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TORQX ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICY

This document articulates Torqx Capital Partners B.V. (“Torqx”) approach to the management of Environmental, Social and Governance (“ESG”) considerations. The integration of ESG considerations and actions into our portfolio management agendas is a key lever to build stronger businesses and generate significant investment value. This is something we strongly believe in at Torqx. In addition, we are committed to making a positive contribution to the environment and our society.

Hence, we structurally engage with our portfolio companies to execute ESG-related value creation initiatives and to ensure they operate in line with the Torqx ESG principles. From our position as shareholders, we support and – where needed - push for change towards becoming more sustainable.

Objectives of the Torqx ESG policy

The Torqx ESG policy aims to satisfy the following objectives:

- A. Embed sustainable, ethical and responsible decision making into the investment of the entire investment cycle including investments decision, portfolio value creation and exit
- B. Drive material change towards more sustainable, equitable and ethical operations within the portfolio through execution and monitoring of concrete improvement initiatives
- C. Develop an integrated approach to ESG within our portfolio through moving beyond compliance towards embedding relevant improvement initiatives in the broader value creation agenda
- D. Ensure responsible behavior and regulatory compliance throughout the portfolio and structural reporting to our investors
- E. Comply with regulations set by the national and European regulators, including but not limited to the Sustainable Finance Disclosure Regulation (“SFDR”)

Scope of the Torqx ESG policy

This ESG policy applies to Torqx and the investment funds managed by Torqx, including Fund I and Fund II

Torqx’ guiding principles on ESG

At Torqx we believe that responsible investment leads to the higher strategic value of our investments and therefore to higher return on investments, while also benefitting to a more sustainable future for our planet and the people that live on it. Torqx considers the following ESG principles in the investment process, throughout the holding period, and at exit:

- A. We engage with our portfolio company management teams to operate based on Torqx’ ESG policy and request for material contribution from each portfolio company through implementation, monitoring, and reporting on ESG improvement initiatives

- B. We encourage our portfolio management teams to implement corporate governance mechanisms to ensure adherence to national and international regulations and conventions – amongst others to combat corruption, avoid bribery, protect privacy, and avert money laundering
- C. We as a fund manager comply with national and international laws in the geographies where our funds invest
- D. We as a fund manager avoid investments in companies that do not maintain ESG standards in line with Torqx’ ESG standards

The Torqx Commitment Goals

Based on the various materiality frameworks and standards Torqx has identified several ESG topics that it deems of particular relevance to building better businesses and to ensure responsible investment practices (“Commitment Goals”). Torqx is committed to focusing on these particular ESG topics in the roll-out of its policy across the portfolio and requires portfolio companies to consider these Commitment Goals (together with the materiality assessment) in identification of the two key ESG value creation initiatives per company. The Torqx Commitment Goals are:

Environmental	Product lifecycle optimization	<ul style="list-style-type: none"> • Managing lifecycle impact of products / services sold – including a.o. packaging, distribution, use-phase resource intensity, end-of-life • Development of product recycling / circularity services within the core business model
	Sustainable use of raw materials & minimization of waste	<ul style="list-style-type: none"> • Reduction of usage of key materials and maximization of resource efficiency in production • Usage of recycled / recyclable and renewable materials • Development and exploration of usage of substitute and less impactful raw materials
	Energy management & decarbonization	<ul style="list-style-type: none"> • Minimization of energy usage (management of energy efficiency and intensity) • Increasing the proportion of renewable energy consumed
Social	Supply chain	<ul style="list-style-type: none"> • Minimize negative impact of social externalities at suppliers including human rights and labor practices • Stimulate screening, selection and monitoring of supplier performance on social aspects
	Employee health & safety	<ul style="list-style-type: none"> • Create and maintain a safe working environment free of injuries, fatalities and illness • Ensure physical and mental health of workforce through technology, equipment, training and corporate culture
	Employee engagement & diversity	<ul style="list-style-type: none"> • Create optimally motivated and aligned workforce (o.a. via measuring employee engagement / satisfaction) • Promote the building of a diverse and inclusive workforce reflecting local talent pool
Governance (Hygiene)	Mitigation of business, governance and key man risk	<ul style="list-style-type: none"> • Active management of key business risks (customer / supplier dependency, cyclical, resource scarcity) • Mitigation of regulatory risks (policy, subsidies, taxes, lobbying) – overall reliance on favorable regulatory environment • Mitigation of governance and key man risks (segregation of duties, polyvalence)
	Compliance to regulation and highest ethical standards	<ul style="list-style-type: none"> • Adherence to regulation (in its widest perspective) everywhere and always (inc. tax, data protection (GDPR), etc.) • Managing risks with regards to fraud, corruption, facilitation payments and bribery
	Company wide adherence: code of conduct	<ul style="list-style-type: none"> • Ensuring the entire company is aware of key regulations, risks and ethics standards through systemic adherence and distribution of norms and rules in code of conduct

Figure 1: Torqx Commitment Goals

Implementation of ESG in our investment process

ESG is implemented throughout the investment cycle, from due diligence through portfolio management to exit. The core of the Torqx ESG policy centers around the development, implementation, and realization of two major ESG improvement initiatives, complemented by hygiene improvements and a selection of additional responsible investment initiatives. Key enablers include materiality assessment, reporting and disclosure, and due diligence.

