

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainability-Linked Securities

EQT AB Group
30 April 2021

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	Sustainability-Linked Securities
Relevant standard(s) Lifecycle	Sustainability-Linked Bond Principles, as administered by ICMA Pre-issuance verification
Validity	As long as EQT's Sustainability-linked Financing Framework and benchmarks for the Sustainability Performance target(s) remain unchanged

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SCOPE OF WORK

EQT AB (“EQT”) commissioned ISS ESG to assist with its Sustainability-Linked Securities by assessing three core elements to determine the sustainability quality of the instrument:

1. The sustainability credibility of the KPI selected and Sustainability Performance Target (SPT) calibrated – whether the KPI selected is core, relevant and material to the issuer’s business model and sector, and whether the associated target is ambitious.
2. EQT’s Sustainability-linked Financing Framework (April 2021 version) and structural components of the transaction – benchmarked against the Sustainability-Linked Bond Principles (SLBPs), as administered by the International Capital Market Association's (ICMA).
3. EQT’s sustainability performance, according to ISS ESG Corporate Rating.

ISS ESG SPO ASSESSMENT SUMMARY

SECTION	EVALUATION SUMMARY ¹²
<p>Part 1</p> <p>KPI selection and SPT calibration - GHG emissions reduction</p>	<p>KPI selection: Relevant, core and material to issuer’s business model and sustainability profile</p> <p>Sustainability Performance Target (SPT) calibration:</p> <ul style="list-style-type: none"> • Not benchmarkable against the issuer’s past performance • Ambitious against issuer’s sectorial peer group • Commitment to be in line with the Paris Climate Goals <hr/> <p>The KPI selected is core, relevant and material to the issuer’s business model and consistent with its sustainability strategy. It is appropriately measurable, quantifiable, externally verifiable and benchmarkable. It covers a material scope of the operations and activities of EQT.</p> <p>The SPT calibrated by EQT is ambitious against the company’s sectorial peers and in line with the Paris Agreement. Yet, given the nature of EQT’s business, its target cannot currently be compared to the past performance. This is due to the fact that the vast majority of EQT’s CO₂e emissions (related to its portfolio companies) is based on a changing portfolio, as well as the fact that the commitment focuses on a new ambition.</p> <p>The benchmark that will be selected by the Issuer is provided by an independent third party (the Science-based Target Initiative, SBTi) based on a methodology established in the industry. The SPT remains in a similar order of magnitude as top tier company in its sector. The target will be set in a clear timeline, will be benchmarkable and supported by a credible strategy and action plan.</p>
<p>Part 2.a.</p> <p>KPI selection and SPT calibration - Percentage of women in Investment Advisory Professionals</p>	<p>KPI selection: Relevant, core and material to issuer’s business model and sustainability profile</p> <p>Sustainability Performance Target (SPT) calibration:</p> <ul style="list-style-type: none"> • Ambitious against issuer’s past performance • Ambitious against issuer’s sectorial peer group • Ambitious against international targets <hr/> <p>The KPI selected is core, relevant and material to the issuer’s business model in an ESG perspective. The KPI selected is consistent with its sustainability strategy. It is appropriately measurable, quantifiable, externally verifiable and benchmarkable. It covers a material scope of the operations and activities of EQT.</p> <p>The SPT calibrated by EQT is ambitious against the company’s past performance, its sectorial peer group and the available international targets. Historical data performance, including baseline, have been verified by a third-party. The target is set in a clear timeline and supported by a credible strategy and action plan.</p>

¹ ISS ESG’s evaluation is based on the engagement conducted in April 2021, on EQT’s Sustainability-linked Finance Framework (April 2021 version) and on the ISS ESG Corporate Rating applicable at the SPO delivery date (updated on the 27.04.2021).

² The whole ISS ESG evaluation is made on the basis of the fact that EQT will adopt an SBT target under the SBTi guidelines. Therefore, this assessment entirely relies on the information provided by EQT at a stage in which almost no documents (except for the Framework) are available as for KPI 1 its related SPT.

<p>Part 2.b.</p> <p>KPI selection and SPT calibration - Percentage of Women Board Members Appointed at EQT's Portfolio Companies</p>	<p>KPI selection: Core, relevant and material to issuer's business model and sustainability profile</p> <p>Sustainability Performance Target (SPT) calibration:</p> <ul style="list-style-type: none"> • Ambitious against issuer's past performance • Ambitious against issuer's sectorial peer group • Not benchmarkable against international targets <p>The KPI selected is core, relevant and material to the issuer's business model in an ESG perspective. The KPI is consistent with its sustainability strategy. It is appropriately measurable, quantifiable, externally verifiable and benchmarkable. It covers a material scope of the operations and activities of EQT.</p> <p>The SPT calibrated by EQT is ambitious against company's past performance and its sectorial peer group. Yet, it is not benchmarkable against international targets. Historical data, included baseline performance, have been verified by a third-party. The target is set in a clear timeline and supported by a credible strategy and action plan.</p>
<p>Part 2:</p> <p>Alignment with the SLBPs</p>	<p>Aligned with ICMA Sustainability-Linked Bond Principles</p> <p>The Issuer has defined a formal framework for its Sustainability-Linked Securities regarding the selection of KPI, calibration of Sustainability Performance Target (SPT), sustainability-linked securities characteristics, reporting and verification. The framework is in line with the Sustainability-Linked Bond Principles (SLBPs) administered by the ICMA. Historical data including baselines have been verified and all KPIs are relevant, core and material.</p>
<p>Part 3:</p> <p>Link to issuer's sustainability strategy</p>	<p>Consistent with issuer's sustainability strategy</p> <p>According to the ISS ESG Corporate Rating published 27.04.2021 the company currently shows a high sustainability performance against peers on key ESG issues faced by the Asset Management & Brokerage sector and obtains a Decile Rank relative to industry group of 1, given that a decile rank of 1 indicates highest relative ESG performance out of 10. The issuer is rated 12th out of 127 companies within its sector as of 29.04.2021.</p> <p>The KPIs selected by the issuer are related to GHG emissions reduction and to an increase in the percentage of women as investment professionals of EQT and as board members of its portfolio companies. The three topics have been defined as some of the key priorities of the Issuer in terms of sustainability strategy and ISS ESG finds that they represent material sustainability topics.</p>

ISS ESG SPO ASSESSMENT

PART 1. KPI SELECTION & SPT CALIBRATION – GHG EMISSIONS REDUCTION TARGETS

1.1. KPI selection

KPI selected by the issuer

FROM ISSUER'S FRAMEWORK

- **KPI:** EQT AB will seek to have its Science Based Targets (“SBTs”) approved by the Science Based Target Initiative (“SBTi”). EQT AB's greenhouse gas (“GHG”) emission reduction targets will include scope 1, 2 and 3 where scope 3 includes investment categories, i.e. portfolio companies. SBTi's applicable private equity sector guidelines are expected to be released during the second half of 2021 (which might result in certain portfolio companies applying for own SBTs³).
- **SPT:** EQT AB will seek to have its Science Based Targets (“SBTs”) approved by the Science Based Target Initiative (“SBTi”) by 2023
- **Long-term goal:** Not provided by the Issuer
- **Rationale:** As one of the world's leading private markets firms, EQT believes that it should use its role as main shareholder in its portfolio companies⁴ to further combat climate change. This implies imposing on the EQT funds' portfolio companies a clear and credible pathway in achieving its approved SBTs
- **Baseline:** To be established with the SBTi
- **Baseline year:** To be established with the SBTi
- **2030 goal:** Not provided by the Issuer
- **Scope:** Private equity sector. The KPI and its associated target will cover the vast majority of EQT's current CO_{2e} emissions according to the issuer.

Materiality and relevance

EQT has committed to adopt a KPI and its SBT by 2023 with the help of the SBTi. The whole ISS ESG evaluation is made on the basis of the fact that EQT will adopt such target under the SBTi guidelines. EQT will probably adopt an absolute contraction approach for scope 1, 2 and non-investment categories of scope 3. As for investment-categories related to scope 3 emissions, EQT will probably adopt an intensity metric methodology, or will urge its portfolio companies to adopt an SBT target on their own. This largely depends on the SBTi and the guidance it will provide to EQT. Therefore, this assessment entirely relies on the information and assumptions provided by EQT at a stage in which almost no documents (except for the Framework) are available.

By offering socially responsible investment (SRI) products, asset management firms can promote investments in companies that contribute to the solution of global sustainability challenges. Sustainable Investment Criteria are considered as a key ESG issue faced by the Asset Management and Brokerage (more specifically, Private Equity) sector according to key ESG standards⁵ for reporting and ISS ESG proprietary assessment.

ISS ESG finds that climate change mitigation and the GHG emissions reduction KPI to be selected by the issuer are:

- **Relevant** to EQT's business as sustainable investment criteria are highly important for the industry sector, especially for scope 3 emissions related to the portfolio companies (e.g.

³ Some portfolio companies may have their own SBT's validated at a later stage.

⁴ EQT is the main shareholder for around 65% of its portfolio companies (including Private Equity, Infrastructure and Public Value)

⁵ Key ESG Standards include SASB and TCFD, among others.

investments in eco-friendly companies or changing the environmental profile of currently owned companies).

