

SECOND PARTY OPINION (SPO)

Sustainability Quality of the Issuer and Sustainability-Linked Financing Framework

EQT AB
28 March 2022

VERIFICATION PARAMETERS

Type(s) of instruments contemplated	<ul style="list-style-type: none">▪ Sustainability-Linked Securities
Relevant standard(s)	<ul style="list-style-type: none">▪ Sustainability-Linked Bond Principles, as administered by the ICMA (as of June 2020)▪ Sustainability-Linked Loan Principles, as administered by the LMA (as of May 2021)
Scope of verification	<ul style="list-style-type: none">▪ EQT AB Sustainability-Linked Financing Framework (March 28, 2022)
Lifecycle	<ul style="list-style-type: none">▪ Pre-issuance verification
Validity	<ul style="list-style-type: none">▪ As long as EQT AB Group Sustainability-Linked Financing Framework and benchmarks for the Sustainability Performance target(s) remain unchanged

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SCOPE OF WORK

EQT AB (“EQT” or “the issuer”) 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 KPIs selected and Sustainability Performance Targets (SPT) calibrated – whether the KPIs selected are core, relevant and material to the issuer’s business model and industry, and whether the associated targets are ambitious.
2. EQT’s Sustainability-Linked Financing Framework (March 28, 2022 version) and structural components of the transaction – benchmarked against the Sustainability-Linked Bond Principles (SLBP), as administered by the International Capital Market Association (ICMA), and against the Sustainability-Linked Loan Principles (SLLP), as administered by the Loan Market Association (LMA).
3. Sustainability-Linked Securities link to EQT’s sustainability strategy – drawing on EQT’s overall sustainability profile and related objectives.

EQT published its Sustainability-Linked Financing Framework in April 2021. Following the validation of its GHG emissions reduction targets by the SBTi, EQT has updated its Framework and the related GHG emissions reduction target. As such, ISS ESG has updated this SPO (originally published in April 2021). This document contains an updated assessment of the elements that have changed compared to the original Framework. The analyses of KPIs and SPTs 2.a and 2.b have been left unvaried compared to April 2021.

EQT AB

EQT AG (Nasdaq Stockholm: EQT) is a global operating investment organization. Founded in 1994, the firm is headquartered in Stockholm with 73.4 bn EUR of Asset under management (AUM) as of December 31, 2021. Investment sectors include Healthcare, Technology, Tech-enabled services, Industrial businesses and Social infrastructure, Telecommunications, Energy, Transport & Logistics, Environmental infrastructure across Europe, Asia-Pacific, and North America. In March 2022 the firm announced the appointment of two new Directors of Sustainability Innovation, responsible for defining the strategic objectives to develop an ESG platform. Since 2022 the Sustainability Committee is represented on the board of directors. EQT signed up for the Science-Based Targets initiative (SBTi). The firm is addressing climate change in a holistic way, across all parts of the EQT ecosystem, from integrating it into its purpose and supporting the EQT funds’ portfolio companies, to partnering with the EQT Foundation driving global philanthropic activities and investing in impact innovation.

In October 2021, EQT became the first private markets firm to set science-based targets verified by the SBTi. These science-based targets will become a central part of EQT’s active ownership strategy and climate-related value creation drivers across all investments.

ISS ESG SPO ASSESSMENT SUMMARY

SECTION	EVALUATION SUMMARY ¹²
<p>Part 1A:</p> <p>KPI selection and SPT calibration</p> <p>KPI 1: SBTi GHG Emission Reduction Targets across private and listed equity portfolios by EUR invested capital</p>	<p>KPI selection: Relevant and core to issuer’s business model and sustainability profile; material to the issuer’s most significant GHG emissions</p> <p>Sustainability Performance Target (SPT) calibration:</p> <ul style="list-style-type: none"> ▪ Ambitious against past performance ▪ Ambitious against issuer’s sectorial peer group ▪ In line with the Paris Climate Goals <p>The KPI selected is core and relevant to the issuer’s business model and consistent with the company’s sustainability strategy. The KPI is also material to EQT’s most significant GHG emissions, represented by its Scope 3, category 15 (investments), that accounts for around 97% of EQT’s estimated total GHG emissions. The KPI does not cover the company’s GHG emissions reduction target linked to its own scope 1 and 2 emissions (which represents less than 1% of EQT’s estimated total GHG emissions). Such target, validated by the SBTi and announced separately by EQT, is not included in the Framework. The KPI is appropriately measurable, quantifiable, externally verifiable and benchmarkable. The KPI has been verified as part of the 2021 Annual Report. The KPI covers EQT’s PE portfolio companies, accounting for 99.18% of the PE and Real Estate (RE) Scope 3 (in terms of invested capital). In turn, its PE and RE scope 3 emissions account for 98% of EQT funds’ total investment and lending activities by invested capital (as of Dec. 31st, 2020).</p> <p>The SPT calibrated by EQT is ambitious against the company sectorial peers and in line with international targets (the Paris Agreement). As 0% of EQT’s portfolio companies have set an SBT, the intensity target set by EQT can be viewed as ambitious against three years of past performance. The SPTs selected by the issuer are validated by an independent third party based on the SBTi guidance for the private equity sector. The SPTs remain in the 4% top tier (in terms of SBTi validation) compared to the peers. EQT also ranks in the top 3 positions in terms of the share of total investment and lending activities covered by the target. The targets are set in a clear timeline and supported by a strategy and action plan.</p>
<p>Part 1B:</p> <p>KPI 2.a: Percentage of women 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 <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</p>

