



Responsible Investment & Ownership Policy



1. Background and Purpose

EQT¹ is a leading investment firm with a passion for developing companies and making a positive impact. Having a long-term, responsible and sustainable approach to investment and ownership is EQT's way of creating value for investors, in portfolio companies and to society at large. By considering sustainability as an integral part of its business model EQT, as well as the EQT funds' portfolio companies, can identify and capture value creating opportunities as well as mitigate relevant risks. By doing so, EQT can remain relevant, successful and be part of the regenerative solutions needed for the future.

This Responsible Investment and Ownership Policy (“RI&O Policy”) describes EQT’s commitment to sustainability in general and approach to address material sustainability aspects throughout the entire investment process. The key lies in EQT’s thematic approach of investing in businesses with positive societal impact, advancing the progress of one or more of the United Nations (“UN”) Sustainable Development Goals (“SDG”). This policy further outlines the standards for how EQT works with structural development of portfolio companies in the context of sustainability. EQT invests in good companies with a potential to become great, sustainable companies during ownership and beyond. This means investments that live up to the due diligence requirements, or those that have been found to have both the potential and ability to do so in the future.

2. Scope

The EQT RI&O Policy is applicable to all EQT funds and their respective investment processes. In cases where an EQT fund does not have control or co-control, EQT’s influence is typically more limited, including influence on sustainability matters. Nonetheless, there is an expectation that material sustainability aspects are considered as part of the investment analysis and that, where applicable, an appropriate governance model is adapted to manage and monitor sustainability aspects throughout the ownership period. Note that for funds where certain investments’ stage and type provides different prerequisites, such as for EQT Ventures, a more limited sustainability analysis is conducted and may not explicitly form part of the investment recommendation material.

Material sustainability aspects are those factors that have, or have the potential to have, a direct or indirect impact on an organization’s ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders and society at large.

3. Principles

EQT has a long-standing commitment to responsible investment and ownership principles and was the first among Nordic peers to become a signatory to the UN supported Principles for Responsible Investment (“PRI”) initiative in December 2010. EQT continuously maintains and aligns its responsible investment and ownership approach with various international conventions, standards and guidelines such as, but not limited to, the Ten Principles of the UN Global Compact, the UN Guiding Principles on Business and Human Rights, the UNDP powered SDG Impact and TCFD (Task Force on Climate-related Financial Disclosures).

¹ EQT means: EQT AB, and/or CBTJ Financial Services B.V., and/or SEP Holdings B.V., and/or any one or more of its/their direct/indirect subsidiaries and/or the various EQT funds

Integration throughout the investment and value-creation process

EQT considers responsible investment and ownership principles and practices, including the consideration of material sustainability aspects, as an integral part of each phase of the investment and value-creation process;

- **Capital raising** – To enable potential investors to assess whether EQT’s responsible investment and ownership approach is in alignment with their policies, investment beliefs and needs, the EQT RI&O Policy will be clearly defined together with information on how compliance is achieved.
- **Sourcing & Entry** – Sustainability aspects form an integrated part of EQT’s thematic sourcing and investment approach in order to identify portfolio companies that make a positive societal impact. Moreover, EQT avoids investing in companies whose products, services or practices cause environmental or social harm and where there is no path to mitigate these negative impacts and transform the business into a positive contributor to society.

When assessing the attractiveness of an investment opportunity, EQT will consider material sustainability aspects as part of its due diligence. The outcome of the sustainability analysis is documented in the investment recommendation materials presented to the managers and/or general partners of the various EQT funds, which then considers the analysis in its overall review of the investment opportunity.

EQT’s approach is not simply to mitigate risks but also to find opportunities to support value creation by enhanced management, such as waste reduction, energy usage control or sustainable product development. As part of the investment and onboarding processes, portfolio companies’ boards of directors and management teams are introduced to EQT’s sustainability philosophy and the RI&O Policy.

- **Ownership & Value-creation** – EQT will at all times act as a responsible owner promoting sustainable practices and as such sound ethical and appropriate environmental, social and governance (“ESG”) standards in the portfolio companies that the EQT funds own or in which such EQT funds have an interest.

EQT is committed to improving the portfolio companies’ sustainable practices, ESG performance and disclosure practices during its ownership period, as EQT’s governance position and influence allows. An essential part of EQT’s value creation strategy is the governance model and management structure that is put in place for each portfolio company. Through these structures, portfolio companies’ management of sustainability aspects is influenced and supported throughout the relevant EQT fund’s ownership period. EQT supports management to promote a culture of compliance with the ESG standards by providing best practice information and tools.

EQT continuously monitors the portfolio companies’ sustainable practices and ESG performance. Sustainability information is gathered through regular monitoring and reporting activities. Depending on the type of data, collection occurs at least annually.