- **Core** to the issuer's business as climate change mitigation reduction measures affects key processes and operations that are core to the business model of the issuer (e.g. driving the adoption of portfolio companies setting their own SBTs and modifying the conduct of corporate operations, or driving portfolio companies to adopt exclusion criteria for their activities to further tackle climate change). Moreover, as an Asset Manager, the company is strongly exposed to physical, transition and liability risks from climate change.
- **Material** to EQT from an ESG perspective as it is one of the key ESG issues faced by the Asset Management & Brokerage industry. Hence, EQT can have material impact on the issue. By covering scopes 1, 2 and 3 (including EQT's portfolio companies), EQT ensures that most of the emissions it is responsible for will be addressed.

Consistency with overall company's sustainability strategy

EQT identified climate change mitigation as one of its priority long-term goals. The definition of a GHG emission reduction KPI is consistent with EQT's strategy of mitigating climate change. In the last years, EQT has indeed measured and acted to reduce its climate impact deriving from its own operations (as well as offsetting unavoidable emissions⁶). In 2015, EQT started measuring the climate impact of its own operations. The Issuer became one of the first private equity firms to sign up the SBTi in late 2020. Recognizing that EQT's main impact on the climate is indirect, through the EQT funds, EQT is engaging actively with portfolio companies around this topic and requests greenhouse gas emission data on an annual basis. In addition to this, the Issuer will rely on the SBTi to reduce EQT funds' portfolio companies' GHG emissions.

ISS ESG finds that the KPI selected by the issuer is consistent with the overall company's sustainability strategy.

Measurability

- **Material scope and perimeter:** The KPI selected covers EQT's own operations, its portfolio companies and its non-investment categories. Therefore, the KPI covers the vast majority of EQT's current CO₂e emissions. For EQT AB's Scope 1, 2 and non-portfolio-companies of Scope 3, the target will cover at least 99.5% of all CO₂e emissions. For portfolio companies of Scope 3, the target will cover at least 95% of total CO₂e emissions.
- **Quantifiable:** The KPI selected is measurable and quantifiable, based on the fact that the SBTi adopts quantitative targets and explains the methodology behind them. EQT will probably adopt an absolute contraction approach for scope 1, 2 and non-investment categories of scope 3. As for investment-categories related to scope 3 emissions, EQT will probably adopt an intensity metric methodology. This largely depends on the SBTi Guidelines and the guidance it will provide to EQT. According to EQT, portfolio companies might also set their own SBTs.
- **Externally verifiable:** The KPI selected is externally verifiable considering that SBTs are approved and verified by the SBTi. They are in line with what the latest climate science deems necessary to meet the goals of the Paris Agreement, limiting global warming to well-below 2°C above pre-industrial levels and pursuing efforts to limit warming to 1.5°C. On top of it, SBTs rely on the SBTi guidelines for the specific sector (in this case, Financial Institutions).

⁶ In 2020, this was done with an investment in a combined portfolio of frontier climate projects, such as biochar, and more traditional projects.

- **Benchmarkable:** By relying on the commonly acknowledged SBTi methodology, the KPI is easily comparable with the data reported by other companies and with international targets such as the Paris Agreement.

Opinion on KPI selection: ISS ESG finds that the KPI selected is core, relevant and material to the issuer's business model and consistent with its sustainability strategy. It is appropriately measurable, quantifiable, externally verifiable and benchmarkable. It covers a material scope of the operations and activities of EQT.

1.2. Calibration of SPT

SPT set by the issuer

FROM ISSUER'S FRAMEWORK⁷

Sustainability Performance Target: EQT AB will seek to have its Science Based Targets ("SBTs") approved by the Science Based Target Initiative ("SBTi"). EQT AB's greenhouse gas ("GHG") emission reduction targets will include scope 1, 2 and 3 where scope 3 includes investment categories, i.e. portfolio companies. SBTi's applicable private equity sector guidelines are expected to be released during the second half of 2021 (which might result in certain portfolio companies applying for own SBTs).

Sustainability Performance Target Trigger: when EQT AB will be referenced by the SBTi as having approved and published GHG emission reduction targets that are aligned with one of their scenarios before or by 31 December 2023.

Sustainability Performance Target Observation Date: Not available at this stage.

Baseline: Not available at this stage.

Strategic 2030 Goal and selection of methodology for calculating the SPT: Not provided by the Issuer

Factors that support the achievement of the target:

- For scope 1, 2 and non-investment categories scope 3: EQT states to have full control over its corporate operations (and resulting emissions), and can thus make the necessary changes to achieve the targets.
- For scope 3 investment categories: As EQT has majority control stakes in its portfolio companies, EQT should be in a position to drive the adoption of portfolio companies setting their own SBTs.

Risks to the target:

- The SBTi guidance are not yet set and due to the complexity of the private equity sector, SBTi may delay the release of the guidance, potentially delaying the overall achievement of the KPI.

⁷ This table is displayed by the issuer in its Sustainability-Linked Bond Framework and has been copied over in this report by ISS ESG for clarity.

Greenhouse gas emissions – own operations compared to EQT funds



Sources: EQT Framework as of April 2021

Ambition

Against company's past performance

EQT will set the SPT(s) to reduce its GHG emissions (scopes 1, 2 and 3) using different metrics depending on the emissions scope, given the varying nature of EQT's underlying operations. Since it relies on the SBTi, the SPT(s)⁸ should equate to⁹:

- at least a yearly 2.5% absolute GHG emissions reduction target (for scope 1, scope 2 and 3 emissions related to non-investment categories); and
- at least 2% linear annual intensity improvements with no absolute emission growth (for scope 3 investment categories in reference to a physical intensity target)¹⁰.

Like all SBTi-validated targets, this SBT will be developed in line with the GHG Protocol Corporate Standard and it will cover all relevant GHG emissions. The intensity reduction target relates to the vast majority of EQT CO₂ emissions, the ones deriving from EQT portfolio companies.

EQT's CO₂e emissions (scope 1, 2 and non-portfolio companies of scope 3) increased, in absolute terms, from 2015 to 2018¹¹. Therefore, the SPT is ambitious when referring to this category of emissions (only accounting for a small part of EQT emissions). As for EQT's CO₂e emissions related to its portfolio companies (accounting for the majority of EQT emissions), it is not possible to compare data related to the past years given that the portfolio is continuously changing.

In this context, ISS ESG believes that, given the nature of EQT's business, its target cannot currently be compared to the past performance. This is due to the fact that the vast majority of EQT's CO₂e emissions derive from the portfolio, which is changing and where portfolio companies are on different

⁸ EQT portfolio companies might adopt SPTs individually.

⁹ This assumption is made on the basis of the following guidelines: <https://sciencebasedtargets.org/resources/files/SBTi-criteria.pdf>

¹⁰ Alternatively, in case EQT's portfolio companies commit individually to the SBTi, this will equate to at least a 2.5% absolute GHG emissions reduction target (for scope 1, scope 2 and scope 3 emissions). However, it is currently too early to determine this.

¹¹ EQT publicly available annual report on GHG emissions, 2018 (<https://www.eqtgroup.com/globalassets/responsible-investment/eqt-ghg-emissions-report-2018.pdf>)

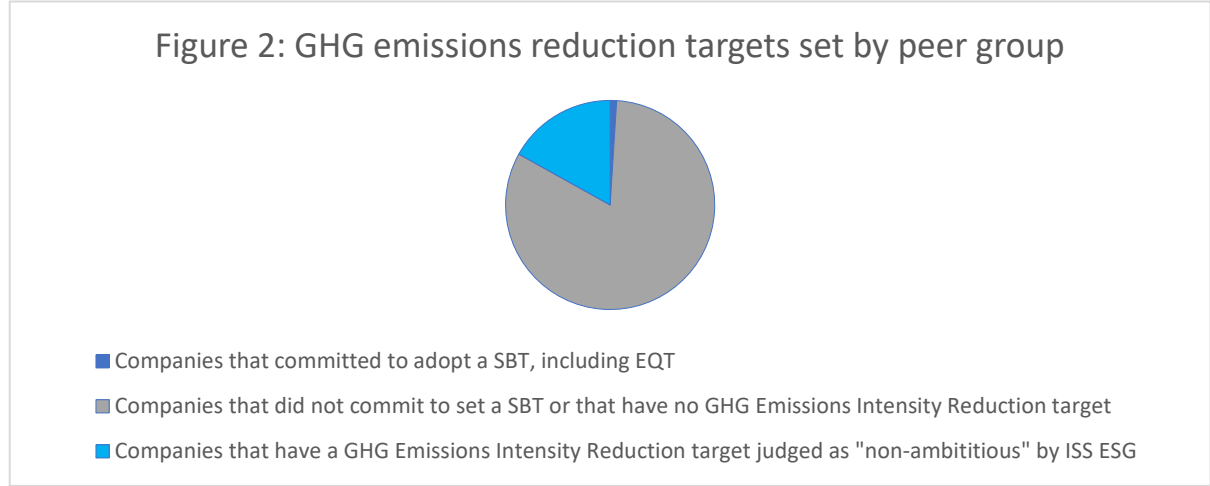
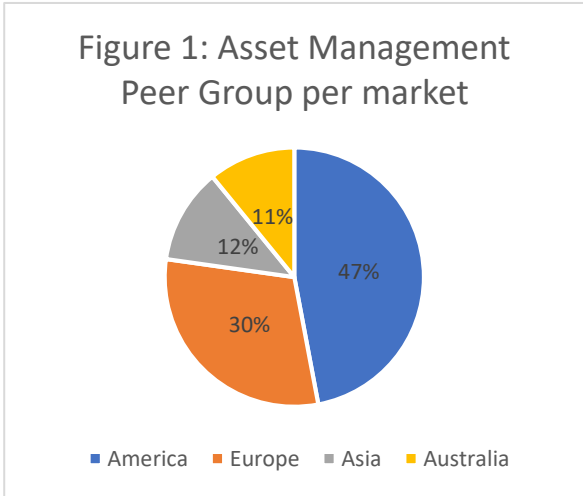
paths in terms of sustainability maturity. Hence, intensity data has historically been difficult to compare in a comprehensive manner. However, EQT's target referring to its own operations and scope 3 non-investment categories (accounting for a minority of EQT overall GHG emissions) is ambitious compared to its past performance.