¹ ISS ESG’s evaluation is based on the engagement conducted in March 2022, on EQT’s Sustainability-Linked Finance Framework (March 28, 2022 version) and on the ISS ESG Corporate Rating applicable at the SPO delivery date (updated on February 28, 2022).

² ISS ESG bases this analysis on the issuer’s own emissions reporting and makes no comment on the quality or consistency of the issuer’s Scope 1, 2 or 3 emissions reporting, either in relation to GHG Protocol, or to established norms for the issuer’s sector. ISS ESG notes that Scope 3 reporting may be different between companies in the same sector and does not undertake any benchmarking of an issuer’s reporting’.

appropriately measurable, quantifiable, externally verifiable, verified and benchmarkable. It covers a material scope of the operations and activities of EQT.

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 strategy and action plan.

Part 1C: KPI selection: Core, relevant and material to issuer’s business model and sustainability profile

KPI 2.b:
Percentage of women board members appointed at EQT's portfolio companies

- Sustainability Performance Target (SPT) calibration:**
- **Ambitious against issuer’s past performance**
 - **Ambitious against issuer’s sectorial peer group**
 - **Not benchmarkable against international targets**

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, verified and benchmarkable. It covers a material scope of the operations and activities of EQT.

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 strategy and action plan.

Part 2: Aligned with ICMA Sustainability-Linked Bond Principles and the LMA Sustainability-Linked Loan Principles

Alignment with the SLBP and SLLP

The issuer has defined a formal Framework for its Sustainability-Linked Securities regarding the selection of KPIs, calibration of Sustainability Performance Targets (SPT), Sustainability-Linked Securities characteristics, reporting and verification. The Framework is in line with the Sustainability-Linked Bond Principles (SLBP) administered by the ICMA and the Sustainability-Linked Loan Principles (SLLP) administered by the LMA.

The financial characteristics of any security issued under this Framework, including a description of the selected KPI(s), SPTs, step-up margin amount or the premium payment amount, as applicable, will be specified in the relevant documentation of the specific transaction. The occurrence of a Trigger Event will result in a coupon step-up, accruing from date specified in the relevant bond (or an increase of the premium, as the case may be).

Part 3:

Consistent with issuer's sustainability strategy

Link to issuer's sustainability strategy

According to the ISS ESG Corporate Rating published on February 12, 2022, the company currently shows a high sustainability performance against peers on key ESG issues faced by the Asset Management & Brokerage industry 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 15th out of 147 companies within its industry as of March 8, 2022.

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.

ISS ESG SPO ASSESSMENT

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

1.1. KPI selection

KPI selected by the issuer

FROM ISSUER'S FRAMEWORK

- **KPI:** EQT AB's GHG emissions reduction across private and listed equity portfolios by EUR invested capital (EUR total invested equity in portfolio companies with their own validated SBTs), divided by the total invested equity across all investments within the target boundary.
- **SPTs:** 40% of EQT AB's private and listed equity portfolios (by EUR of invested capital) will have set science-based targets (SBTs) approved by the Science-Based Target Initiative (SBTi) by 2025 and 100% by 2030 from a 2019 baseline year.
- **Definition:** total invested equity (in EUR) in portfolio companies with their own validated SBTs, divided by the total invested equity across all portfolio companies within the target boundary.
- **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 companies³ 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:** 0% of EQT AB's private and listed equity portfolios (by EUR of invested capital) have set science-based targets (SBTs) approved by the Science-Based Target Initiative (SBTi).
- **Baseline year:** 2019.
- **2030 goal:** 100% of EQT AB's private and listed equity portfolios (by EUR of invested capital) will have set science-based targets (SBTs) approved by the Science-Based Target Initiative (SBTi) by 2030.
- **Scope:** The KPI and its associated target covers 97% of EQT's funds' total investment (Scope 3, category 15) as of Dec 31st, 2020.

