

**EQT**  
**GREENHOUSE GAS EMISSIONS REPORT**  
**2015**



**GREENHOUSE  
GAS PROTOCOL**

**▶▶ 2050**  
Fast Forward to a Greener Future

## Executive Summary

As a responsible investor and owner, EQT is committed to address climate change and reduce its climate impact. Therefore, EQT has decided to annually

1. **Measure**
2. **Reduce**
3. **Offset**
4. **Communicate**

the organization’s carbon emissions, i.e. Greenhouse Gas (“GHG”) emissions. These GHG emissions produced during 2015 by in-house activities in the 16 EQT offices around the world have been measured and validated according to the GHG Protocol<sup>1</sup> in collaboration with the advisor 2050 Consulting.

EQT had total GHG emissions equaling 10,716 tons of CO<sub>2</sub>e during 2015, of which 93.0% came from business travel, including the over 19,000,000 km that EQT’s employees flew during the year – equal to around 25 roundtrips from Earth to the moon.

The sources of the remaining emissions were the energy usage at EQT offices, representing about 5.9%, and consumption of food, drinks and office supplies, representing 1.1%. Waste management at EQT offices represented only approximately 0.02% of total GHG emissions.

During 2016, EQT will evaluate and formulate goals and indicators to reduce its GHG emissions. The goals will target the most significant emission sources in order to focus on the areas where EQT has the largest climate impact. Furthermore, EQT is developing internal guidelines and recommendations for EQT employees on how they can contribute to reducing GHG emissions.

EQT has offset all of their emissions in 2015, 10,716 tons, through a rainforest conservation project in Rimba Raya in Indonesia.

<b>Emissions by scope</b>	<b>ton CO<sub>2</sub>e</b>
Scope 1	-
Scope 2	279.2
Scope 3	10,436.4
<b>EQT total emissions</b>	<b>10,715.6</b>

*Table 1: EQT’s total emissions by scope in 2015. Please see Figure 1 for more details on the three scopes*

<sup>1</sup> [The GHG protocol, revised edition](#)

## Background

EQT is a leading global integrated alternative investment firm, with a 22-year track record of delivering attractive risk-adjusted returns to investors. EQT has raised approximately EUR 30 billion across 19 funds since inception in 1994. Today, EQT funds own around 70 companies in a variety of industries across the world. EQT works with portfolio companies to achieve sustainable growth, operational excellence and market leadership. This GHG emissions report is part of EQT’s own sustainability work to further guide and understand EQT’s own ESG<sup>2</sup> opportunities and challenges. It is an important part of EQT’s mission to lead by example and promote sustainable practices to portfolio companies and the finance industry in general.

In this report on EQT’s climate impact, the emission of GHGs for 2015 are accounted for in accordance with the principles of the GHG Protocol, the internationally recognized standard for corporate accounting and reporting of GHG emissions.

In order to obtain valuable input in the form of baseline emissions per office and employee, EQT conducted a pilot study for their activities during 2014. The results of the pilot have been used as a basis for some of the calculations in 2015. Furthermore, the pilot has helped to improve the data collection process and highlighted focus areas to target EQT’s climate actions going forward.

## Method

### Scope and boundaries

EQT’s emissions are calculated and reported in accordance with the GHG Protocol. Through the GHG protocol framework EQT’s emissions are divided into three scopes, where scope 1 is the *direct* emissions from an organization’s operations, scope 2 represents the emissions from an organization’s energy usage and scope 3 constitutes the *indirect* emissions.

EQT has decided to use the *financial control* approach for the division of emissions into scopes. This is the most commonly used approach and implies that EQT accounts for 100% of the GHG emissions from the operations over which EQT has *financial control* and considers these emissions as direct. Consequently, EQT does not consider emission from sources over which they have an *operational control*, but not a financial one, as direct. An example of this could be the emissions from heating of the buildings where EQT operates, which is considered as indirect given that EQT does not own the buildings’ heating systems.

---

### Global warming potential and CO<sub>2</sub>e

A wide range of gases other than carbon dioxide (“CO<sub>2</sub>”) contribute to global warming. Gases such as methane (“CH<sub>4</sub>”) and laughing gas (“N<sub>2</sub>O”) have a much larger impact on the climate (per gas molecule), but occur in significantly smaller quantities.

This phenomenon is referred to as the global warming potential (“GWP”) of gases, and their impact is recalculated to the potential of CO<sub>2</sub> to provide a single measurement of the climate impact, referred to as carbon dioxide equivalents (“CO<sub>2</sub>e”).