Against company's sectorial peers

ISS ESG conducted a benchmarking of the commitment to the SBT set by EQT against the Asset Management and Brokerage peer group of 201 listed companies derived from the ISS ESG Universe. Those companies are located in the markets displayed in Figure 1.

As of 04.28.2021, ISS ESG evaluates EQT as an above-average performer in terms of GHG emissions intensity of its operations against its industry peers. According to ISS ESG data, EQT ranks 59th out of 115 companies in the Asset Management & Brokerage Industry in terms of GHG emissions intensity.

In terms of target set, EQT is one of the two companies (out of 127) in its industry to have committed to an SBTi target and it thus belongs to the top 1% tier of its sector in terms of existence of such targets (see Figure 2).



Sources: ISS ESG, as of 23.04.2021

ISS ESG concludes that the SPT(s) set by the issuer will be ambitious compared to the Asset Management and Brokerage sector practices. EQT represents the top 1% tier, as it is one of the only two companies with the commitment to adopt a SBTi-approved target. Almost no peers have set a GHG emissions intensity reduction target.

Against international targets

Paris agreement

EQT has not yet benchmarked its SPT as it is not currently developed. However, like all SBTi-validated targets, it will be developed in line with the GHG Protocol Corporate Standard and it will cover all relevant GHG emissions. Based on this, the Issuer will be in line with the decarbonization pathway for the “Financial Institutions¹²” companies required to align with the Paris Agreement and is below a 2° Celsius warming scenario according to SBTi methodology.

The SPT will be achieved when the SBTi approves EQT’s SBT. Therefore, the science-based target itself will permit EQT to be Paris-aligned. However, as the SPT sets the achievement of the science-based target, it cannot in and of itself permit EQT to be Paris-aligned. Rather, once EQT follows the emission trajectory set out in the SBT, that pathway will be Paris-aligned.

The SBTi analysis is considered credible as it is provided by an independent third party based on a methodology established in the industry.

ISS ESG finds that, through the adoption of the SPT, EQT commits to be Paris-aligned in the future. However, it is important to stress that the target is not yet available, and therefore no details can be provided.

UN Sustainable Development Goals

In addition, ISS ESG, using a proprietary methodology, assessed that the SPT achievement would have a positive contribution to the SDG 13 “Climate action”.

Measurability & comparability

- **Historical data:** The issuer has provided relevant historical data for the last 3 years in line with the SLBPs requirements (except for data related to EQT portfolio companies of scope 3 emissions).
- **Benchmarkable:** By referring to commonly acknowledge GHG accounting standards and protocol, the KPI will be easily comparable with the data reported by other companies.
- **Timeline:** The issuer will define a precise timeline related to the SPT achievement, in line with the SBTi requirements (including the target observation date, the trigger event and the frequency of SPTs measurement) by the end of 2023.

Supporting strategy and action plan

To address the climate change agenda, EQT considers the transition to a low-carbon economy as a part of its business model. This means considering climate-related risks when sourcing and evaluating investment opportunities. EQT has also conducted an environmental review of existing EQT funds' portfolio companies together with an external advisor with the aim of increasing awareness, enhancing transparency levels and focusing engagement around core environmental issues. Portfolio companies are also expected to annually report their greenhouse gas (GHG) emissions, water usage and waste to landfill. Since 2015, EQT offsets all GHG that cannot be avoided or reduced through supporting different initiatives. In order to create further positive societal impact, EQT has partnered with TRINE, a crowdfunding platform investing in off-grid solar companies with operations in different regions, primarily in Sub-Saharan Africa.

¹² This is based on the SBTi classification of industry sectors.

EQT is part of the Principles for Responsible Investments (PRI) and is in the process of aligning with the SBTi sectorial guidelines.

Opinion on SPT calibration: *ISS ESG finds that the SPT calibrated by EQT's is ambitious against the company sectorial peers and sets EQT on the pathway to be Paris-aligned. Yet, given the nature of EQT's business, its target cannot currently be compared to the past performance. This is due to the fact that the vast majority of EQT's CO₂e emissions derive from the portfolio, which is changing and where portfolio companies are on different paths in terms of sustainability maturity. Hence, intensity data has historically been difficult to compare in a comprehensive manner. However, it is important to note that EQT's SPT is ambitious when referring to scope 1, 2 and non-investment categories of scope 3 emissions (only accounting for a small part of EQT emissions).*

The benchmark that will be selected by the Issuer is provided by an independent third party based on a methodology established in the industry. The SPT remains in a similar order of magnitude as a very top tier company in its sector. The target will be set in a clear timeline, will be benchmarkable and supported by a credible strategy and action plan.

PART 2.A: KPI SELECTION & SPT CALIBRATION – PERCENTAGE OF WOMEN IN INVESTMENT ADVISORY PROFESSIONALS ROLES

1.1. KPI selection

KPI selected by the issuer

FROM ISSUER'S FRAMEWORK¹³

- **KPI:** The number of women Investment Advisory Professionals expressed as a percentage of the total number of Investment Advisory Professionals Investment Advisory Professionals .
- **Rationale:** EQT operates in an industry where women are underrepresented. EQT decided to focus on its Investment Advisory Professionals as it is where the lack of women representation is the most prominent. EQT has the ambition to progress on the broader diversity, equality, and inclusion agenda - for now, only gender is measurable enough to report on EQT is in a highly competitive and high performing business segment and only hire and retain the very best talent, with measurable successful performance and true to our values. EQT will not steer the organization towards quota recruitments but want to challenge itself to work harder to find the best and build the most successful teams to protect EQT's long-term performance.
- **Scope:** Investment Advisory Professionals include Partners, Managing Directors, Directors, Vice Presidents and Associates within EQT¹⁴ and is the average of the overall population. The scope of Investment Advisory Professionals will exclude EQT Exeter (incl. EQT Real Estate) as real estate teams do not have the same split in Investment Advisory Professionals and other roles and not the same governance over the team.

Materiality and relevance

Equal opportunities and non-discrimination are considered as important ESG issues faced by any companies regardless of their sector. For the Asset Management & Brokerage sector, ISS ESG considers that this topic is especially relevant and identifies employee relations and work environment, under which equal opportunities and non-discrimination is considered, as one of the five key ESG issues for the industry according to key ESG standards¹⁵. Focusing on gender diversity and equal opportunities for women, financial services and insurance sector ranks 5th out of 16 sectors when it comes to the representation of women in overall workforce according to the Global Gender Gap Report 2021¹⁶ from the World Economic Forum. However, women are still underrepresented in senior management roles in this industry. The KPI defined by the issuer focuses on the share of women in its Investment Advisory Professionals population, representing the average population of employees at EQT and without focusing specifically on gender parity in senior management roles. Furthermore, the sector is exposed to other challenges related employee relations and work environment such as freedom of association and right to collective bargaining, health and safety, training and education and types of employment. Other ESG challenges faced by the sector and affecting the topic of gender equality are for example work-life balance.

ISS ESG finds that the women in Investment Advisory Professionals KPI selected by the issuer is:

¹³ This table is displayed by the issuer in its Sustainability-Linked Bond Framework and has been copied over in this report by ISS ESG for clarity.

¹⁴ At EQT, 40% of the employees are classified as investment professionals. With the Exeter being part of EQT as of April 2021, 28% of the staff is represented by this KPI. The remaining part of EQT's workforce (60%) is dedicated to non-investment functions and has a very high share of women (61%).

¹⁵ Key ESG Standards include SASB and UN SDGs, among others.

¹⁶ The [Global Gender Gap Report](#) benchmarks the evolution of gender-based gaps among four key dimensions (Economic Participation and Opportunity, Educational Attainment, Health and Survival, and Political Empowerment) and tracks progress towards closing these gaps over time.