- **Divestment** – With transparency being one of EQT’s values, material sustainability aspects will form part of the vendor due diligence report, initial public offering prospectus or other relevant divestment process documentation. While EQT’s mission is to help good companies become better during ownership, it is also important to EQT that portfolio companies can continue to prosper and grow following EQT’s ownership and as such EQT will assess comfort with potential buyers.

ESG standards

EQT aims to promote sustainable practices and as such sound ethical and appropriate ESG standards in the portfolio companies that the EQT funds own or have an interest, including:

Governance

- Facilitating a purpose-driven strategy by integrating material sustainability aspects in the company's business model
- Conducting a strategic board discussion on sustainability at least once a year
- Complying with applicable and relevant laws and regulations, as well as being aware of defined future regulation, in markets where they operate
- Maintaining a high level of business ethics in all types of transactions and interactions, including no acceptance, under any circumstances, of offering or receiving bribes to or from any person or entity in relation to their business and fair competition practices. In addition, portfolio companies shall actively work to prevent corruption
- Having a defined and documented corporate governance structure with clear responsibilities and procedures and appropriate internal control mechanisms
- Setting of sound ethical and appropriate ESG standards through relevant sustainability-related codes/policies or similar guidelines
- Conducting financial and non-financial reporting which allows for accuracy and transparency, including behaving in a tax transparent manner

Environmental

- Supporting value creation potential from developing the company as environmentally resilient and regenerative
- Supporting a precautionary approach to environmental challenges
- Limiting the emissions of harmful substances and harmful waste, including emissions of greenhouse gases
- Limiting consumption of environmentally scarce and non-renewable resources with relevance for the specific business operations
- Avoiding or minimizing adverse impacts on biological diversity when specific business operations might have such effects

Social

- Promoting diversity and having a zero tolerance against any type of discrimination
- Addressing customers' interests, including customer health and safety, data security and customer privacy and responsible marketing practices
- Seeking positive involvement with stakeholders, e.g. employees, customers and suppliers, and the communities in which they operate in order to contribute to solving societal challenges and build stakeholder trust
- Complying with international conventions on human rights, including supporting the elimination of child or forced labour in their own operations and in the supply chain
- Respecting employees' and contractors' rights to decent working conditions, e.g. minimum wages, working hours, health and safety and right to collective bargaining

4. Implementation, Roles and Responsibilities

The Head of Sustainability is the owner of the EQT RI&O Policy and is responsible for providing information on responsible investment and ownership areas to the EQT Board of Directors.

The manager and/or general partner of each EQT fund engages its Investment Advisor, EQT Partners, to support them in the evaluation and monitoring of sustainability aspects and sustainable practices. It is the EQT Partners' investment advisory teams' responsibility to make sure that sustainability is considered and assessed during investment screening and due diligence as well as continuously monitored during the ownership period. Heads of the respective investment advisory teams are responsible for annually reporting on compliance to the RI&O Policy.

The board of directors of each portfolio company is responsible for defining strategy and policy for the portfolio companies in which the EQT funds invest. Each portfolio company's CEO and management team are responsible for executing the strategy and running the daily operations of the company according to the policies established by the board of directors. Furthermore, each portfolio company has a designated contact person, who is responsible for transparently reporting the company's sustainability journey and level of performance.

To support the organization and portfolio companies, EQT has dedicated sustainability resources that work in close liaison with the investment advisory teams. Additionally, to integrate and advance EQT's responsible investment and ownership practices within the organization, Sustainability Ambassadors have been appointed for all business lines, also covering EQT's core sectors.

5. Reporting

Disclosure to the public

EQT aims to promote the acceptance and implementation of responsible investment and ownership principles/practices within the private equity and financial industry. For this purpose, EQT openly publishes its RI&O Policy, RI Transparency Reports and other relevant sustainability information on its website.

Disclosure to EQT funds' investors

For more recent EQT funds, relevant sustainability information is reported to investors through the fund reports. Apart from a general responsible investment and ownership update, sustainability disclosure/performance and themes in focus are reported on a portfolio company level. In addition, sustainability updates are included on the EQT Annual Investors' Meeting as well as on the agenda for relevant EQT funds' investors' committee meetings.

6. Disciplinary Process

When potential malicious activities have been identified it should be followed by an investigation of what has happened. This should follow the EQT AB general disciplinary process.

This RI&O Policy forms the foundation for EQT's continued sustainability engagement and should inspire to raise the impact ambitions further. The policy will be reviewed at least annually and amended as appropriate from time to time.

Revised April 2019

Appendix

POLICY OVERVIEW

Adopted by	Board of Directors EQT AB
Date of adoption	2019-04-26
Date of previous adoptions	See Appendix
To be revised/adopted	At least annually
Applies to	EQT
Document owner	Head of Sustainability
Accessibility	EQT website
Classification	Public

DATE OF PREVIOUS ADOPTIONS/REVISIONS

Date	Description of amendments	Version
2010-03-31		Version 1
2011-10-27	Additional organizational information	Version 2
2012-04-19	Adjustment of legal entity in connection with future funds being placed onshore	Version 3
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