---

<sup>2</sup> Environmental, Social and Governance (“ESG”)

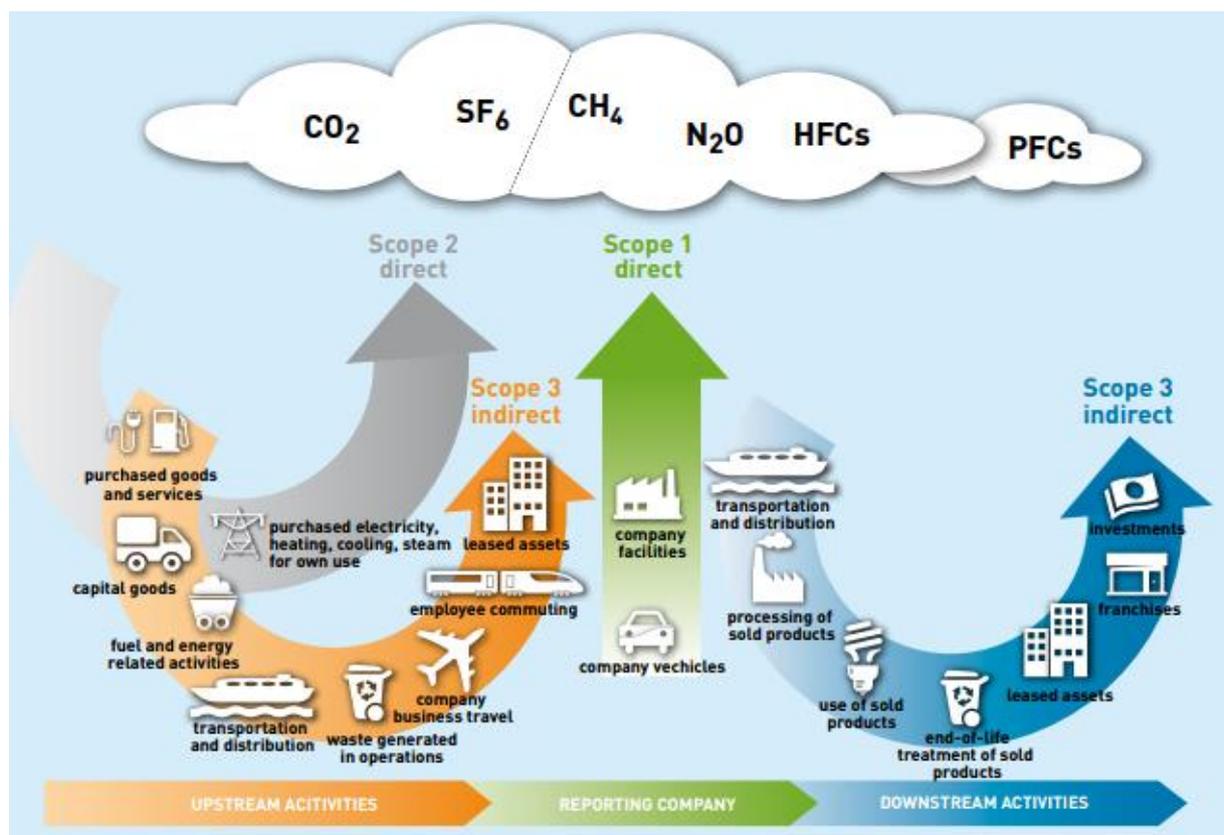


Figure 1: Scope 1, 2 and 3 as presented by the GHG Protocol. The 15 categories within scope 3 are shown in order within the orange and blue arrows. The GHGs included in the GHG Protocol are shown in the cloud at the top.

For EQT this implies the following distribution of emission sources per scope:

- **Scope 1:** Any direct emissions from owned sources, such as boilers or company cars. No such sources have been identified.
- **Scope 2:** Direct emissions from the generation of purchased electricity, district heating and district cooling for owned facilities, which means the electricity used at the offices, including electricity used in cooling devices. The district heating and district cooling for the facility are, however, not part of scope 2 as the landlord purchases the district heating and cooling for the building.
- **Scope 3:** All other emissions, including the following sources:
  - Indirect emissions for heating (district heating and/or boiler in the building), and indirect emissions for fuels (extraction, refining and distribution) and other indirect emissions related to energy production (construction of hydro/wind power plants).
  - Business travel (air travel, rail travel, taxi and hotels)
  - Office consumables (paper, food and beverages)
  - Waste management

## Emission sources and data

The emission sources in EQT's 2015 calculations include:

- I. **Business travel:** including flights, taxi and train travel. Hotel nights are also included in the business travel category
- II. **Fuel and energy consumption:** for electricity, heating and electric cooling, including emissions from extraction, refinement and distribution
- III. **Office consumables:** such as paper, drinks, food and fruit
- IV. **Waste:** emissions from waste management of office waste

Exact/actual air travel data for 2015 is reported for each investment strategy, while the remaining data is based on estimates from the 2014 pilot. Energy usage is estimated based on 2014 pilot baseline data per square meter. Office consumables and waste are estimated based on the 2014 pilot baseline data per employee.