- **Relevant** to EQT's business as it relates to the topic of gender parity and equal opportunities which is a relevant topic for companies across sectors.
- **Core** to the EQT's business as gender parity and equal opportunities directly relates to its hiring, career development and business strategy. Thus, the KPI affects core processes and operations of EQT.
- **Material** to EQT from an ESG perspective as the KPI captures the share of women in the Investment Advisory Professionals, currently underrepresented in EQT and in the Private Equity Industry. At EQT, 43% of the general workforce is currently represented by women, while its Investment Advisory Professionals have a female share of only 21%. Investment Advisory Professionals have a significant leverage in managing EQT investments and can also scale-up their position in the company. Yet, the KPI targets junior, mid and senior positions of the Investment Advisory Professionals (from Associates to Partners). This is due to the fact that recruitment happens internally or from the very same functions within the industry and the female share is too low across the board. Hence, the share of women needs to be built up step by step¹⁷. In EQT's sector, women are in average underrepresented in the Investment Advisory Professionals (accounting for only 21% in the Private Equity sector¹⁸ in 2020 according to the Diversity and Inclusion Survey 2021 from the British Private Equity and Venture Capital Association). Thus, ISS ESG concludes that the KPI focuses on the area where EQT can have the most material impact on gender parity and equal opportunities.

Consistency with overall company's sustainability strategy

EQT states that an inclusive work environment creates and enriches both individual development and business results. EQT's strategic approach to inclusion and diversity starts at the top of the organization, making it a board driven priority where multi dimensions of diversity, including but not limited to gender, race, ethnicity, religion, age, nationality, sexual orientation, educational and socioeconomic background are reflected to increase its positive impact.

In early 2020 EQT completed an organizational audit supported by external Inclusive & Diversity experts to identify and close any gaps in its recruitment process that could lead to a less favorable outcome for diverse candidates. In parallel, EQT also launched a global unconscious bias program. Through global education sessions and practical training, the program aims to raise awareness of bias and its effects on decision-making, as well as embed inclusive behavior.

Regarding hiring of underrepresented gender and following a drop in the share of women among Investment Advisory Professionals hired in 2019, EQT decided to set a goal for all teams to aim for 65 percent of Investment Advisory Professional hires during 2020 to be women. 60 percent of the teams reached this goal in 2021. In total, 54 percent of the Investment Advisory Professionals hired since the goal was launched are women.

To promote women career development, EQT launched its Women's International Network ("EQT WIN"), an internal employee driven organization aimed at increasing gender diversity across all levels and functions, as well as boosting retention and performance of women. EQT recognizes that balancing parenting and career is as important as it is challenging to many employees. EQT has implemented measures to facilitate life for parents with young children.

¹⁷ At EQT, women in higher degree than men have been promoted to Partners as a % of the existing cohort – and promotion to Managing Directors level is equal between men and women (based on 2018 to 2020 numbers).

¹⁸ In UK and Europe only.

ISS ESG finds that the KPI selected by the issuer is consistent with the overall company's sustainability strategy.

Measurability

- **Material scope and perimeter:** The KPI selected covers the Investment Advisory Professionals population, excluding EQT Exeter and EQT Real Estate. At EQT, 40% of the employees are classified as Investment Advisory Professionals. As the overall workforce has a 43% female share, the remaining 60% of EQT professionals (excluding Investment Advisory Professionals) is already well-balanced (the share of women is 61%).
- **Quantifiable:** The KPI selected is measurable and quantifiable. It will be calculated as the number of women as Investment Advisory Professionals expressed as a percentage of the total number of Investment Advisory Professionals.
- **Externally verifiable:** The KPI selected is externally verifiable. The performance data, including the baseline year, have been verified by a third-party. EQT commits to get the performance data associated with the KPIs verified by an auditor or assurance firm in the future.
- **Benchmarkable:** By referring to a measurable and quantifiable metric, the KPI is benchmarkable. While most companies report and target the share of women in the overall workforce, EQT also focuses on this specific sub-group of employees because it is the most underrepresented one.

Opinion on KPI selection: ISS ESG finds that the KPI selected is core, relevant and material to the issuer's business model in an ESG perspective. The KPI selected is consistent with its sustainability strategy. It is appropriately measurable, quantifiable, externally verifiable and benchmarkable. By targeting its Investment Advisory Professionals, EQT focuses on the area where it can have the most material impact.

1.2. Calibration of SPT

SPT set by the issuer

FROM ISSUER'S FRAMEWORK¹⁹

- **SPT:** Increasing the share of women in Investment Advisory Professionals population to 28% by 2026
- **SPT trigger:** is calculated as follows: the number of women Investment Advisory Professionals expressed as a percentage of the total number of Investment Advisory Professionals
- **Baseline year:** 2020
- **Baseline performance data:** 21% of women in Investment Advisory Professionals in 2020
- **Target Observation data:** 31/12/2026
- **Long-term goal:** Reach at least 40% of women in Investment Advisory Professionals – the timeline of this target is not defined
- **Initiatives and potential factors that support the achievement of the target:**
 - EQT will have full control of its recruitment policy and could use the natural attrition of its Investment Advisory Professionals to increase gradually the proportion of women
 - Ensure all EQT Leadership will add tangible actions in their professional development programs to improve progress on diversity topic
 - Establish a Diversity, Equality & Inclusion council to exchange best practices across the organization
 - EQT has introduced an initiative called EQT Women's International Network (WIN), which is an employee-driven initiative focused on attracting more women to EQT, increasing retention of employees that are women

¹⁹ This table is displayed by the issuer in its Sustainability-Linked Bond Framework and have been copied over in this report by ISS ESG for clarity.

- Working teams at EQT’s key external advisors, such as commercial, tax, legal and financial advisors, need to comprise at least 25 percent of the underrepresented gender
- **Risks to the target:**
 - EQT’s Investment Advisory Professionals population is closely linked to the overall performance of the business and new headcounts could be limited
 - EQT will not steer the organization towards quota recruitments, but challenge itself to work harder to find the best and build the most successful teams
 - Measures to limit women attrition may not be successful
 - The number of potential candidates could be limited, particularly for senior positions, and it could take a long time to organically increase the share of women for the most senior positions

	2015	2016	2017	2018	2019	2020 - Baseline	2026 - Target
Percentage of Women in Investment Advisory Professionals population	11%	11%	12%	14%	15%	21%	28%

Ambition

Against company’s past performance

EQT sets the SPT to increase the share of women in Investment Advisory Professionals population from 21% in 2020 to 28% in 2026. This equates to a growth of +33.3% in terms of share of women in Investment Advisory Professionals population in six years (5.55% yearly). While this growth would represent an improvement in terms of women representation in the Investment Advisory Professionals population, it is important to compare this growth rate with the past achievement of EQT on this KPI.

EQT achieved to move from 11% to 15% women Investment Advisory Professionals from 2015 to 2019 even though gender diversity has been a focused and communicated target and ambition (9% yearly). From 2019 to 2020, EQT managed to drive the percentage of women in Investment Advisory Professionals population from 15% to 21% of total population. This equates to a +37.5% growth in a year only. The 2020 effect where EQT managed a substantial progress was achieved thanks to an intense boost to hire various female Investment Advisory Professionals. It isn’t a long-term sustainable practice as it discriminates and excludes other potential hires, such as from other minorities. Therefore, this high increase in the share is due to a multi-annual strategy put in place by EQT to target the Investment Advisory Professionals population.

While the SPT would not equate to an improvement of the share of women in Investment Advisory Professionals population compared to the three previous years, there is a concrete evidence that achieving this target means going beyond a “business-as-usual” scenario for EQT. Past performance data on the KPI, including baseline year, has been verified by a third-party.

In this context, ISS ESG concludes that the target is ambitious against the company’s past performance.

Against company’s sectorial peers

EQT’s SPT focuses solely on the Investment Advisory Professionals population, where the female share currently stands at 21% for EQT specifically and [for] the private equity industry too (at the European

level)²⁰. At the global level, women still only account for 17.9% of all employees in private equity firms²¹. As EQT plans to target a 7% increase in the next six years, its target will be more ambitious than the practice of EQT's private equity peers.

Therefore, ISS ESG concludes that EQT's target is ambitious against the current average performance of its sectorial peer group.

Against international targets

This SPT has been benchmarked against the Diversity and Inclusion Private Equity Survey published by the British Private Equity and Venture Capital Association, the industry body for the private equity and venture capital industry in the UK.

International practice in terms of gender equality relevant for the private equity industry focus on the share of women in investment positions.

As for global targets, a common trend is to focus on the senior management positions:

- Level 20, a not for profit organization dedicated to improving gender diversity in the European private equity industry, has set the target for women to hold 20% of senior positions in the industry
- The United Nations Sustainable Development Goal 5²² "Gender equality" define the following sub-target to achieve gender equality: "5.5. Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life". The associated indicator defined by the UN and relevant for the private sector specifies the focus of this target: "Proportion of women in managerial positions (5.5.2.)"

In this context, given the absence of defined international targets for the industry on increasing the share of investment professionals, ISS ESG concludes that EQT's target is ambitious against available international targets. Even though level 20's target is not directly benchmarkable against EQT's target, the latter paves the way to achieve it. Given the current status of the industry, where female expertise is not easily and readily available at the senior level, EQT focuses on the area where it can have the most material impact.

