

Case Study: EQT



[EQT](#) is a purpose-driven global investment organization with EUR 126 billion in fee-paying assets under management within two business segments – Private Capital and Real Assets. EQT owns portfolio companies and assets in Europe, Asia-Pacific and the Americas and supports them in achieving sustainable growth, operational excellence and market leadership.

The Need

EQT wants to ensure that it accelerates sustainability and diversity performance and value creation of every investment during its ownership period. At the same time, impact investing is beginning to mature: the products on offer have scaled, client demand is accelerating, and the industry is beginning to converge on best practices and means of measurement.

Within this context, EQT wanted to better understand where positive impact for people and the planet could be occurring, and to what extent within its existing portfolio and therefore commissioned TGE to conduct a review of a portion of EQT Private Capital's portfolio. The review identified, in a consistent and comparable way, which companies may be generating positive outcomes for people and / or the planet and why.

Our Approach

TGE established a conceptual framework and methodology to assess the portfolio across two dimensions:

- The impact potential that the investee companies themselves have
- The impact potential that the investees' industries have

The methodology included considerations of the depth and scale of impact created, the intentionality and measurement of that impact, and the likelihood that impact would otherwise be created.

| Asset Level | Industry Level |
|-----------------------------------|----------------------------------|
| Integration of impact | Scale of problem being addressed |
| Depth of impact | Industry's influence |
| Impact measurement maturity | Industry's innovation |
| Few competitors delivering impact | Forward looking industry |

Outcome

TGE analysed close to 90 companies across 15 funds, with each company given an impact potential score. Aggregate analysis of the scores highlighted to EQT the impact potential of its portfolio as a whole, as well as by investment theme and fund. Key impact 'drivers' and 'reducers' were identified across thematic areas and opportunities for improved impact management were highlighted.

Overall, TGE assisted EQT in understanding the impact potential of its investees by enabling clear comparison of a wide range of companies across maturity, investment themes, sectors, sizes and geographies.

"EQT will increasingly be investing in highly impact-orientated investments to help address some of the world's most pressing challenges. The Good Economy's analysis was thorough and insightful, and helped us frame how we can think about managing for impact in a credible way across the business."

- Jen Braswell, Head of Impact for EQT Private Capital