EQT has decided to omit some emission sources, as they are not part of EQT's own operations, have minor impact on GHG emissions and/or the data is too unreliable or currently not available. The omitted sources are:

- The operations and activities of the portfolio companies in EQT's funds
- Flights and other travel related emissions for EQT's Industrial Advisors
- Employee commuting
- Leakage of cooling agents from cooling systems of the EQT office buildings
- Other purchased goods, such as IT-equipment (operations of servers outsourced), and furniture.

## Tools

To facilitate the calculations of GHG emissions, EQT has used a CDP<sup>3</sup>-accredited cloud based tool, which supports data collection, calculations based on emission factors and analysis efforts. By using this tool, EQT can assure consistency regarding the method used for GHG emission accounting going forward, so that annual results will be comparable.

---

<sup>3</sup> Carbon Disclosure Project ("CDP") gathers carbon emissions data for 2,000 listed companies, representing 55% of market capitalization of listed companies globally in 2015

**Results – EQT GHG emissions 2015**

Source	ton CO2e Scope 1	ton CO2e Scope 2	ton CO2e Scope 3	ton CO2e Total	Intensity: kg CO2e per employee	Share of total emissions
<b>Energy consumption</b>	<b>0</b>	<b>279.2</b>	<b>350.4</b>	<b>629.6</b>	<b>1,798.8</b>	<b>5.88%</b>
<b>Heating and cooling</b>	-	-	<b>293.5</b>	<b>293.5</b>	<b>838.5</b>	<b>2.74%</b>
<i>Natural Gas</i>	-	-	266.6	266.6	761.7	2.49%
<i>District heating</i>	-	-	26.9	26.9	76.8	0.25%
<b>Electricity</b>	-	<b>279.2</b>	<b>56.9</b>	<b>336.1</b>	<b>960.3</b>	<b>3.14%</b>
<i>Electricity grid mix</i>	-	278.9	54.3	333.2	951.8	3.11%
<i>Electricity renewable</i>	-	0.3	2.6	2.9	8.5	0.03%
<b>Business travel</b>	<b>0</b>	<b>0</b>	<b>9,964.3</b>	<b>9,964.3</b>	<b>28,469.5</b>	<b>92.99%</b>
<b>Air travel</b>	-	-	<b>9,770.8</b>	<b>9,770.8</b>	<b>27,917.7</b>	<b>91.18%</b>
<i>Air travel - Economy and Economy Extra</i>	-	-	1,040.3	1,040.3	2,972.4	9.71%
<i>Air travel - Business and First class</i>	-	-	8,730.5	8,730.5	24,944.3	81.47%
<b>Ground and sea travel</b>	-	-	<b>51.0</b>	<b>51.0</b>	<b>145.7</b>	<b>0.48%</b>
<i>Rail travel</i>	-	-	-	-	-	0.00%
<i>Taxi travel</i>	-	-	51.0	51.0	145.7	0.48%
<b>Hotels</b>	-	-	<b>142.5</b>	<b>142.5</b>	<b>407.1</b>	<b>1.33%</b>
<i>Environmentally Certified Hotel Nights</i>	-	-	51.1	51.1	145.9	0.48%
<i>Conventional Hotel Nights</i>	-	-	91.4	91.4	261.2	0.85%
<b>Office consumables</b>	<b>0</b>	<b>0</b>	<b>119.9</b>	<b>119.9</b>	<b>342.7</b>	<b>1.12%</b>
<b>Paper</b>	-	-	<b>14.7</b>	<b>14.7</b>	<b>42.2</b>	<b>0.14%</b>
<i>EFC paper (elemental chlorine free)</i>	-	-	14.7	14.7	42.2	0.14%
<b>Food and beverages</b>	-	-	<b>105.2</b>	<b>105.2</b>	<b>300.5</b>	<b>0.98%</b>
<i>Fruit</i>	-	-	16.9	16.9	48.2	0.16%
<i>Coffee and Tea - Certified Organic</i>	-	-	3.5	3.5	10.2	0.03%
<i>Coffee and Tea - Conventional</i>	-	-	7.7	7.7	21.9	0.07%
<i>Catered Food</i>	-	-	1.9	1.9	5.3	0.02%
<i>Bottled Water and soft drinks</i>	-	-	2.2	2.2	6.2	0.02%
<i>Canned Water and soft drinks</i>	-	-	28.7	28.7	82.0	0.27%
<i>Juice, Smoothies and Dairy products</i>	-	-	30.5	30.5	87.2	0.28%
<i>Other Groceries</i>	-	-	13.8	13.8	39.5	0.13%
<b>Waste</b>	<b>0</b>	<b>0</b>	<b>1.8</b>	<b>1.8</b>	<b>5.2</b>	<b>0.02%</b>
<i>Waste to landfill</i>	-	-	1.0	1.0	2.8	0.01%
<i>Waste to incineration</i>	-	-	0.2	0.2	0.7	0.00%
<i>Recycled materials</i>	-	-	0.6	0.6	1.7	0.01%
<b>Total</b>	<b>0</b>	<b>279.2</b>	<b>10,436.4</b>	<b>10,715.6</b>	<b>30,616.2</b>	<b>100.00%</b>