UN Sustainable Development Goals

ISS ESG, using a proprietary methodology, assessed that the SPT achievement would have a positive impact on SDG 5 "Gender equality". The United Nations have a specific objective for women in Managerial position and not for "investment professionals". The two categories are interrelated but do not exactly correspond, as "Investment Advisory Professionals" also includes associates and mid-level positions. Therefore, at a first glance, EQT's target would have no impact on SDG 5. Yet, the SPT sets the basis for more women in managerial positions. Given the current standing point of the industry, it is not possible for EQT to exclusively focus on the most senior management positions. In selecting the whole range of Investment Advisory Professionals, EQT paves the way for a higher rate of female senior managers in the future.

Measurability & comparability

- **Historical data:** The issuer provided three years of historical data, including baseline year. This past performance data has been verified by a third-party

²⁰ According to the Diversity and Inclusion Survey 2021 from the British Private Equity and Venture Capital Association.

²¹ According to the "Case for gender diversity in private equity" from MBS Intelligence.

²² <https://sdgs.un.org/goals/goal5>

- **Benchmarkable:** Most companies report on the share of women in overall workforce instead of focusing on a specific sub-group of employees as EQT does by referring exclusively to its Investment Advisory Professionals population. Yet, relevant reports are available to benchmark EQT practice with other private equity companies. Thus, benchmarking this SPT against other companies' practices is possible
- **Timeline:** The issuer defined a precise timeline related to the SPT achievement, including a trigger event. EQT will continue to publish the progress yearly in its annual report.

Supporting strategy and action plan

To increase the share of women in Investment Advisory Professionals, EQT is committing to the following measures:

- EQT Leadership will add tangible actions in their professional development programs to improve progress on diversity topic
- EQT has established a Diversity, Equality & Inclusion council to exchange best practices across the organization
- EQT has introduced an initiative called EQT Women's International Network (WIN), which is an employee-driven initiative focused on attracting more women to EQT, increasing retention of employees that are women
- EQT has a goal for all teams to aim for 65 percent of Investment Advisory Professional hires during 2020 to be women. EQT does not contemplate to introduce binding quotas.
- EQT's key advisors, such as commercial, tax, legal and financial advisors, need to comprise at least 25 percent of the underrepresented gender

The supporting strategy and action plan contemplated by EQT is aligned with recommendations released by the International Labor Organization report "Gender Diversity Journey: Company Good Practices"²³ on how companies can drive gender diversity in their organizations. This action plan is perceived as credible to support the achievement of the SPT.

Opinion on SPT calibration: *ISS ESG finds that the SPT calibrated by EQT is ambitious against the company's past performance, its sectorial peer group and the available international targets. The target is set in a clear timeline and supported by a credible strategy and action plan.*

²³ [Gender Diversity Journey: Company Good Practices](#)

PART 2.B. KPI SELECTION & SPT CALIBRATION – PERCENTAGE OF WOMEN BOARD MEMBERS APPOINTED AT EQT'S PORTFOLIO COMPANIES

1.1. KPI selection

KPI selected by the issuer

FROM ISSUER'S FRAMEWORK

- **KPI:** Increasing the percentage of women independent board members appointed at certain EQT Funds' portfolio companies
- **Rationale:** As one of the world's leading private markets firms, EQT believes that EQT Funds bear responsibility to use their role as main shareholders of their respective portfolio companies to further advance the issue of board diversification, particularly in sectors in which women remain underrepresented. EQT has the ambition to progress on the broader diversity agenda - for now, only gender is measurable enough to report on.

Materiality and relevance

Engagement and shareholder advocacy activities is considered as an important ESG issues faced by the Asset Management & Brokerage sector. It relates to the topic of sustainable investment which is one of the five key ESG issues for the industry according to key ESG standards²⁴. Voting at Annual General Meetings of invested companies is one of the key tools that an Asset Management and Brokerage company can use to drive this engagement.

Gender diversity of Boards is an important factor to drive the economic and ESG performance of companies. According to an article²⁵ published by ISS Corporate Solutions in the Harvard Law School Forum on Corporate Governance in 2018, boards' gender diversity is associated with better ESG performance of the companies. Companies with diverse boards receive higher scores on ESG performance metrics more often than those with non-diverse boards, both on environmental and social factors. As outlined in the section 1.B. of this report, a key element to drive gender parity and equal opportunities is to increase the representation of women in leadership positions.

Furthermore, the Asset Management and Brokerage sector is exposed to other challenges related to sustainable investment such as implementing clear environmental and social criteria for investment and clear due diligence mechanisms. When it comes to engagement and shareholder advocacy activities, ESG challenges relates to clearly defining the scope of topics of engagement, the applicability and potential divestment policies of the Asset Management and Brokerage companies and reporting on the outcome of its engagement.

EQT focuses on the percentage of female members of boards appointed or reconfirmed out of the total number of board members appointed by the company (and not out of the total number of board members). This is due to the fact that the KPI has been constructed to focus on the board members EQT funds have the possibility to appoint and hence can be held accountable for. By focusing on the share of women to be appointed at investee companies' boards, EQT limits the comparability of its KPI against targets set by other Asset Management companies that express them in terms of share of women in boards.

ISS ESG finds that the KPI related to nomination of women in Boards of investee companies selected by the issuer is:

²⁴ Key ESG Standards include SASB and UN SDGs, among others.

²⁵ [Across the Board Improvements: Gender Diversity and ESG Performance](#)

- **Relevant** to EQT’s business as it relates to a key ESG issue for its sector: articulating sustainable investment strategy and implementing it thanks to tools including voting at Annual General Meeting of investee companies to promote diversity in board composition.
- **Core** to the EQT’s business and sustainable investment strategy as gender in boards of investee companies can help driving further the ESG performance of those companies.
- **Material to EQT from an ESG perspective** as the KPI relates to a key tool that Asset Management and Brokerage companies to drive improve the ESG performance of the company they are invested in and to support the implementation of their sustainable investment strategy. This KPI supports the increase of women representation in leadership position, which is critical to attain gender parity in the overall organizations. Moreover, the KPI currently covers 55% of EQT’s Assets Under Management (AUM)²⁶.

Consistency with overall company’s sustainability strategy

EQT strives to scale solutions with a positive societal impact and instil sustainable practices in all companies the EQT funds invest in, from start-ups to mature companies. EQT applies responsible investment and ownership principles and practices throughout the investment cycle. This extends from thematic sourcing and focused sustainability due diligence to acceleration of positive impact as an owner.

A part of EQT’s value creation, exercised through the governance model, is typically the appointment of the board of directors of the EQT funds’ portfolio companies. This allows EQT to accelerate portfolio companies’ positive societal impact, sustainability performance and disclosure practices by setting clear expectations and providing strategic guidance.



Source: EQT Sustainability-Linked Finance Framework, May 2021

Beyond commitment on gender diversity focused on its Investment Advisory Professionals (see section 1.B. of this report), EQT introduced a target at the beginning of 2020 to improve board gender diversity in the EQT funds’ portfolio companies. While the target of 25 percent was not reached, a change was observed by EQT in 2020 when looking at the average share of women independent board members appointed by EQT, increasing from 16 percent to 21 percent.

EQT also established ESG-linked credit facilities for key EQT funds. In these credit facilities, a more ambitious target has been set to incentivize improved board gender diversity further. There, the share of women board members appointed by EQT in fund portfolio companies should in the long-term comprise at least 40 percent. EQT is determined to do more to improve in regard to gender-balanced

²⁶ According to EQT, the KPI is set to increase materially within the coming years and to cover an increasing amount of AUM the coming 3-5 years.

boards, for example by using various search channels and implementing new initiatives to identify great diverse candidates for the future.

ISS ESG finds that the KPI selected by the issuer is consistent with the overall company’s sustainability strategy.

Measurability

- **Material scope and perimeter:** The KPI selected covers 55% of EQT’s AUM. According to EQT, it will cover an increasing amount of AUM in the coming 3-5 years. The reason for currently targeting 55% of EQT’s AUM is due to the fact that the EQT does not have the same influence on the rest of AUM (either because it has minority investments or because there are no boards supervising the funds).
- **Quantifiable:** The KPI selected is measurable and quantifiable. It will be calculated as the average share of women independent board members appointed by EQT at certain EQT Funds’ portfolio companies’ boards.
- **Externally verifiable:** The KPI selected is externally verifiable. Information related to the baseline year has been verified by a third-party²⁷. EQT commits to get the performance data associated with the KPIs verified by an auditor or assurance firm in the future.
- **Benchmarkable:** By referring to a measurable and quantifiable metric, the KPI benchmarkable. However, most companies within the Asset Management and Brokerage sector express their targets in terms of gender diversity of boards of investee companies in teams of share of women in boards, not in terms of share of women appointed to the board on total appointed board members as defined by EQT. Thus, benchmarking this KPI is limited due to the lack of alignment of the scope of the KPI with reported data by other companies.

Opinion on KPI selection: ISS ESG finds that the KPI selected is core, relevant and material to the issuer’s business model in an ESG perspective. The KPI is consistent with its sustainability strategy. It is appropriately measurable, quantifiable, externally verifiable and benchmarkable.

