVCA, Active Owners Denmark, Invest Europe, Level 20, and Initiative Climat International (ICI).

* A few immaterial exceptions apply for non-investment-related balance sheet items. These are included in the SFDR pre-contractual disclosure.

Principle 2:

Manage strategic impact on a portfolio basis

The Manager shall have a process to manage impact achievement on a portfolio basis. The objective of the process is to establish and monitor impact performance for the whole portfolio, while recognizing that impact may vary across individual investments in the portfolio. As part of the process, the Manager shall consider aligning staff incentive systems with the achievement of impact, as well as with financial performance.

Managing impact on a portfolio basis

- In 2024, Altor established an impact framework for Altor ACT I that defines how impact is managed at portfolio level and integrated across the investment cycle.
- As a green transition fund with the aim to decarbonize hard-to-abate industries, the Fund's primary impact metric is avoided emissions. In 2024, Altor therefore developed an avoided emissions framework to measure and track progress towards this goal. This framework is applied across the full investment cycle and enables impact quantification both pre- and post-investment (see Principle 4 and 6). Read more about the framework in Altor's Sustainability Report (p.26, available [here](#)).

Policy and dedicated ownership

- Sustainability and impact are embedded in Altor's company values, which is formalized in the Responsible Investment & Ownership Policy "RIO Policy" (available [here](#)). Altor expects the same commitment from portfolio companies and business partners.
- In 2020, Altor appointed its first full-time sustainability professional. At the time of preparing this Disclosure Statement, Altor has a Sustainability Team in place, consisting of a Head of Sustainability and a Sustainability Value Creation Manager who work closely with the Fund's investment team and portfolio companies. The team is responsible for Altor's sustainability value creation and impact strategy, due diligence oversight, as well as performance management and tracking. Where relevant, the team also engages third-parties and external advisors.
- An Investment Allocation Policy and Allocation Committee are established to ensure proper allocation processes between Altor ACT I and Altor Main Funds, including consideration of the funds' strategic objectives and EU SFDR Article 9 requirements.

Incentive systems

- Altor ACT I's incentive system is linked to financial performance. Altor views financial growth closely linked to decarbonization outcomes, as scaling successful green transition businesses enables greater avoided emissions. Although incentives are not directly linked to impact metrics, Altor considers financial and impact performance to be strongly aligned in practice.
- For future ACT Funds, Altor may consider incentive structures that link staff compensation to both financial and impact performance.

Principle 3:

Establish the Manager's contribution to the achievement of impact

The Manager shall seek to establish and document a credible narrative on its contribution to the achievement of impact for each investment. Contributions can be made through one or more financial and/or non-financial channels. The narrative should be stated in clear terms and supported, as much as possible, by evidence.

Filling the gap for green scale-up equity

- Altor's primary contribution to the green transition is the provision of growth capital to green scale-up companies. While many transition technologies are already available, significant capital is needed to scale these solutions across European industries. Altor ACT I is designed to address this financing gap by providing equity – often taking a majority stake – to drive the growth of European companies that enable meaningful decarbonization.

Active ownership

- Portfolio companies are onboarded to Altor's sustainability and impact approach as set out in the RIO Policy (available [here](#)). This includes the development of an action plan with requirements to address material sustainability gaps (see Principle 5).
- Portfolio companies are integrated into Altor's sustainability and impact network, which facilitates peer learning and knowledge sharing (see Principle 8).
- Portfolio companies' impact performance is monitored on an annual basis (see Principle 6).
- While Altor ACT I has not yet completed any exits, Altor seeks to integrate sustainability and impact considerations into exit planning to support durable outcomes beyond ownership (see Principle 7).

Attribution approach

- As part of the avoided emissions framework (see Principle 2), Altor quantifies its contribution to decarbonization using a vertical attribution approach which is based on the same ownership calculations as applied within SFDR, i.e. based on the fair value of Altor ACT I's stake in relation to EVIC (Enterprise Value Including Cash).

Contributions to the broader ecosystem

- Altor actively engages with other investors and organizations to develop and advance industry standards, including the development of SBTi near-term guidance for the private equity sector and internationally recognized methodologies for calculating avoided emissions.

Principle 4:

Assess the expected impact of each investment, based on a systematic approach

For each investment the Manager shall assess, in advance and, where possible, quantify the concrete, positive impact potential deriving from the investment. The assessment should use a suitable results measurement framework that aims to answer these fundamental questions: ① What is the intended impact? ② Who experiences the intended impact? ③ How significant is the intended impact? The Manager shall also seek to assess the likelihood of achieving the investment's expected impact.

In assessing the likelihood, the Manager shall identify the significant risk factors that could result in the impact varying from ex-ante expectations. In assessing the impact potential, the Manager shall seek evidence to assess the relative size of the challenge addressed within the targeted geographical context. The Manager shall also consider opportunities to increase the impact of the investment. Where possible and relevant for the Manager's strategic intent, the Manager may also consider indirect and systemic impacts. Indicators shall, to the extent possible, be aligned with industry standards and follow best practice.

