



# Carbon Footprint Report 2024/25

7,215

Total tCO<sub>2</sub>e emissions in FY25<sup>1</sup>

18

tCO<sub>2</sub>e/employee

86

tCO<sub>2</sub>e/FUM

## Summary

At Hg, we take our role in the climate agenda seriously and believe that transparency is a fundamental part of being a responsible investor. We are proud to report our carbon footprint for the sixth consecutive year. As we continue to aim for an increased accuracy of our own data, as well as that of our portfolio companies, in FY25<sup>1</sup>, we maintained a consistent approach with the previous year, using the same carbon accounting software and including the same emission categories to ensure comparability. Our approach to climate change across the firm and portfolio is covered in further detail in our annual TCFD report which is available on our website.

In FY25, our Scope 1 emissions remained at zero, as Hg does not own any vehicles or operate onsite boilers. We observed a 42% increase in Scope 2 emissions, driven primarily by operational expansion. In July 2024, Hg opened a new office in Singapore as part of our continued international growth. Unfortunately, due to this site being located within a shared facility, we have not been able to obtain direct energy data and have used estimates based on office size. The same methodology applies to our Paris and Luxembourg offices. Additionally, in August 2024, our New York office space grew by roughly 7,700 square feet, reflecting our growing presence in key markets.

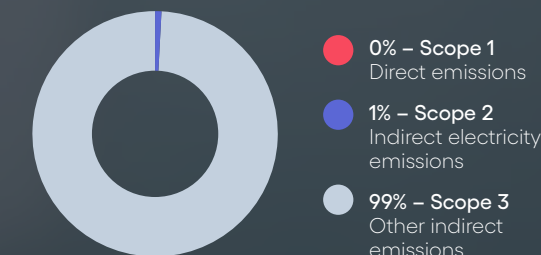
Despite the 42% increase from previous year, we are pleased to report that all four of Hg's investment offices, London, Munich, New York, and San Francisco, are now covered by 100% renewable energy tariffs. This achievement has contributed to a 45% reduction in Scope 2 emissions since our baseline year (FY20), meaning we are on track to achieve our firm-level Science Based Target<sup>2</sup> of 50% Scope 1 and 2 emission reduction ahead of our FY27 deadline.

Though our Scope 1 and 2 emissions have decreased since our baseline year (FY20), Hg's overall footprint has increased by 221% due to a 242% rise in our Scope 3 emissions over that time, which make up the majority (99%) of our total footprint. In FY25, our Scope 3 emissions remained broadly stable with a modest 5% decrease compared to FY24.

As in previous years, business travel account for around 80% of our total Scope 3 emissions. Increased business travel largely accounts for the overall growth in Scope 3 emissions since FY20, which is due to significant growth in Hg's employee headcount and portfolio size over the last five years.

We continue to promote the use of virtual meetings and encourage staff to use transport modes with a lower environmental impact. However, we acknowledge that our industry depends on establishing strong connections with founders, management teams, and investors. This often necessitates face-to-face interactions, which in turn requires travel. A comprehensive breakdown of Hg's FY25 carbon footprint figures and methodology is detailed throughout this report.

## Emissions by scope FY25<sup>1</sup>



<sup>1</sup>FY25 is 1st April 2024 to 31st March 2025    <sup>2</sup>[https://files.sciencebasedtargets.org/production/files/Hg\\_final.pdf](https://files.sciencebasedtargets.org/production/files/Hg_final.pdf)



## Methodology and numbers

	FY20	FY21	FY22	FY23	FY24	FY25	% Change from baseline year (FY20)
Scope 1	38	19	5	20	0	0	-100%
Scope 2	119	94	27	40	46	65	-45%
Scope 3	2,093	178	1,487	3,009	7,560	7,150	+242%
TOTAL	2,249	291	1,519	3,069	7,606	7,215	+221%

Hg’s carbon footprint for the financial year (FY25) was prepared using the GHG Protocol by a third-party carbon accounting platform and includes our scope 1, 2 and 3 emissions in line with their guidance<sup>1</sup>.

Standardised numbers based on number of employees and FUM:							% Change from baseline year (FY20)
	FY20	FY21	FY22	FY23	FY24	FY25	
No. of employees	201	218	299	315	394	392	+95%
tCO <sub>2</sub> e / employee	11	1	5	10	19	18	+64%
AUM (\$bn)	19	31	41	63	73	84	+354%
tCO <sub>2</sub> e / AUM	122	9	37	49	104	86	-29%

<sup>1</sup>Our footprint currently excludes Scope 3 category 15 of the GHG Protocol, i.e. finances emissions/investments



## Hg's SBTi Targets<sup>1</sup>

# 50%

reduction in scope 1 & 2 emissions by FY31

# 50%

of our invested capital will be covered by SBTs by FY31

# 26%

of our invested capital will be covered by SBTs by FY27

# 100%

of our invested capital will be covered by SBTs by FY41

<sup>1</sup><https://sciencebasedtargets.org/>

## Hg's approach to portfolio carbon footprints

Since 2021, we have been using carbon reporting software solutions to collect and calculate scope 1, 2 and 3 carbon footprints across our portfolio companies.

This year, in acknowledgment that many of our portfolio companies work with their own preferred third parties to calculate their footprints, we opted to use a simplified questionnaire to collect their independently calculated total emission figures across scopes 1, 2 and 3.

Upon collecting and reviewing the 2024 portfolio carbon footprints, we also conduct a Net Zero alignment review in line with the Private Markets Decarbonisation Roadmap (PMDR) and the Net Zero Investment Framework (NZIF) Component for the Private Equity Industry. For further information, please see [Hg's TCFD report](#).

## Compensating for our emissions



For six consecutive years, Hg has compensated for our Scope 1, 2 and 3 emissions by purchasing carbon credits. For our FY25 offsetting strategy, we partnered with Patch, a carbon credit marketplace and offset our emissions using 50% avoidance credits, and 50% removal credits. Further details on the projects can be found below:

### Kuamut Improved Forest Management (Malaysia)



The Kuamut Rainforest Conservation Project ("Kuamut Project") aims to protect and restore 83,381 hectares of tropical forest in the Tongod and Kinabatangan Districts of Sabah, Malaysia. The project area is part of an approximately 1-million-hectare, long-term concession granted to Yayasan Sabah.

# 50%

### Brusque Landfill Gas (Brazil)



The Brusque LFG project focuses on capturing methane from the landfill gas generated at the Brusque landfill site and converting it into energy or flaring it to prevent its release into the atmosphere.

# 50%