



**RESPONSIBLE INVESTING  
REQUEST FOR INFORMATION**

Firm Name: TorQuest Partners  
Completed By: Jason Galbraith, Managing Director & Chief Legal Officer  
Date Completed: March 2024

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## PREAMBLE

In accordance with Queen's University's Responsible Investing Policy, as approved in May 2017, we require all of Queen's External Investment Managers to take due regard of environmental, social, and governance ("ESG") factors in making investment decisions. Managers will be asked to engage where appropriate and report to the University on their ESG activities on an annual basis.

Link to Responsible Investing Policy: <https://www.queensu.ca/secretariat/policies/board-policies/responsible-investing-policy>

**To assist with our due diligence, we request that you respond to the following questions no later than March 22, 2024.**

Note: Responses to this questionnaire will be posted in full on Queen's website.

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## GENERAL

**1) Please provide your ESG-related policies. Please provide a formal statement of your ESG-related policies if you have one.**

TorQuest's ESG Policy is publicly available on our corporate website at <https://torquest.com/ESG>

TorQuest's Diversity & Inclusion Policy (August 2022 update) is being submitted with this Responsible Investing questionnaire.

**2) Are sustainable investing and ESG factors integrated into your investment process and portfolio management decisions? If yes, please provide details.**

Yes. TorQuest believes that evaluating Environmental, Social and Governance considerations — for itself and each potential investment — is consistent with providing the best possible returns to its investors.

ESG is an effective lens for identifying risks and creating value throughout the investment lifecycle, across locations and markets, and in the transition to a low-carbon economy. Our ESG Policy includes additional detail about the most relevant ESG considerations for TorQuest. A high-level summary of those topics is presented here:

Environmental		Social		Governance
Environmental compliance		Occupational health & safety		ESG governance
Environmental risk management		Compliance	Risk management	Business risk management
Climate change		Track record	Training	Supply chain management
Environmental impacts		Human capital		Cyber security & data privacy
Energy usage	Air quality	Labour practices	Diversity & Inclusion	
GHG emissions	Waste management	Community impacts		
Water & wastewater	Raw materials	Product management		
Biodiversity	Fleet management	Quality & Safety	Design & Lifecycle	

**3) a) Are you a signatory to the UNPRI?**

Yes

**b) If you are signatory to other coalitions, please list them.**

N/A

**c) Indicate any other international standards, industry guidelines, reporting frameworks, or initiatives that guide your responsible investing practices.**

TorQuest's ESG policy, strategy and practices are informed by several international standards, leading practices, and expert advice.

In particular, the TorQuest team and its advisors refer to guidance from the Sustainability Accounting Standards Board ("SASB"), PRI, Taskforce for Climate-related Financial Disclosures ("TCFD") and, as required, industry-specific frameworks, such as the World Bank Group's International Finance Corporation Environmental, Health and Safety Industry Guidelines. TorQuest aligns its sustainability measurement approach to the ESG Data Convergence Initiative, while also identifying industry-specific KPIs at the asset level.

**4) Please describe how ESG oversight and integration responsibilities are structured at your firm, including the process for escalation of key ESG issues. Also, if applicable, describe how responsible investment objectives are incorporated into individual or team employee performance reviews and compensation mechanisms.**

TorQuest's investment professionals are primarily responsible for integrating sustainability considerations into their work. All staff must familiarize themselves with the firm's ESG Policy and adhere to its objectives.

The Investment Committee reviews and considers relevant ESG factors in evaluating the merits of each investment transaction. If an investment is approved, the Investment Committee ensures that any material risks are clearly identified and appropriately monitored and actioned post closing.

TorQuest's Chief Legal Officer and Chief Financial Officer are accountable for the ESG Policy. TorQuest's Director of Portfolio Management leads ESG engagement with portfolio companies, supported by TorQuest investment professionals.

**5) How do you obtain ESG information/data (e.g. public information, third party research, reports and statements from the company, direct engagement with the company)? Please provide specific details of what information is obtained from each source, and how this information is acquired.**

For portfolio assets, TorQuest obtains ESG information/data directly from management teams through an annual ESG data collection process and ongoing engagement through the Board of Directors.

For potential investments, TorQuest obtains ESG information/data through targeted information requests, dataroom reviews, Q&A sessions, site visits and advisor due diligence activities.