Table 2: The emissions from EQT's activities included in the scope of these calculations. Only the sources for which EQT had emissions in 2015 are included. Intensity shows the emissions divided by the total number of average EQT FTEs in 2015.

### Total emissions by source 2015 (ton CO<sub>2</sub>e)

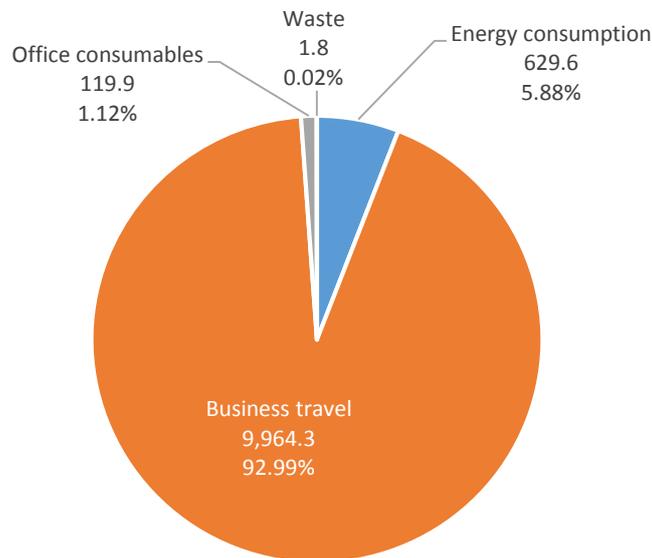


Figure 2: EQT's total emissions in 2015, presented by source. The Business travel category is the dominating emission source.

### Emissions by the GHG Protocol's scopes and by data quality

EQT's GHG emissions are presented by scope in Figure 3 below. There are no GHG emissions in scope 1, only 2.6% in scope 2 and the remaining in scope 3. This is due to that air travels, representing 91.2% of total emissions, is part of scope 3. For a company like EQT without its own production and the associated logistics from selling and shipping products, the dominance of emissions in scope 3 is expected.

#### Total emissions by scope 2015 (ton CO<sub>2</sub>e)

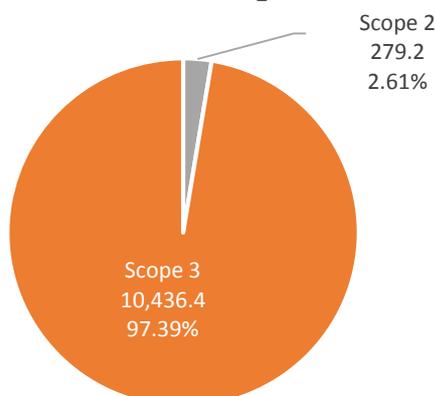


Figure 3: EQT's emissions by scope. Since EQT has no direct emissions, scope 1 is not included in the graph

#### Total emissions by data quality 2015 (ton CO<sub>2</sub>e)

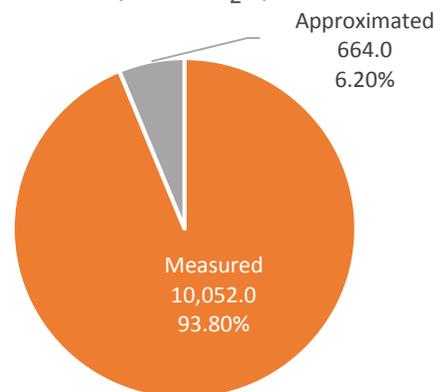


Figure 4: EQT's emission by data quality, based on total emissions. The majority of the exact data comes from business travel, specifically air travel.