1.2. Calibration of SPT

SPT set by the issuer

FROM ISSUER’S FRAMEWORK²⁸

- **SPT:** Increasing the share of women appointed at certain EQT’s portfolio companies to 36% by 2026
- **SPT trigger:** the average share of women independent board members appointed by EQT at certain EQT Funds’ portfolio companies’ boards
- For the avoidance of doubt, save as set out in the relevant SLS documentation, independent board members are expected to be members of the board who are not (i) directors who are direct representatives of the EQT AB Group; (ii) the chief executive officer (if applicable); (iii) directors who are employee representatives of that portfolio company and (iv) directors directly appointed by other shareholders.
- **Baseline year:** 2020
- **Baseline performance data:** Average of 21% of women appointed as Eligible Independent Directors in EQT’s Eligible Funds’ Portfolio Companies in 2020
- **Long-term goal:** Reach at least 40% of the average share of women independent board members appointed by EQT– the timeline of this target is not defined
- **Initiatives and potential factors that support the achievement of the target:**

²⁷ As indicated in the footnote on page 23, the baseline is measured on existing funds that are not be included in the definition of Eligible Funds and are here to illustrate the previous appointments made by EQT in the past. The eligible funds of the portfolio are indeed dynamic.

²⁸ This table is displayed by the issuer in its Sustainability-Linked Bond Framework and has been copied over in this report by ISS ESG for clarity.

- EQT will typically have full control of the appointments and, as a standard in the industry, will have the possibility to replace / appointment board members
- Continuous and structured sector-specific scans across EQT's focus sectors with help of external partners to identify and map most relevant female candidates
- Leveraging external partners solely focused on female candidates for specific BoD appointments
- Develop portfolio company female diversity agenda through EQT Network Insights Forum that brings together Boards and Senior management
- Women's International Network (WIN) currently focused on EQT AB internal diversity topics is being extended to portfolio company Boards and Management teams to drive diversity agenda
- **Risks to the target:**
 - EQT invests in companies and sectors where women have been historically underrepresented as such number of potential candidates could be limited

Historical data ²⁹	2019	2020 - Baseline	Q1 2021	2026 - Target
Average percentage of women appointed or reconfirmed as Eligible Independent Directors in EQT's Eligible Funds' Portfolio Companies	16%	21%	22%	36%

Ambition

Against company's past performance

EQT sets the SPT to increase the average percentage of women appointed as Eligible Independent Directors in EQT's Eligible Funds' Portfolio Companies from 22% in Q1 2021 to 36% in 2026. This equates to a growth of +63.6% in terms of average percentage of women appointed in six years (a growth of 10.6% yearly). From 2019 to 2020, EQT drove the average percentage of women appointed from 16% to 21% of total population. This equates to a +31.2% growth in a year. Therefore, the SPT would equate to a non-ambitious improvement of average percentage of women appointed/reconfirmed in boards of investee companies in the scope of this indicator. Moreover, the benchmarking exercise is not subject to the same scope than forward-looking target as the funds considered are different.

However, EQT's boost in the 2019-2020 period was due to multiannual efforts to increase the female share of Independent Directors in Boards appointed/reconfirmed by EQT. These efforts have resulted in EQT exhausting focus sectors and regions (e.g. software/technology) for available senior women board candidates despite structured and continuous sectors scans with external support. Hence, it would not be realistic for EQT to target a steady yearly growth of 31.2% for this SPT.

In this context, ISS ESG concludes that the SPT set by EQT is ambitious against the company's past performance. EQT has the ambition to further increase the female share of appointed/reconfirmed Independent Board Directors, notwithstanding of exhausting focus sectors where senior female expertise is readily available. Yet, no further data on EQT's past performance (e.g. 2018, 2017 and 2016) are available.

Against company's sectorial peers

²⁹ Historical baseline based on existing funds that would not be included in the definition of Eligible Funds and are here to illustrate the previous appointments made by EQT in the past.

EQT's SPT focuses solely on average percentage of women appointed as Independent Directors in certain EQT's Funds' Portfolio Companies.

Sectorial peers in general set board diversity targets on the basis of the targeted board composition, expressed in percentage of women in boards of investee companies (notwithstanding if those members have been appointed by other companies). No comparable data or targets could be retrieved in the sector of the issuer.

The EQT diversity targets is set to be ambitious given the starting point across the focus sectors, to be within the realm of EQT's influence, and drive a higher share of women in the boards of the EQT Funds' portfolio companies, but it has not been set in relation to sectorial peers. However, the lack of such a target among the sectorial peer group testifies its level of ambition.

ISS ESG concludes that the SPT set by EQT is ambitious against other targets set by sectorial peer group.

Against international targets

EQT did not provide evidence that this SPT has been benchmarked against international or sectorial target on gender equality.

Targets in terms of gender diversity of boards vary across markets. For illustrative purpose, the following table shows the existing quota requirements for representation of women directors on boards and type of requirements (hard/mandate or soft/recommendation):

COUNTRY	QUOTA FOR WOMEN IN BOARDS COMPOSITION	TYPE OF REQUIREMENT (LAW OR BEST PRACTICES)
Austria	30%	Hard Law
Belgium	33%	Hard Law
Netherlands	30%	Hard Law
Greece	25%	Hard Law
Italy	33%	Hard Law
France	40%	Hard Law
Germany	30%	Law and Best Practice
Norway	40%	Hard Law
Portugal	33%	Hard Law
Spain	40%	Code of Best Practice

Source: [ISS Proxy Voting Guidelines for 2021](#), Benchmark Policy, EMEA

While targets related to board gender diversity vary across targets, all targets are expressed in terms of share of women in board composition. EQT's SPT on this topic is not set in a similar metric and thus cannot be compared with market-specific targets.

ISS ESG concludes that the SPT set by EQT is not benchmarkable against international targets on gender equality.

UN Sustainable Development Goals

ISS ESG, using a proprietary methodology, assessed that the SPT achievement would have a positive impact on SDG 5 “Gender equality”.

Measurability & comparability

- **Historical data:** The issuer provided two years and one quarter of historical data, including baseline year. However, the scope of past performance differs from the scope of forward-looking target as they relate to different EQT funds.
- **Benchmarkable:** Most regulators and companies within the Asset Management and Brokerage sector express their targets in terms of gender diversity of boards of investee companies, not in terms of share of women appointed/reconfirmed to the board by one company exclusively. On the other hand, EQT target is set to be within the realm of EQT’s influence. Yet, benchmarking this KPI is limited due to the lack of alignment of the scope of the KPI with reported data by other companies and market-specific regulations.
- **Timeline:** The issuer defined a precise timeline related to the SPT achievement, including a trigger event. However, no specific observation date or frequency of SPTs measurement has been defined.

Supporting strategy and action plan

To increase the share of women appointed as Independent Directors in certain EQT’s Funds’ Portfolio Companies, EQT is committing to the following measures:

- Continuous and structured sector-specific scans across EQT’s focus sectors with help of external partners to identify and map most relevant female candidates
- Leveraging external partners solely focused on female candidates for specific BoD appointments
- Develop portfolio company female diversity agenda through EQT Network Insights Forum that brings together Boards and Senior management
- Women’s International Network (WIN) currently focused on EQT AB internal diversity topics is being extended to portfolio company Boards and Management teams to drive diversity agenda

The supporting action plan contemplated by EQT is perceived as credible to support the achievement of the SPT.

Opinion on SPT calibration: *ISS ESG finds that EQT’s target is ambitious against its past performance and its sectorial peer group. Yet, the target is not benchmarkable against international targets. This is due to the nature of the KPI, still deemed to be material and implying a beyond “business-as-usual” trajectory. Historical data, included baseline performance, have been verified by a third-party. The target is set in a clear timeline and supported by a credible strategy and action plan.*

PART 2: ALIGNMENT WITH ICMA SUSTAINABILITY-LINKED BOND PRINCIPLES

Rationale for Framework

FROM ISSUER'S FRAMEWORK³⁰

EQT is to improve its and EQT funds' portfolio companies' sustainability performance in general and specifically tied to its sustainability ambitions. EQT has for many years measured and tried to reduce its climate impact - recognizing that EQT's main impact on the climate is indirect, through its various funds. EQT also understands the positive role that it can play in improving the diversity and equality via its own workforce – and in particular within its Investment Advisory Professional population - but also using the EQT funds' position as majority owner of portfolio companies to increase the diverse diversity in the boards of its controlling portfolio companies.

As a testament to EQT's commitment for positive impact, recent actions in this area include the establishment of ESG-linked credit facilities for selected EQT's funds within Private Equity and Infrastructure and the natural extension would now be to also include ESG-KPIs into EQT's inaugural public debt transactions. As such, EQT intends to issue Sustainability-Linked Securities ("SLs"), which may include Sustainability-Linked Bonds ("SLBs"), Sustainability-Linked Loans (SLLs) or any other Sustainability-Linked instruments (Commercial Paper, derivative instruments...).

The approach consists of linking EQT's sustainability ambitions with its funding policy and incentivizing the achievement of pre-determined SPTs - leveraging ambitious timelines to achieve sustainability performance that is relevant, core and material to our business.