Materiality and relevance

EQT has committed to the SBTi and had its GHG emissions reduction targets validated in October 2021. As part of this Framework, EQT decided to select the most significant (in terms of GHG emissions generated) of its GHG targets: the one linked to its Scope 3, category 15 activity (investments).

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 or "PE") sector according to key ESG standards⁴ for reporting and ISS ESG proprietary assessment.

³ EQT is the main shareholder for around 65% of its portfolio companies (including Private Equity, Infrastructure and Public Value).

⁴ Key ESG Standards include SASB and TCFD, among others.

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

- **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. 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, and 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**⁵ to EQT's most significant proportion of total GHG emissions:
 - EQT has included the most significant GHG emissions reduction target (in terms of GHG emissions' coverage) in its Framework. The KPI includes 97% (in terms of invested capital) of the EQT's total scope 3, category 15 (investments in portfolio companies). By covering such a scope, EQT ensures that most of the emissions it is responsible for will be addressed.
 - EQT has also set a Scope 1 and 2 emissions reduction target which has been verified by the SBTi, but it is not including it in this Framework, as it has decided to focus on the single indicator having the most significant impact in terms of GHG emissions. While scope 1 and 2 emissions are deemed by the company as less significant than the scope 3 emissions (representing less than 1% of the total estimated GHG emissions), the SBTi sector guidance clarifies that, regardless of the magnitude of Scope 1 and 2 emissions, any PE company has to set Scope 1 and 2 targets as required by the GHG Protocol Corporate Standard. EQT has therefore also established scope 1 and 2 emissions reduction targets in line with this guidance but beyond this Framework.

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 relies 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.

⁵ ISS ESG bases this analysis on the issuer's own emissions reporting and makes no comment on the quality or consistency of the issuer's Scope 1, 2 or 3 emissions reporting, either in relation to GHG Protocol, or to established norms for the issuer's sector.

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

Measurability

- **Scope and perimeter:** The KPI selected covers EQT's Private and Public portfolio company investments, accounting for 98% of invested equity in listed and private portfolio companies (as of Dec. 31st, 2020). The KPI covers the vast majority of EQT's current CO₂e emissions. EQT's Scope 1, 2 and 3 emissions (category 1-14) are not covered by this KPI. However, they are not deemed as a significant part of total emissions because they represent less than 1% of the total GHG emissions.
- **Quantifiable/Externally Verifiable:** The KPI selected is measurable and quantifiable, based on the fact that it follows the SBTi sector guidance. It is expressed in intensity metrics (total EUR invested equity in portfolio companies with their own validated SBTs, divided by the total invested equity across all investments within the target boundary).
- **Externally verified:** There is 0 EQT portfolio companies with verified SBTs (as of December 31st, 2021). The KPI has been verified as part of the first external audit of the 2021 Annual Report.
- **Benchmarkable:** By relying on the commonly acknowledged SBTi methodology's sector-specific guidance, 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 and relevant to the issuer's business model and consistent with the company's sustainability strategy. The KPI is also material to EQT's most significant GHG emissions, represented by its Scope 3, category 15 (investments), that accounts for around 97% of EQT's estimated total GHG emissions. The KPI does not cover the company's GHG emissions reduction target linked to its own scope 1 and 2 emissions (which represents less than 1% of EQT's estimated total GHG emissions). Such target, validated by the SBTi and announced separately by EQT, is not included in the Framework. The KPI is appropriately measurable, quantifiable, externally verifiable and benchmarkable. The KPI has been verified as part of the 2021 Annual Report. The KPI covers EQT's PE portfolio companies, accounting for 99.18% of the PE and Real Estate (RE) Scope 3 (in terms of invested capital). In turn, its PE and RE scope 3 emissions account for 98% of EQT funds' total investment and lending activities by invested capital (as of Dec. 31st, 2020).

1.2. Calibration of SPTs

SPTs set by the issuer

FROM ISSUER'S FRAMEWORK⁷

- **Sustainability Performance Targets:** 40% of EQT AB's private and listed equity portfolios (by EUR of invested capital) will have set science-based targets (SBTs) approved by the Science-Based Target Initiative (SBTi) by 2025 and 100% by 2030 from a 2019 baseline year.
- **Sustainability Performance Target Triggers:** EQT AB being able to demonstrate that 40% of EQT Funds' private and listed equity portfolios by EUR invested capital have set SBTi verified targets before or by 31 December 2025 and that 100% have done so before or by 31 December 2030.
- **Sustainability Performance Target Observation Dates:** 31 December 2025 and 31 December 2030

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.