**6) What channels do you use to communicate ESG-related information to clients and/or the public? Do you produce thought leadership (written reports and publications)? If so, is the information available to the public? Please provide links, if applicable.**

TorQuest communicates ESG-related information to clients via quarterly reports, annual general meetings and responses to questionnaires. Other communications are publicly available on our corporate website.

**7) Do you have periodic reviews of your ESG process/approach to assess its effectiveness? If so, how frequent are the reviews? What are the results? What would cause you to disregard ESG issues in your investment/analysis decisions?**

Yes. TorQuest regularly assesses the effectiveness of its ESG approach, considering evolving international standards, peer practices and investor feedback.

In some instances, TorQuest may have limited ability to control or significantly influence the integration of ESG considerations. This may occur where TorQuest is a minority shareholder or where other circumstances affect TorQuest's ability to assess, set or monitor ESG-related performance. In these cases, TorQuest makes reasonable effort to encourage investment partners and portfolio company management to consider TorQuest's ESG-related principles. If the investment does not align with TorQuest's ESG standards, it would be removed from consideration.

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## CLIMATE

**8) Describe how you identify, assess, and manage climate-related risks, and whether climate-related risks and opportunities are integrated into pre-investment analysis.**

TorQuest believes that climate change presents diverse challenges and opportunities for the private equity industry, including physical and transition risks. TorQuest integrates climate change considerations across each stage of the investment lifecycle. For example:

- At the screening stage, we do not make investments directly in interests in oil, gas or mineral rights or commodities, or in issues where their primary business is in these areas.
- During ESG due diligence, our approach includes specific questions and data requests related to climate change and related topics, such as air emissions, energy consumption and fuel usage. ESG due diligence also includes consideration of climate-related physical and transition risks.
- In asset management, TorQuest is in the process of establishing the foundations for a climate initiative that is resilient to differing climate scenarios and market developments. Our initial focus is on identifying and baselining ESG performance across TorQuest's holdings, which includes an assessment of carbon footprint and carbon intensity. The initiative is led by our Director of Portfolio Management, supported by each investment team, and includes direct engagement with portfolio company leadership. Similar to many investors of our scale, this will be a multi-year exercise tailored to the unique considerations of our portfolio companies.
- TorQuest has also prioritized the sustainability and carbon intensity of our own operations. In particular, we have taken steps to reduce business travel where possible, encourage a paperless environment, replace the use of plastic water bottles with water stations, and minimize food waste.

**9) Describe the climate-related risks and opportunities you have identified over the short, medium, and long term.**

Potential risks include acute and chronic hazards, both directly to portfolio company assets and indirectly to their value chains. Opportunities include the role our portfolio holdings can play in enabling the transition to a low-carbon economy and supporting economy-wide adaptation to physical climate impacts.

**10) Describe how you analyze the effectiveness of your investment strategy when taking into consideration different climate-related scenarios, including 1.5 degree and 2 degree Celsius warming scenarios.**

See response to item 8

**11) Do you track the carbon footprint of portfolio holdings?**

Yes

**If yes, how frequently? Please provide the results as of December 31, 2023 and describe the methodology and metrics used, including whether you have set targets and/or a net zero objective for reducing the portfolio's footprint, and comment on any related progress over the past year.**

Annually

For 2023, TorQuest is still the process of measuring GHG emissions (tCO<sub>2</sub>e) across the portfolio. The metrics used are Scope 1 and Scope 2 location-based emissions.

12) What are your firm's emissions as of December 31, 2023? Please provide scope 1 and scope 2 emissions, and, separately, scope 3 emissions if available. Please demonstrate how/whether you are taking steps to reduce these emissions.

See response to item 11

13) For the mandate you manage for Queen's, what percentage of equity holdings (if applicable) have credible net zero commitments? Please answer on both an equally-weighted and market cap-weighted basis?

N/A

14) How do you assess the credibility of a company's emission reduction targets?

N/A

15) What forward-looking metrics do you use to assess an investment's alignment with global temperature goals?

N/A

16) Has your firm produced a Task Force on Climate-Related Financial Disclosures (TCFD) report? If yes, please provide a link to the most recent report.

N/A

17) Has your firm produced a Sustainability Accounting Standards Board (SASB) report? If yes, please provide a link to the most recent report.