Initial screening evaluates alignment with the Fund's objectives

- Potential investments are screened based on their alignment with Altor ACT I's investment and impact objectives, focusing on technologies with the potential to significantly decarbonize Europe. Opportunities are assessed against a matrix that considers green transition relevance and innovation level to determine impact alongside financial return potential.
- Companies are screened using the Upright Project model, which provides a net impact ratio and assesses positive and negative impacts across environmental and social dimensions (read more at the Upright Project website [here](#)).

Due diligence validates decarbonization and impact potential

- In accordance with EU SFDR Article 9 requirements, Altor assesses each company's contribution to an environmental objective. Do No Significant Harm and Good Governance assessments are covered under Principle 5.
- Altor actively engages with other investors and organizations to develop and advance industry standards, including the development of SBTi near-term guidance for the private equity sector and internationally recognized methodologies for calculating avoided emissions.
- Building on Altor ACT I's Theory of Change, a company-specific Theory of Change is developed to map the company's alignment and potential contribution to decarbonization. Additional impact areas and SDGs may be included where relevant to the company's activities, outputs and outcomes.
- The potential investment is evaluated along the Five Dimensions of Impact (read more at Impact Frontiers' website [here](#)), assessing the 'What, Who, How much, Contribution, and Risk' of the company's impact. Altor's assessment combines qualitative analysis with a quantitative impact score (0-2, reflecting low to high) to capture impact across dimensions and categories.
- The avoided emissions potential is assessed using Altor's avoided emissions framework that quantifies net impact against a business-as-usual baseline. The methodology incorporates future impact uncertainty consistent with financial assumptions and applies a dynamic reference scenario to reflect declining impact as green technologies mature. Further details are available in the Sustainability Report 2024 (p.26, available [here](#)).

Principle 5:

Assess, address, monitor, and manage potential negative impacts of each investment (1/2)

For each investment the Manager shall seek, as part of a systematic and documented process, to identify and avoid, and if avoidance is not possible, mitigate and manage negative impact risks. Where appropriate, the Manager shall engage with the investee to seek its commitment to take action to address potential gaps in current investee systems, processes, and standards, using an approach aligned with good international industry practice. As part of portfolio management, the Manager shall monitor investees' negative impact risk and performance, and where appropriate, engage with the investee to address gaps and unexpected events.

Exclusionary screening and sustainability due diligence prior to investment

- In 2021, Altor formalized an exclusion list in the RIO Policy (available [here](#)). Potential investments are assessed for direct exposure against defined revenue thresholds, as well as indirect exposure through customers and business partners.
- A double materiality assessment is conducted for each potential investment to identify material sustainability topics, based on the company's sector, geography, business model, and value chain. It considers Altor's sustainability topics (as defined in the RIO Policy) and additional topics where relevant.
- A sustainability risk assessment evaluates the company's general sustainability approach, covering strategy and commitments, internal governance, policies and procedures, and reporting and communication. Performance is assessed against standards in Altor's RIO policy and results are benchmarked against industry and peer averages. Additionally, the company's performance for each material topic is evaluated, as well as the feasibility to close the gap during Altor's ownership.
- A sustainability value creation opportunities assessment provides an initial view of the company's sustainability levers and informs the sustainability value creation plan post-investment.
- In accordance with EU SFDR Article 9 requirements, potential investments are assessed against criteria for Do No Significant Harm and Good Governance. Performance is assessed against the SFDR Principle Adverse Impact ('PAI') indicators. Based on this assessment, short-term actions are formulated to address performance gaps, if any are identified.

Monitoring and managing potential negative impacts during ownership

- Portfolio companies report progress on sustainability metrics, including PAI indicators, to Altor's Sustainability Team on an annual basis. This process is supported by a third-party data collection platform.
- Altor's Sustainability Team analyses the data and documents results in a Traffic Light Assessment report. This report compares the company's current performance against Altor's RIO Policy standards, prior year performance, portfolio average, and where available, relevant benchmarking data (e.g., ESG Data Convergence Initiative). This exercise identifies areas to further improve.
- The Traffic Light Assessment report is shared with the respective Altor investment team and portfolio company to facilitate a transparent dialogue on future improvements. These discussions are part of the agenda during company Board meetings at least twice a year.

Principle 5:

- Altor reports on quantitative sustainability performance to its investors on an annual basis. General sustainability matters are reported on a quarterly basis. Incidents are reported on occurrence, and at least quarterly.
- Altor publicly reports on sustainability through an annual Sustainability Report, which includes official SFDR PAI periodic reporting. The sustainability disclosures are subject to limited assurance by an independent external auditor. Altor's Sustainability Report 2024 is available [here](#) (p.49 covers SFDR PAI reporting for the Altor ACT I).