- **Baseline:** 0% of EQT AB's private and listed equity portfolios (by EUR of invested capital) have set science-based targets (SBTs) approved by the Science-Based Target Initiative (SBTi) as of 31 December 2021
- **Strategic 2030 Goal and selection of methodology for calculating the SPTs:** 100% of EQT AB's private and listed equity portfolios (by EUR of invested capital) will have set science-based targets (SBTs) approved by the Science-Based Target Initiative (SBTi) by 2030

Factors that support the achievement of the targets:

- EQT will engage with selected current and all future private equity portfolio companies to promote the development and validation of science-based targets by the SBTi by using the significant shareholder mandate that the EQT Funds hold in these companies
- As EQT Funds typically have majority control stakes in their portfolio companies, EQT should be in a position to drive the adoption of portfolio companies setting their own SBTs
- EQT will support portfolio companies' target development and validation directly and through third parties, to enable data collection, target development and roadmap creation for target achievement
- For listed equity where the EQT Funds hold minority ownership, the EQT Funds will exercise its shareholder influence and potential board mandates will support the investment's operations to set SBTs. EQT Funds will also collaborate with other shareholders for such purpose

Risks to the targets:

- EQT might be required to work towards SBT validation for portfolio companies where it does not have majority control of the companies and therefore limited influence over whether these companies set SBTs
- SBTi has recently seen sharply increasing processing timelines for SBT validations, meaning SBTi verification of the SPT fulfilment rate may be impacted by forces outside of EQT's control

EQT AB GROUP CLIMATE DATA

Greenhouse gas (GHG) emissions by source and scope (tons CO₂e)

GHG emissions by source	2021	2021 share of total	2021 excl. EQT Exeter ¹⁾	2020	2019	2030 science-based targets excl. EQT Exeter ¹⁾
Office energy consumption	269	2%	253	288	406	218
Business travel	6,092	49%	5,142	3,490	12,593	9,130
Air travel	5,462	44%	4,930	3,254	12,113	
Ground travel	359	3%	55	85	112	
Hotels	270	2%	157	151	368	
Total – Market based	6,361	100%	5,395	3,778	12,999	
Intensity ton CO ₂ e / average FTE	7			6	22	
Intensity ton CO ₂ e / mEUR revenue	4			5	23	

¹⁾ Comparable to the 2030 SBT as EQT Exeter's operations not are included in the baseline.

EQT FUNDS' CLIMATE DATA (SCOPE 3 - INVESTMENTS)

Portfolio companies' GHG emissions by scope (tCO₂e)

2020	Portfolio companies in scope ¹⁾	Scope 1	Scope 2 (marketbased)	Scope 1 & 2	Scope 3	Intensity Scope 1 & 2 (tCO ₂ e/ EUR invested) ³⁾
Total GHG emissions						
Total (absolute)	73	2,100,802	711,451	2,812,254	14,995,168	
GHG emissions attributed based on the funds' economic ownership						
EQT VII	10	12,528	48,223	60,750	414,313	17
EQT VIII	15	25,736	30,433	56,169	2,691,046	8
EQT IX	7	926	4,018	4,944	80,072	2
EQT Infrastructure III	7	799,432	169,512	968,944	1,996,875	343
EQT Infrastructure IV	10	77,438	85,258	162,696	1,568,861	25
EQT Infrastructure V	5	27,459	15,904	43,363	267,790	34
Other ²⁾	32	24,661	20,572	45,233	1,039,895	18
Total (attributed)	73	968,180	373,919	1,342,100	8,058,853	33
Data quality share actuals ⁴⁾		95%	93%	94%		

Sources: EQT's Annual Report as of March 2022

Ambition

Against company's past performance

EQT has set two SPTs based on SBTi methodology, covering their private and listed equity portfolios using an intensity metric, which should lead to a reduction in EQT's GHG emissions (scope 3, category 15). Following the SBTi sector guidance, EQT has chosen the intensity metric as an interim one, until clear calculations of all PCs scope 1, 2 and 3 will be available. The intensity reduction target relates to the vast majority of EQT CO₂e emissions, the ones deriving from EQT portfolio companies.

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. 0% of portfolio companies have set a SBT out of the entire EQT's portfolio (as of 31st December 2021). As 0% of EQT's portfolio companies have set an SBT, the intensity target set by EQT can be viewed as ambitious against three years of past performance.

In this context, ISS ESG believes that EQT's targets can be viewed as ambitious compared to the past performance.