EQT's emissions, divided into exact/actual and approximated/extrapolated data are displayed in Figure 4 above. All air travel emissions as well as electricity usage for all 16 offices are derived from actual data while the majority of the emissions for heating, consumables and waste management come from extrapolated data, based on Stockholm office data from the 2014 pilot study.

## EQT Climate Action

### Measure

Below is a brief analysis of the results, for each category of emission sources.

**Business travel** is the dominating emission source, constituting 93.0% of the total emissions, or 9,964 tons of CO<sub>2</sub>e. The majority of these emissions come from business or first class flights, which have a significantly larger emission factor than economy flights. Emissions for other business travel related activities make up only a few percent of the total. The flight data is based on actual data collected from travel agents around the globe.

**Energy consumption** is the second largest emission source totaling about 5.9%, or 630 tons of CO<sub>2</sub>e. Electricity and heating constitute about half of this each. Electricity data is actual values gathered from energy providers to the local EQT offices, while the heating data is based on average heating requirements in the countries where EQT has offices, with the exception of Oslo and Stockholm that have reported actual heating.

**Office consumables** constitute around 1.1% of the total emissions, or about 120 tons of CO<sub>2</sub>e. This is mainly from food and beverages consumed in EQTs offices. The data is extrapolated from the consumption at the Stockholm office that was measured in 2014.

**Waste** is the smallest emissions category, and constitutes only 0.02% of EQT's total emissions, or about 2 tons of CO<sub>2</sub>e. The data is extrapolated based on waste generation in the Stockholm office in 2014 as well as each country's waste management practices.

### Reduce

During 2016, EQT will evaluate and formulate goals and indicators to reduce EQT's GHG emissions. The goals will target the most significant emission sources in order to focus on the areas where EQT has the largest climate impact. Some actions to reduce EQT's GHG emissions have already been taken in 2015 and 2016. For example, water fountains for sparkling water have been installed in several offices in an attempt to decrease the consumption of canned water.

Furthermore, EQT is developing internal guidelines and recommendations for EQT employees on how they can contribute to a reduction of GHG emissions. These guidelines will include advice for both individual employees and EQT as an organization, on how business travel and consumption patterns can be altered in order to reduce the impact on the environment.

---

#### Emissions from air travel

Aviation accounts for about 2% of global CO<sub>2</sub> emissions, more than 700 million tons<sup>4</sup>. The climate impact is derived from the use of fuel, vapor trails as well as high altitude emissions. Flying business or first class gives emissions three to six times higher than when flying economy class. This is primarily due to increased space taken per passenger, lower degree of utilization of seats, increased weight of food and drinks consumed and an increased luggage allowance.

---

<sup>4</sup> International panel on Climate Change ("IPCC"), <https://www.ipcc.ch/pdf/special-reports/spm/av-en.pdf>

## Offset

The 2015 GHG emissions incurred by EQT, have been offset through a carbon-offsetting project. EQT has offset all of their emissions in 2015, namely 10,716 tons in the Rimba Raya rainforest conservation project in Indonesia. The project is developed and managed by Code REDD and InfiniteEarth. The carbon reduction is achieved by planting trees, which binds carbon in the biomass, and by introducing efficient cooking stoves for the local population, which consumes less biomass and thereby conserves the local rainforest. The project has several other positive effects, such as economic and health benefits for the families using the cooking stoves as well as biodiversity conservation, including the endangered Borneo orangutan.



## Communicate

The results and recommendations described above, are communicated internally within EQT to create awareness and drive climate action. Furthermore, in line with EQT's transparency approach, the GHG Emissions Report 2015 is available externally to investors and other stakeholders.

## Appendix – calculation methods

The GHG protocol requires reporting organizations to report their biogenic emissions as well as the effect the chosen scope 2 calculation method has.

### Direct biogenic carbon dioxide emissions

Biogenic emissions, such as those originating from combustion of renewable fuels, are reported separately. Biogenic carbon emissions are considered to be absorbed to an equivalent degree when the biomass is grown, and are therefore only included in this specific paragraph and not the general calculations. In 2015, EQT did not have any direct biogenic emissions within the scope of this report.

### Calculation method in scope 2

The two options for calculation method for scope 2 are *market based* or *location based*. The market based method takes into account production covered under guarantees of origin certificates, while the location based method uses the average electricity mix of the grid. EQT has chosen the market based method, which the most common choice as it gives the company the opportunity to reduce emissions from electricity, both through reducing consumption and through choosing sources with less carbon intensity. If EQT had chosen the location based method instead, the emissions in 2015 would have been 25 tons higher.