Principle 6:

Monitor the progress of each investment in achieving impact against expectations and respond appropriately

The Manager shall use the results framework to monitor progress toward the achievement of positive impacts in comparison to the expected impact for each investment. Progress shall be monitored using a predefined process for sharing performance data with the investee. To the best extent possible, this shall outline how often data will be collected; the method for data collection; data sources; responsibilities for data collection; and how, and to whom, data will be reported. When monitoring indicates that the investment is no longer expected to achieve its intended impacts, the Manager shall seek to pursue appropriate action. The Manager shall also seek to use the results framework to capture investment outcomes.

Formalizing responsibilities at time of investment

- Portfolio companies establish a point of contact within the organization who is driving sustainability value creation initiatives and ensuring the company is operating in line with Altor's RIO Policy (available [here](#)), and reporting on sustainability KPIs to Altor.

Monitoring progress against expectations during ownership

- Portfolio companies report progress on a set of sustainability KPIs, which include impact metrics, to Altor's Sustainability Team on an annual basis. This process is supported by a third-party data collection platform.
- Among other indicators, the metrics include avoided emissions – the Fund's main impact metric – as well as the presence of a decarbonization strategy, jobs created, EU Taxonomy alignment, gender diversity and inclusion (e.g., women representation, gender pay gap), and living wage. These metrics are tracked through an Impact Scorecard.

Reporting on results

- The Impact Scorecards are shared with investors on an annual basis. Going forward, Altor aims to build on this progress by engaging even more systematically with portfolio companies across the scorecard dimensions to further accelerate impact achievement.
- Altor publicly reports on its impact journey in an annual sustainability report (available [here](#)).

Principle 7:

Conduct exits considering the effect on sustained impact

When conducting an exit, the Manager shall, in good faith and consistent with its fiduciary concerns, consider the effect which the timing, structure, and process of its exit will have on the sustainability of the impact.

Planning for exit

- While Altor ACT I has not completed any exits, Altor intends to include exit planning from the outset. At time of investment, where possible, Altor develops a sustainability value creation plan which integrates sustainability and impact as key levers for risk mitigation and exit multiple optimization.
- During the ownership phase, Altor seeks to review and update portfolio companies' sustainability value creation plan and associated ambitions so that impact performance and future potential can be meaningfully reflected in the equity story. Approaches may differ by investment (e.g., for minority investments).
- Where possible, Altor seeks potential buyers that appreciate and value sustainability and impact performance. In preparation for an exit, the company's sustainability performance will be documented in a dedicated report, summarizing a double materiality assessment and performance across environmental, social, and governance topics.

Principle 8:

Review, document, and improve decisions and processes based on the achievement of impact and lessons learned

The Manager shall review and document the impact performance of each investment, compare the expected and actual impact, and other positive and negative impacts, and use these findings to improve operational and strategic investment decisions, as well as management processes.

Reviewing and documenting performance of each investment

- Altor reviews the sustainability performance of each investment based on a structured monitoring process and documents results in a Traffic Light Assessment. This report, including identified improvement areas, is discussed at portfolio company Board meetings at least twice a year (see Principle 5).
- Altor reviews the impact performance of each investment based on a structured monitoring process and documents results in an Impact Scorecard (see Principle 6).

Sharing lessons learned and best practices across the portfolio

- As part of the active ownership approach, Altor organizes functional sustainability network meetings to facilitate best practice sharing across the portfolio. These are held quarterly, with an in-person session once per year.
- For example, at the in-person Altor Sustainability Network Day in 2025 (see [here](#)), sustainability professionals at portfolio companies and external experts discussed the themes of decarbonization, climate risk and living wage, sharing struggles, wins, and learnings to raise the bar for the road ahead.

Annual review of policies

- Altor reviews all policies, including the RIO Policy, on an annual basis. Revision details are included in the RIO Policy (p.10, available [here](#))
- As the industry evolves and best practices emerge, Altor aims to update its impact framework (e.g., management processes, impact quantification methodologies) accordingly, on an ad-hoc basis.

Principle 9:

Publicly disclose alignment with the Impact Principles and provide regular independent verification of the alignment

The Manager shall publicly disclose, on an annual basis, the alignment of its impact management systems with the Impact Principles and, at regular intervals, arrange for independent verification of this alignment. The conclusions of this verification report shall also be publicly disclosed. These disclosures are subject to fiduciary and regulatory concerns.

Annual disclosure

- This Disclosure Statement is the first public disclosure of Altor's alignment with the Impact Principles. As per Principle 9, this disclosure statement will be reviewed, updated, and publicly disclosed on an annual basis.

Independent verification

- The first independent verification of Altor's alignment with the Impact Principles will be conducted in the coming year by a qualified third party. Results are expected to be publicly disclosed no later than April 2027.
- Altor intends to conduct independent verifications at an interval of 2-3 years.

ALTOR

If you have any questions
please contact us:

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