Against company's sectorial peers

ISS ESG benchmarked the SBTs set by EQT against a PE peer group of 8 listed companies (including EQT) derived from the SBTi Universe and provided by EQT. Seven of these companies are located in Europe, one is located in the United States. While two of these companies have committed to the SBTi, the other six have GHG emissions reductions targets which have been validated by the SBTi. It is worth noting that EQT was the first one within this peer group to have its targets validated, thereby paving the way for its sector.

The peers' targets are not quantitatively comparable to EQT due to lack of information on EQT's and peers' current performance on the KPI, and difference in the target's coverage of total investment and lending activities by invested capital. However, in terms of the share of total investment and lending activities covered by the target, EQT ranks in the top 3 positions out of the six companies that set an SBT.

ISS ESG also conducted a benchmarking of the validation of the SBTs set by EQT against the Asset Management and Brokerage peer group of 217 listed companies derived from the ISS ESG Universe. By merging this group with the peer group provided by the company, EQT is one of only seven

companies (out of 224) that has had its targets validated by the SBTi, and it thus belongs to the top 4% tier of its sector in terms of existence of such targets.

ISS ESG concludes that the SPTs set by the issuer are ambitious, compared to peers, in terms of existence of an SBTi-validated target. EQT represents the top 4% tier, as it is one of the only seven companies to have had its targets set and validated by the SBTi. EQT also ranks in the top 3 positions in terms of % of total investment and lending activities covered by the target.

Against international targets

Paris agreement

EQT's SBTi approved targets for scope 3 emissions are the following:

- 40% of EQT AB's private and listed equity portfolios (by EUR of invested capital) will have set science-based targets (SBTs) approved by the Science-Based Target Initiative (SBTi) by 2025 from a 2019 baseline year, and
- 100% of EQT AB's private and listed equity portfolios (by EUR of invested capital) will have set science-based targets (SBTs) approved by the Science-Based Target Initiative (SBTi) by 2030 from a 2019 baseline year.

The SBTi confirms that the company's scope 3 emissions targets are consistent with reductions required to keep warming below 1.5°C. Thus, ISS ESG concludes that the SPTs set by the issuer are ambitious against the Paris Climate Goals.

Measurability & comparability

- **Historical data:** The issuer confirms that, for the period 2019-2021, 0% of portfolio companies have set an SBT.
- **Timeline:** The issuer has defined a precise timeline related to the SPT achievement (including the target observation date, the trigger event and the frequency of SPTs measurement).

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.

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 is ambitious against the company sectorial peers and in line with international targets (the Paris Agreement). As 0% of EQT's

portfolio companies have set an SBT, the intensity target set by EQT can be viewed as ambitious against three years of past performance. The SPTs selected by the issuer are validated by an independent third party based on the SBTi guidance for the private equity sector. The SPTs remain in the 4% top tier (in terms of SBTi validation) compared to the peers. EQT also ranks in the top 3 positions in terms of the share of total investment and lending activities covered by the target. The targets are set in a clear timeline and supported by a strategy and action plan.

PART 1.B: KPI 2.A SELECTION & SPT 2.A CALIBRATION – PERCENTAGE OF WOMEN IN INVESTMENT ADVISORY PROFESSIONALS ROLES

1.1. KPI selection

KPI selected by the issuer

FROM ISSUER'S FRAMEWORK⁸

- **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 EQT⁹ 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 standards¹⁰. 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

⁸ 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.

⁹ 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%).

¹⁰ Key ESG Standards include SASB and UN SDGs, among others.

Gap Report 2021¹¹ 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:

- **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 step¹². In EQT's sector, women are in average underrepresented in the Investment Advisory Professionals (accounting for only 21% in the Private Equity sector¹³ 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.

¹¹ 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.

¹² 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).

¹³ In UK and Europe only.

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.

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/Externally verifiable:** 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 verified:** 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, verified 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 FRAMEWORK¹⁴

- **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
 - 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%	

¹⁴ 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.

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)¹⁵. At the global level, women still only account for 17.9% of all employees in private equity firms¹⁶. 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:

¹⁵ According to the Diversity and Inclusion Survey 2021 from the British Private Equity and Venture Capital Association.

¹⁶ According to the "Case for gender diversity in private equity" from MBS Intelligence.

- 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 5¹⁷ “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.

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
- **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”¹⁸ on how companies can drive gender diversity in their organizations.

¹⁷ UN, SDG 5, <https://sdgs.un.org/goals/goal5>

¹⁸ International Labor Organization (ILO), May 2017, Gender Diversity Journey: Company Good Practices, https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---act_emp/documents/publication/wcms_578768.pdf

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 strategy and action plan.