Opinion: ISS ESG considers the Rationale for Issuance description provided by EQT as aligned with the SLBPs. The issuer has created and committed to publicly disclose the first framework of its kind in a comprehensive and credible manner. The issuer has a sustainability policy that is consistent with the SLB issuance and its Framework.

2.1. Selection of KPI

ISS ESG conducted a detailed analysis of the sustainability credibility of KPI selection available in section 1 of this report.

Opinion: ISS ESG considers the Selection of KPIs as per the description provided by EQT as aligned with the SLBPs:

- **KPI 1 – GHG emissions reduction:** The KPI selected is core, relevant and material to the issuer's business model and consistent with its sustainability strategy. It is appropriately measurable, quantifiable, externally verifiable and benchmarkable. It covers a material scope of the operations and activities of EQT.
- **KPI 2.a - Percentage of women in Investment Advisory Professionals:** The KPI selected is core, relevant and material to the issuer's business model in an ESG perspective. The KPI selected is consistent with its sustainability strategy. It is appropriately measurable, quantifiable,

³⁰ This table is displayed by the issuer in its Sustainability-Linked Bond Framework and has been copied over in this report by ISS ESG for clarity.

externally verifiable and benchmarkable. By targeting its Investment Advisory Professionals, EQT focuses on the area where it can have the most material impact.

- *KPI 2.b - Percentage of Women Board Members Appointed at certain EQT's Portfolio Companies: The KPI selected is core, relevant and material to the issuer's business model in an ESG perspective. The KPI is consistent with its sustainability strategy. It is appropriately measurable, quantifiable, externally verifiable and benchmarkable.*

2.2. Calibration of Sustainability Performance Target (SPT)

ISS ESG conducted a detailed analysis of the sustainability credibility of SPT is available in section 1 of this report.

Opinion: *ISS ESG finds that the SPT calibrated by EQT's are aligned with the ICMA SLBPs:*

- *SPT 1 – GHG emissions reduction: The ISS ESG finds that the SPT calibrated by EQT's is ambitious against the company sectorial peers and sets EQT on the pathway to be in line with the Paris Agreement. Yet, given the nature of EQT's business, its target cannot currently be compared to the past performance. This is due to the fact that the vast majority of EQT's CO2e emissions derive from the portfolio, which is changing and where portfolio companies are on different paths in terms of sustainability maturity. Hence, intensity data has historically been difficult to compare in a comprehensive manner. However, it is important to note that EQT's SPT is ambitious when referring to scope 1, 2 and non-investment categories of scope 3 emissions (only accounting for a small part of EQT emissions). The benchmark that will be selected by the Issuer is provided by an independent third party based on a methodology established in the industry. The SPT remains in a similar order of magnitude as a very top tier company in its sector. The target will be set in a clear timeline, will be benchmarkable and supported by a credible strategy and action plan.*
- *SPT 2.a - Percentage of women in Investment Advisory Professionals: ISS ESG finds that the SPT calibrated by EQT is ambitious against the company's past performance, its sectorial peer group and the available international targets. The target is set in a clear timeline and supported by a credible strategy and action plan.*
- *SPT 2.b - Percentage of Women Board Members Appointed at certain EQT's Portfolio Companies: ISS ESG finds that EQT's is ambitious against its past performance and its sectorial peer group. Yet, the target is not benchmarkable against international targets. This is due to the nature of the KPI, still deemed to be material and implying a beyond "business-as-usual" trajectory. Historical data, included baseline performance, have been verified by a third-party. The target is set in a clear timeline and supported by a credible strategy and action plan.*

2.3. Sustainability-Linked Securities Characteristics

FROM ISSUER'S FRAMEWORK

This section of the Framework only applies to Sustainability-Linked Bonds and Sustainability-Linked Loans.

EQT will tie its performance with respect to the selected KPIs to the financial structure of any Sustainability-Linked Bond(s) or Loan(s) issued in reference to this Framework. Specifically, this will

comprise a sustainability-linked feature that will result in a coupon adjustment if our performance does not achieve the relevant SPT(s) for the selected KPIs. The proceeds of EQT's Sustainability-Linked instruments will be used for general corporate purposes.

The step-up margin or margin adjustment, as applicable, will be specified in the relevant documentation of the specific transaction (e.g. Final Terms of the Sustainability Linked Bond or the facility agreement of the Sustainability-Linked Loan).

Opinion: ISS ESG considers the Sustainability-Linked Securities Characteristics description provided by EQT as aligned with the SLBPs. The issuer gives a detailed description of the potential variation of the financial characteristics of the securities, while clearly defining the KPI and SPT. Significant change in perimeters through material M&A activities or drastic changes in regulatory environment are covered by the issuer in the relevant SLSs' documentation.

2.4. Reporting

FROM ISSUER'S FRAMEWORK

EQT's various SPTs will be reported by the group at least on an annual basis on its website, Annual or Sustainability Reports.

Reporting may include:

- I. Up-to-date information on the performance of the selected KPI, including the baseline where relevant;
- II. A verification assurance report relative to the SPT outlining the performance against the SPT and the related impact, and timing of such impact, on a financial instrument performance; and
- III. Any relevant information enabling investors to monitor the progress of the SPT.

Information may also include when feasible and possible:

- I. Qualitative or quantitative explanation of the contribution of the main factors, including M&A activities, behind the evolution of the performance/KPI on an annual basis;
- II. Illustration of the positive sustainability impacts of the performance improvement; and/or
- III. Any re-assessments of KPIs and/or restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope, if relevant.

Opinion: ISS ESG considers the Reporting description provided by EQT as aligned with the SLBPs. This will be made publicly available annually and include valuable information, as described above.

2.5. Verification

FROM ISSUER'S FRAMEWORK

EQT's performance of its various KPIs, according to the relevant SPTs at the relevant reference date, will be verified by an External Verifier, where so specified in the terms of the relevant Sustainability-Linked Bond(s) or Loan(s)³¹.

The External Verifier is expected to be one or more auditors / assurance firms appointed from time to time by (a) EQT AB; (b) an EQT Fund and/or (c) an EQT Funds' portfolio company.

EQT's Sustainability-Linked Financing Framework has been reviewed by ISS-ESG who provided a second party opinion, confirming the alignment with the Sustainability-Linked Bond Principles (SLBP) administered by the ICMA, and Sustainability-Linked Loan Principles (SLLP), administered by LMA. Additional KPIs/SPTs may be added over time and other SPTs, for the various KPIs mentioned above, will be added over time.

Opinion: ISS ESG considers the Verification description provided by EQT as aligned with the SLBPs.

³¹ In line with the Loan Market Association SLLP 2020, in the context of loans and credit facilities, the need for external review is negotiated and agreed between the ENI and lenders on a transaction-by-transaction basis.

PART 3: LINK TO EQT'S SUSTAINABILITY STRATEGY

The ISS ESG Corporate Rating provides material and forward-looking environmental, social and governance (ESG) data and performance assessments.

COMPANY	SECTOR	DECILE RANK	TRANSPARENCY LEVEL
EQT	ASSET MANAGEMENT AND BROKERAGE	1	HIGH

This means that the company currently shows a moderate sustainability performance against peers on key ESG issues faced by Asset Management and Brokerage sector and obtains a Decile Rank relative to industry group of 1, given that a decile rank of 1 indicates highest relative ESG performance out of 10.

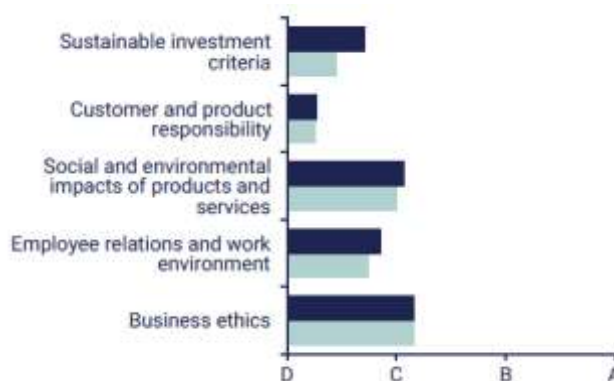
ESG performance

As of 27.04.2021, this Rating places EQT 12th out of 127 companies rated by ISS ESG in the Asset Management and Brokerage sector.

Key Challenges faced by companies in term of sustainability management in this sector are displayed in the chart on the right, as well as the issuer's performance against those key challenges in comparison to the average industry peers' performance.

Sustainability Opportunities

For financial companies like EQT, the main opportunities for addressing sustainability challenges are the provision of investments that positively affect the social and environmental sector. EQT operates as an alternative asset manager focused on active ownership strategies within two business segments: Private Capital and Real Assets. The company considers responsible investment and ownership principles and practices in its investment decisions. Moreover, EQT continues to monitor its portfolio companies' sustainable practices and ESG performance. The company contributes to the Sustainable Development Goals by its funds' investment activities, e.g., investing in healthcare and basic services. However, these activities do not constitute the main business of the company.