N/A

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## DIVERSITY

18) Please provide the composition of your senior leadership team and board of directors, including women and visible minorities. How do you encourage diversity of perspectives and experience?

TorQuest strives to be an inclusive employer and values the many benefits that diversity leads to for our Company culture, such as new ideas, fresh perspectives, employee wellbeing and a sense of belonging. TorQuest believes that the promotion of diversity makes prudent business sense and leads to better investment outcomes. We acknowledge the impact of systemic racism on Canada's Black citizens, along with the need to create greater opportunities for Black people and other minorities within corporate Canada.

TorQuest has the following policies and procedures that promote a positive culture and an inclusive, equitable, and diverse workforce:

- Relevant policies include the Diversity & Inclusion Policy, Workplace Harassment and Discrimination Policy, Compliance Manual, Code of Ethics, and Human Resources Manual.

- A TorQuest Scholars Program that provides internship opportunities to candidates from diverse backgrounds, while also supplying them with years of mentorship in support of an eventual transition to a meaningful career in private equity or a similar field. Additional information on this program is publicly available on our corporate website at <https://torquest.com/scholars>.
- Diversity & Inclusion initiatives and achievements are included in the firms quarterly reporting.
- Communications to portfolio company leadership describing TorQuest D&I initiatives.
- TorQuest’s senior leadership team comprises 10 partners, including 1 woman.

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## MONITORING

### **19) After making the decision to invest in a fund/company, what is your process for monitoring the investment’s ESG performance during your ownership period?**

TorQuest’s process for monitoring ESG performance is based on active and continuous engagement with portfolio companies’ leadership teams and through our representation on boards of directors.

TorQuest works with each portfolio company to improve and optimize ESG value creation opportunities. TorQuest’s ESG workstream aims to: (i) understand material ESG factors related to the portfolio company’s business; (ii) conduct a baseline assessment of the portfolio company’s ESG approach to date; (iii) and identify possible next steps towards enhancing their ESG approach (e.g., ESG policy, framework, strategy).

In 2023, TorQuest continued the process of baselining ESG performance across holdings. Like many investors of TorQuest’s scale and given the middle-market, entrepreneurial nature of the portfolio companies TorQuest owns, this will be a multi-year exercise tailored to the unique considerations of TorQuest portfolio companies. This initiative is led by TorQuest Director of Portfolio Management, supported by each investment team, and includes direct engagement with portfolio company leadership.

This baselining of ESG performance includes collecting a minimum of six ESG performance KPIs from portfolio companies to monitor annually. The six KPIs align with the ESG Data Convergence Initiative, which includes: (i) greenhouse gas (GHG) emissions; (ii) renewable energy consumption; (iii) health and safety; (iv) diversity, equity, and inclusion (DEI) efforts; (v) attraction, retention and employee engagement; and (vi) employee engagement. These metrics will be commonplace across all TorQuest’s portfolio companies, with additional industry specific metrics tracked at management’s discretion.

Progress against ESG strategy and deployment is discussed regularly by company boards, with several portfolio companies choosing to report and track progress against hard metrics. The same information, in a less formal capacity, has been a part of quarterly updates for each portfolio prior to the standup of TorQuest’s ESG strategy and ESG Policy.

### **20) How do you ensure that your investments’ management devotes sufficient resources to ESG factors?**

TorQuest’s evaluation of an investment company’s ESG approach, policies and practices begins in ESG due diligence at the transaction stage and continues through the hold period.

**21) Do you engage with your investments' management teams on ESG issues? If so, please provide a recent example including the ultimate outcome.**

Yes. As one recent example, in February 2024, we hosted an ESG roundtable among our portfolio companies' management teams to share current practices, challenges and opportunities. The session was attended by 25+ representatives from 15 portfolio companies. TorQuest maintains a Microsoft Teams site dedicated to ESG that all management teams can access for ESG resources.

**22) Does ESG performance influence your decision to exit an investment and/or reinvest with a fund manager?**

ESG performance is among the considerations that influence our investment decisions.

**23) Do you measure whether your approach to ESG affected the financial performance of your investments? If yes, please describe your approach.**

Given the pervasive nature of ESG risks and opportunities, attributing overall financial performance to specific ESG factors is difficult. TorQuest more broadly ensures that its Board representatives and portfolio managers are knowledgeable about ESG and opportunities to integrate ESG into portfolio company strategy, governance, risk management and performance measurement.