PART 1.C. KPI 2.B SELECTION & SPT 2.B 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 standards¹⁹. 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 article²⁰ 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.

¹⁹ Key ESG Standards include SASB and UN SDGs, among others.

²⁰ [Across the Board Improvements: Gender Diversity and ESG Performance](#)

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:

- **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)²¹.

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

²¹ 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.

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 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/Externally verifiable:** 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 verified:** Information related to the baseline year has been verified by a third-party²². 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 terms 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, verified and benchmarkable.

²² 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.

1.2. Calibration of SPT

SPT set by the issuer

FROM ISSUER'S FRAMEWORK²³

- **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:**
 - 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 ²⁴	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%

²³ 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.

²⁴ 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.

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

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.

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.
- **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

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 strategy and action plan.*

PART 2: ALIGNMENT WITH ICMA SUSTAINABILITY-LINKED BOND PRINCIPLES AND WITH LMA SUSTAINABILITY-LINKED LOAN PRINCIPLES

Rationale for Framework

FROM ISSUER'S FRAMEWORK²⁵

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 ("SLSs"), 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 the issuance description provided by EQT as aligned with the SLBP and the SLLP. 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 robustness 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 SLBP and SLLP:

- **KPI 1 - SBTi GHG Emission Reduction Targets across private and listed equity portfolios by EUR invested capital:** The KPI selected is core and relevant to the issuer's business model and consistent with the company's sustainability strategy. The KPI is also material to EQT's most significant GHG emissions, represented by its Scope 3, category 15 (investments), that accounts for around 97% of EQT's estimated total GHG emissions. The KPI does not cover the company's GHG emissions reduction target linked to its own scope 1 and 2 emissions (which

²⁵ 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.

represents less than 1% of EQT's estimated total GHG emissions). Such target, validated by the SBTi and announced separately by EQT, is not included in the Framework. The KPI is appropriately measurable, quantifiable, externally verifiable and benchmarkable. The KPI has been verified as part of the 2021 Annual Report. The KPI covers EQT's PE portfolio companies, accounting for 99.18% of the PE and Real Estate (RE) Scope 3 (in terms of invested capital). In turn, its PE and RE scope 3 emissions account for 98% of EQT funds' total investment and lending activities by invested capital (as of Dec. 31st, 2020).

- **KPI 2.a - Percentage of women in Investment Advisory Professionals:** The KPI selected is core, relevant and material to the issuer's business model from an ESG perspective. The KPI selected is consistent with its sustainability strategy. It is appropriately measurable, quantifiable, externally verifiable, verified 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 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, verified 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 SLBP and LMA SLLP:

- **SPT 1 - SBTi GHG Emission Reduction Target across private and listed equity portfolios by EUR invested capital:** The SPT calibrated by EQT is ambitious against the company sectorial peers and in line with international targets (the Paris Agreement). As 0% of EQT's portfolio companies have set an SBT, the intensity target set by EQT can be viewed as ambitious against three years of past performance. The SPTs selected by the issuer are validated by an independent third party based on the SBTi guidance for the private equity sector. The SPTs remain in the 4% top tier (in terms of SBTi validation) compared to the peers. EQT also ranks in the top 3 positions in terms of the share of total investment and lending activities covered by the target. The targets are set in a clear timeline and supported by a strategy and action plan.
- **SPT 2.a - Percentage of women in Investment Advisory Professionals:** 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 strategy and action plan.
- **SPT 2.b - Percentage of Women Board Members Appointed at EQT's Portfolio Companies:** The SPT calibrated by EQT 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, including baseline performance, have been verified by a third party. The target is set in a clear timeline and supported by a 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 SLBP and the SLLP. The issuer explains that a detailed description of the potential variation of the financial characteristics of the securities will be expressed in the relevant documentation of the specific transaction. EQT clearly defines what are the trigger events.

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
- 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 SLBP and the SLLP. 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)²⁶. The performance of the SPT against the KPI will be externally verified annually until the target is reached.

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 SLBP and the SLLP. ISS ESG provides an SPO through this report. The performance of the SPT against the KPI will be externally verified annually until the target is reached.

²⁶ 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 AB'S SUSTAINABILITY STRATEGY

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

COMPANY	INDUSTRY	DECILE RANK	TRANSPARENCY LEVEL
EQT AB	ASSET MANAGEMENT & BROKERAGE	1	HIGH

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

ESG performance

As of March 8, 2022, this Rating places EQT AB 15th out of 147 companies rated by ISS ESG in the Asset Management & Brokerage industry.

Key Challenges faced by companies in terms of sustainability management in this industry 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.

Key Issue 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. in healthcare and wastewater management. 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.