Sustainability Risks

For financial companies, the most relevant sustainability issues are the systematic integration of environmental and social aspects into relevant business areas as well as the responsible treatment of clients and employees. EQT has developed a framework to integrate sustainability considerations into investment processes and decisions, by applying, amongst others, ESG due diligence to investment decision processes. In addition, as an investment manager active in private markets, it uses its higher leverage in direct investments and promotes improvements in the ESG performance of invested assets through active ownership, e.g. aiming at taking down scope 1 and 2 greenhouse gas emissions of its portfolio companies to zero. However, in the area of client relations, the topic of responsible marketing and sales practices are only covered in general terms. As business ethics is concerned, EQT has reasonable compliance measures in place such as risk assessments and audits as well as










anonymous reporting channels, despite providing only limited insights to its compliance-related policies.


Governance opinion

Regarding the governance structure, the majority of the company's board members are not independent, including the chairman (as at May 18, 2020). Committees in charge of audit, nomination, and remuneration are established, with non-independent directors as its members. This leaves doubt on whether this structure allows for independent oversight. Executive compensation is disclosed for the highest paid executives as a whole but no individual compensation schemes are available. Regarding the governance of sustainability, there does not seem to be a board with a substantial focus on sustainability issues. Further, as executive compensation is not disclosed, it remains unclear whether ESG performance is integrated into variable remuneration of the executive management team. As business ethics is concerned, EQT has reasonable compliance measures in place such as risk assessments and audits as well as anonymous reporting channels.

Sustainability impact of products and services portfolio

Using a proprietary methodology, ISS ESG assessed the contribution of the EQT current products and services portfolio to the Sustainable Development Goals defined by the United Nations (UN SDGs). This analysis is limited to evaluation of final product characteristics and does not include practices along the EQT's production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE	DIRECTION OF IMPACT	UN SDGS
Investments in medical research, provision of OTC products, investments in the provision of medical devices, prescription drugs	9%	CONTRIBUTION	
Investments in accessible housing, investments in retail telecommunication services	4%	CONTRIBUTION	 
Investments in educational services	3%	CONTRIBUTION	
Investments in wastewater services	1%	CONTRIBUTION	
Investments in cloud computing	1%	CONTRIBUTION	 
Investments in the aviation industry	2%	OBSTRUCTION	 

Investments in the reuse of biosolids	1%	CONTRIBUTION	
Others	N/A	NO NET IMPACT	N/A

Breaches of international norms and ESG controversies

The company is not facing any controversy.

Contribution of KPIs selected to sustainability objectives and priorities

ISS ESG mapped the KPIs selected by the issuer for its Sustainability-linked Securities with the sustainability objectives defined by the issuer, and with the key ESG industry challenges as defined in the ISS ESG Corporate Rating methodology for the Asset Management and Brokerage sector. Key ESG industry challenges are key issues that are highly relevant for a respective industry to tackle when it comes to sustainability, e.g. climate change and energy efficiency in the buildings sector. From this mapping, ISS ESG derived a level of contribution to the strategy of each KPIs selected.

KPIs SELECTED	SUSTAINABILITY OBJECTIVES FOR THE ISSUER	KEY ESG INDUSTRY CHALLENGES	CONTRIBUTION
GHG Emission Reduction Targets	✓	✓	Contribution to a material objective
Percentage of women in investment advisory professionals	✓	✓	Contribution to a material objective
Percentage of women board members appointed at EQT's portfolio companies	✓	✓	Contribution to a material objective

Opinion: *ISS ESG finds that the KPIs selected for this bond are consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing the Sustainability-linked Securities is clearly described by the issuer.*

DISCLAIMER

1. Validity of the SPO: For EQT's Sustainability-Linked Securities issuances as long as the Sustainability-linked Financing Framework (April 2021), SPTs benchmarks and structural securities characteristics described in this document do not change.
2. ISS ESG uses a scientifically based rating concept to analyse and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to the highest quality standards which are customary in responsibility research worldwide. In addition, we create a Second Party Opinion (SPO) on bonds based on data from the issuer.
3. We would, however, point out that we do not warrant that the information presented in this SPO is complete, accurate or up to date. Any liability on the part of ISS ESG in connection with the use of these SPO, the information provided in them and the use thereof shall be excluded. In particular, we point out that the verification of the compliance with the selection criteria is based solely on random samples and documents submitted by the issuer.
4. All statements of opinion and value judgements given by us do not in any way constitute purchase or investment recommendations. In particular, the SPO is no assessment of the economic profitability and credit worthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
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ANNEX 1: Methodology

ISS ESG Corporate Rating

The ESG Corporate Rating universe, which is currently expanding from more than 8,000 corporate issuers to a targeted 10,000 issuers in 2020, covers important national and international indices as well as additional companies from sectors with direct links to sustainability and the most important bond issuers that are not publicly listed companies.

The assessment of a company's social & governance and environmental performance is based on approximately 100 environmental, social and governance indicators per sector, selected from a pool of 800+ proprietary indicators. All indicators are evaluated independently based on clearly defined performance expectations and the results are aggregated, taking into account each indicator's and each topic's materiality-oriented weight, to yield an overall score (rating). If no relevant or up-to-date company information with regard to a certain indicator is available, and no assumptions can be made based on predefined standards and expertise, e.g. known and already classified country standards, the indicator is assessed with a D-.

In order to obtain a comprehensive and balanced picture of each company, our analysts assess relevant information reported or directly provided by the company as well as information from reputable independent sources. In addition, our analysts actively seek a dialogue with the assessed companies during the rating process and companies are regularly given the opportunity to comment on the results and provide additional information.

Alignment of the concept set for transactions against the Sustainability-Linked Bond Principles, as administered by ICMA

ISS ESG reviewed the Sustainability-linked Financing Framework of EQT, as well as the concept and processes for issuance against the Sustainability-Linked Bond Principles administered by the ICMA. Those principles are voluntary process guidelines that outline best practices for financial instruments to incorporate forward-looking ESG outcomes and promote integrity in the development of the Sustainability-Linked Bond market by clarifying the approach for issuance.

ISS ESG reviewed the alignment of the concept of the EQT's issuance with mandatory and necessary requirements as per the Appendix II - SLB Disclosure Data Checklist of those principles, and with encouraged practices as suggested by the core content of the Principles.

Analysis of the KPI selection and associated SPT

In line with the voluntary guidance provided by the Sustainability-Linked Bond Principles, ISS ESG conducted an in-depth analysis of the sustainability credibility of the KPI selected and associated SPT. ISS ESG analysed if the KPI selected is core, relevant and material to the issuer's business model and consistent with its sustainability strategy thanks to its long-standing expertise in evaluating corporate sustainability performance and strategy. ISS ESG also reviewed if the KPI is appropriately measurable by referring to key GHG reporting protocols and against acknowledged benchmarks.

ISS ESG analysed the ambition of the SPT against EQT's own past performance (according to EQT's reported data), against EQT's Asset Management & Brokerage Products peers (as per ISS ESG Peer Universe and data), and against international benchmarks such as the Paris agreement and the UN SDGs (according to the ISS ESG proprietary methodology). Finally, ISS ESG evaluated the measurability & comparability of the SPT, and the supporting strategy and action plan of EQT.

ANNEX 2: Quality management processes

SCOPE

EQT AB commissioned ISS ESG to compile a Framework SPO. The Second Party Opinion process includes verifying whether the Sustainability-linked Financing Framework aligns with the Sustainability-linked Bond Principles and to assess the sustainability credentials of its Sustainability-linked Financing Framework, as well as the issuer's sustainability strategy.

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Sustainability-linked Bond Principles
- ICMA Sustainability Bond Guidelines
- ISS ESG KPI set: Green and Social KPIs applicable

ISSUER'S RESPONSIBILITY

EQT's responsibility was to provide information and documentation on:

- Framework
- Documentation of ESG risks management at the asset level

ISS ESG'S VERIFICATION PROCESS

ISS ESG is one of the world's leading independent environmental, social and governance (ESG) research, analysis and rating houses. The company has been actively involved in the sustainable capital markets for over 25 years. Since 2014, ISS ESG has built up a reputation as a highly reputed thought leader in the green and social bond market and has become one of the first CBI approved verifiers.

ISS ESG has conducted this independent Second Party Opinion of the Framework to be issued by EQT based on ISS ESG methodology and in line with the ICMA Sustainability Bond Principles.

The engagement with EQT took place in April 2021.

ISS ESG'S BUSINESS PRACTICES

ISS has conducted this verification in strict compliance with the ISS Code of Ethics, which lays out detailed requirements in integrity, transparency, professional competence and due care, professional behaviour and objectivity for the ISS business and team members. It is designed to ensure that the verification is conducted independently and without any conflicts of interest with other parts of the ISS Group.

About ISS ESG SPO

ISS ESG is one of the world's leading rating agencies in the field of sustainable investment. The agency analyses companies and countries regarding their environmental and social performance.

As part of our Sustainable (Green & Social) Bond Services, we provide support for companies and institutions issuing sustainable bonds, advise them on the selection of categories of projects to be financed and help them to define ambitious criteria.

We assess alignment with external principles (e.g. the ICMA Green / Social Bond Principles), analyse the sustainability quality of the assets and review the sustainability performance of the issuer themselves. Following these three steps, we draw up an independent SPO so that investors are as well informed as possible about the quality of the bond / loan from a sustainability perspective.

Learn more: <https://www.isscorporatesolutions.com/solutions/esg-solutions/green-bond-services/>

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