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 oversight²⁷. 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 issues²⁸. Further, the company has taken initial steps to integrate sustainability performance criteria in the variable remuneration of the members 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.

Recent developments

In the course of the mandate, the issuer provided additional information regarding the fact that a Sustainability Committee at the board level has been established. This information has also been presented in the issuer's Annual Report for 2021 which was published after the "Governance Opinion" from EQT Corporate Rating Report included above.






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 AB's production process.

PRODUCT/SERVICES PORTFOLIO	ASSOCIATED PERCENTAGE OF REVENUE	DIRECTION OF IMPACT	UN SDGS
Investments in health-related research, investments in healthcare provision	9%	CONTRIBUTION	 
Investments in educational programs	3%	CONTRIBUTION	

²⁷ EQT acts in compliance with the Swedish Corporate Governance Code.

²⁸ Please, note that this sentence was written before the 2021 Annual Report was published. During the course of the mandate, a Sustainability Committee at the board level has been established. Read more information about this under "Recent developments".

Investments in social housing	4%	CONTRIBUTION	
Investments in (waste)water treatment plants	1%	CONTRIBUTION	
Investments in cloud computing	1%	CONTRIBUTION	
Investments in the aviation industry	2%	CONTRIBUTION	
Investments in the reuse of biosolids	1%	CONTRIBUTION	
Others	N/A	NO NET IMPACT	N/A

Breaches of international norms and ESG controversies

As of March 8, 2022, the company is not facing any controversy.

Contribution of KPIs to sustainability objectives and key ESG industry challenges

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 & Brokerage industry. 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 industry. 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
SBTi GHG Emission Reduction Target across private and listed equity portfolios	✓	✓	Contribution to a material objective
Percentage of women investment advisory professionals	✓	✓	Contribution to a material objective

Percentage of women board members appointed at EQT's portfolio companies	✓	✓	Contribution to a material objective
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Opinion: *ISS ESG finds that the KPIs are consistent with the issuer's sustainability strategy and material ESG topics for the issuer's industry. The rationale for issuing 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 (March 28, 2022), SPTs benchmarks and structural securities characteristics described in this document do not change.
2. ISS ESG uses a scientifically based rating concept to analyze and evaluate the environmental and social performance of companies and countries. In doing so, we adhere to standardized procedures to ensure consistent quality of responsibility research worldwide. In addition, we provide Second Party Opinion (SPO) on bonds based on data provided by 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 judgments 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 creditworthiness of a bond but refers exclusively to the social and environmental criteria mentioned above.
5. We would point out that this SPO, certain images, text and graphics contained therein, and the layout and company logo of ISS ESG and ISS-ESG are the property of ISS and are protected under copyright and trademark law. Any use of such ISS property shall require the express prior written consent of ISS. Use shall be deemed to refer in particular to the copying or duplication of the SPO wholly or in part, the distribution of the SPO, either free of charge or against payment, or the exploitation of this SPO in any other conceivable manner.

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ANNEX 1: ISS ESG Corporate Rating

Methodology - Overview

The ESG Corporate Rating methodology was originally developed by Institutional Shareholder Services Germany (formerly oekom research) and has been consistently updated for more than 25 years.

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.

Analyst Opinion - Qualitative summary and explanation of the central rating results in three dimensions:

- (1) Opportunities - assessment of the quality and the current and future share of sales of a company's products and services, which positively or negatively contribute to the management of principal sustainability challenges.
- (2) Risks - summary assessment of how proactively and successfully the company addresses specific sustainability challenges found in its business activity and value chain, thus reducing its individual risks, in particular regarding its sector's key issues.
- (3) Governance - overview of the company's governance structures and measures as well as of the quality and efficacy of policies regarding its ethical business conduct.

Norm-Based Research - Severity Indicator - The assessment of companies' sustainability performance in the ESG Corporate Rating is informed by a systematic and comprehensive evaluation of companies' ability to prevent and mitigate ESG controversies. ISS ESG conducts research and analysis on corporate involvement in verified or alleged failures to respect recognized standards for responsible business conduct through Norm-Based Research.

Norm-Based Research is based on authoritative standards for responsible business conduct such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles for Business and Human Rights and the Sustainable Development Goals.

As a stress-test of corporate disclosure, Norm-Based Research assesses the following:

- Companies' ability to address grievances and remediate negative impacts
- Degree of verification of allegations and claims
- Severity of impact on people and the environment, and systematic or systemic nature of malpractices

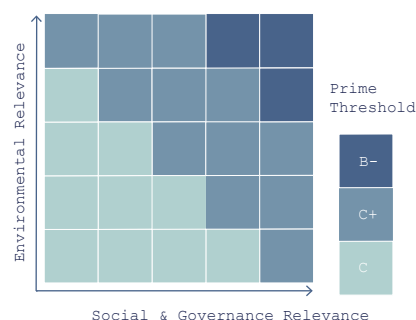
Severity of impact is categorized as Potential, Moderate, Severe, Very severe. This informs the ESG Corporate Rating.

Decile Rank - The Decile Rank indicates in which decile (tenth part of total) the individual Corporate Rating ranks within its industry from 1 (best – company's rating is in the first decile within its industry) to 10 (lowest – company's rating is in the tenth decile within its industry). The Decile Rank is determined based on the underlying numerical score of the rating. If the total number of companies within an industry cannot be evenly divided by ten, the surplus company ratings are distributed from the top (1 decile) to the bottom. If there are Corporate Ratings with identical absolute scores that span a division in decile ranks, all ratings with an equal decile score are classified in the higher decile, resulting in a smaller number of Corporate Ratings in the decile below.

Distribution of Ratings - Overview of the distribution of the ratings of all companies from the respective industry that are included in the ESG Corporate Rating universe (company portrayed in this report: dark blue).

Industry Classification - The social and environmental impacts of industries differ. Therefore, based on its relevance, each industry analyzed is classified in a Sustainability Matrix.

Depending on this classification, the two dimensions of the ESG Corporate Rating, the Social Rating and the Environmental Rating, are weighted and the sector-specific minimum requirements for the ISS ESG Prime Status (Prime threshold) are defined (absolute best-in-class approach).



Industry Leaders - List (in alphabetical order) of the top three companies in an industry from the ESG Corporate Rating universe at the time of generation of this report.

Key Issue Performance - Overview of the company's performance with regard to the key social and environmental issues in the industry, compared to the industry average.

Performance Score - The ESG Performance Score allows for cross-industry comparisons using a standardized best-in-class threshold that is valid across all industries. It is the numerical representation of the alphabetic ratings (D- to A+) on a scale of 0 to 100 with 50 representing the prime threshold. All companies with values greater than 50 are Prime, while companies with values less than 50 are Not Prime. As a result, intervals are of varying size depending on the original industry-specific prime thresholds.

Rating History - Development of the company's rating over time and comparison to the average rating in the industry.

Rating Scale - Companies are rated on a twelve-point scale from A+ to D-:

A+: the company shows excellent performance.

D-: the company shows poor performance (or fails to demonstrate any commitment to appropriately address the topic).

Overview of the range of scores achieved in the industry (light blue) and indication of the grade of the company evaluated in this report (dark blue).

Sources of Information - A selection of sources used for this report is illustrated in the annex.

Status & Prime Threshold - Companies are categorized as Prime if they achieve/exceed the sustainability performance requirements (Prime threshold) defined by ISS ESG for a specific industry (absolute best-in-class approach) in the ESG Corporate Rating. Prime companies are sustainability leaders in their industry and are better positioned to cope with material ESG challenges and risks, as well as to seize opportunities, than their Not Prime peers. The financial materiality of the Prime Status has been confirmed by performance studies, showing a continuous outperformance of the Prime portfolio when compared to conventional indices over more than 14 years.

Transparency Level - The Transparency Level indicates the company's materiality-adjusted disclosure level regarding the environmental and social performance indicators defined in the ESG Corporate Rating. It takes into consideration whether the company has disclosed relevant information regarding a specific indicator, either in its public ESG disclosures or as part of the rating feedback process, as well as the indicator's materiality reflected in its absolute weight in the rating. The calculated percentage is classified in five transparency levels following the scale below.

0% - < 20%: very low

20% - < 40%: low

40% - < 60%: medium

60% - < 80%: high

80% - 100%: very high

For example, if a company discloses information for indicators with a cumulated absolute weight in the rating of 23 percent, then its Transparency Level is "low". A company's failure to disclose, or lack of transparency, will impact a company's ESG performance rating negatively.

ANNEX 2: 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 industries 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 industry, 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 robustness 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 analyzed 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 3: Quality management processes

SCOPE

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

CRITERIA

Relevant Standards for this Second Party Opinion

- ICMA Sustainability-Linked Bond Principles
- LMA Sustainability-Linked Loan Principles

ISSUER'S RESPONSIBILITY

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

- Sustainability-Linked Financing Framework

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 Sustainability-Linked Securities to be issued by EQT AB based on ISS ESG methodology and in line with the ICMA Sustainability-Linked Bond Principles.

The engagement with EQT AB took place in March 2022.

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 behavior 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/>

For information about SPO services, please contact: SPOsales@isscorporatesolutions.com

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