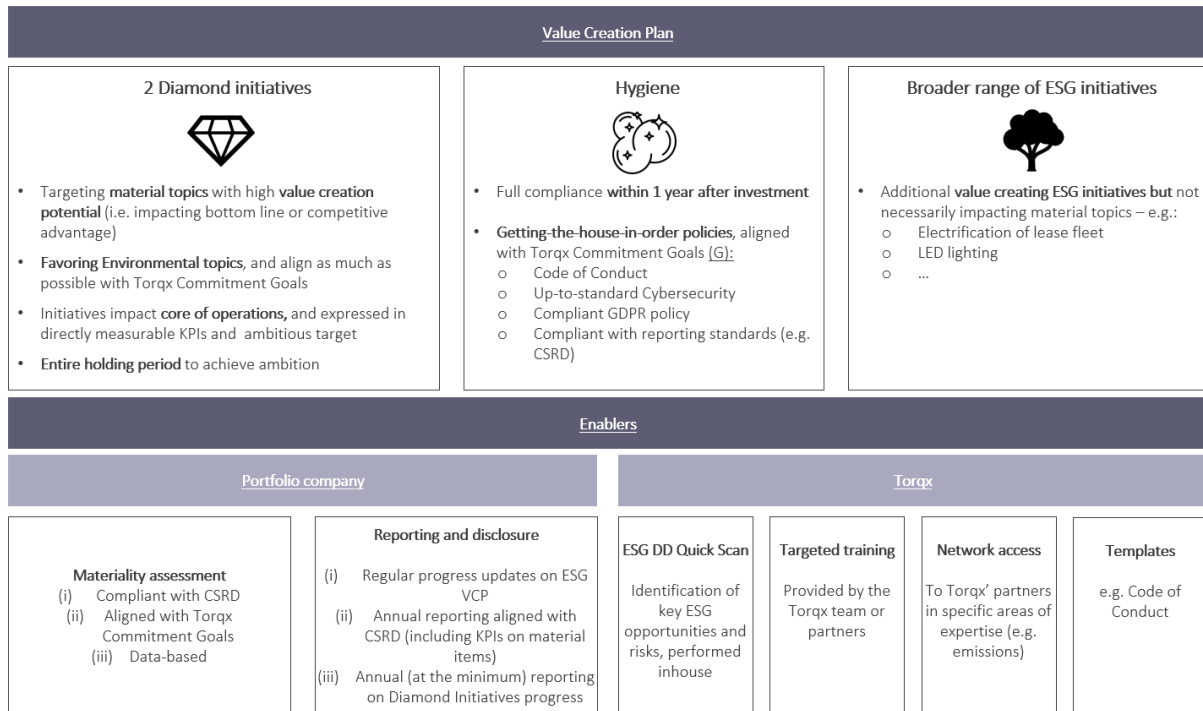


Figure 2: Summary of the Torqx approach to responsible investment

Pre-ownership

The Torqx investment team assesses the ESG performance of the target company during the due diligence process. In the due diligence process, the investment team completes a high-level materiality analysis to assess what ESG topics are key to the target company given sector and geography and assesses the performance, risks and opportunities for the target company on the identified material ESG items. To assist investment teams with the materiality assessment, Torqx has developed a standardized approach.

Deep-dive and embedding in value creation agenda

Starting early in the holding period, Torqx aims to support portfolio companies in creating value through increasing their ESG performance. Building on the initial materiality assessment conducted by the Torqx investment team during due diligence, Torqx engages with portfolio management to refine the analysis and identify key levers for value creation. The value creation levers are ideally aligned to the Torqx Commitment Goals and focused towards environmental topics where possible.

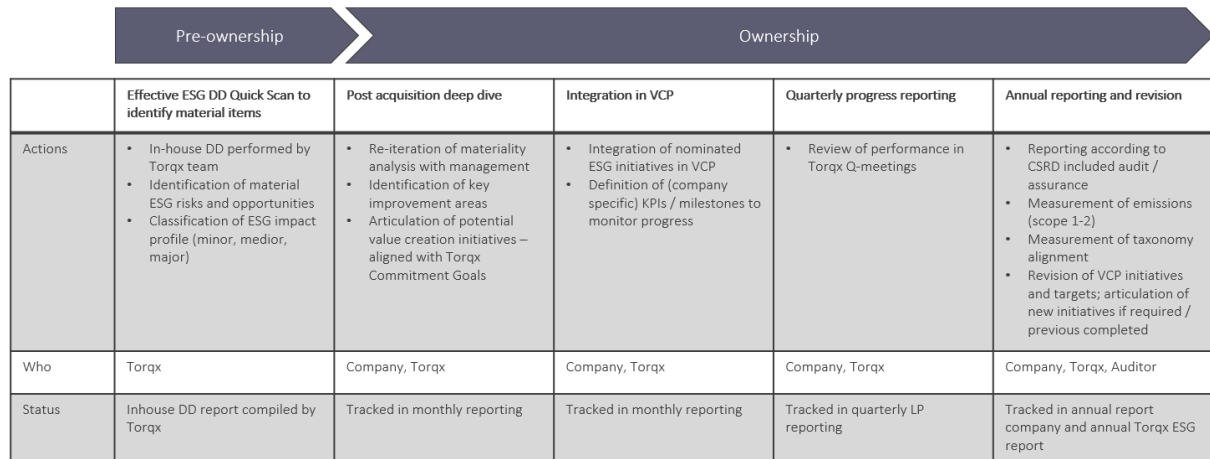
The key value creation initiatives are explicitly incorporated in the value creation plan (“VCP”) that the Torqx team and portfolio management develop for each portfolio company. Torqx asks each portfolio company to develop two initiatives (at minimum) that drive material change to the company’s ESG performance and to overall company value. These initiatives should materially improve the core of the company’s performance and align with the material ESG topics identified in the materiality assessment.

In addition, Torqx encourages and supports portfolio companies to – where necessary - get the house in order in terms of governance and regulation on topics such as the General Data Protection Regulation (“GDPR”), cyber security, compliant reporting (e.g. CSRD), and implementation of codes of conduct.

Monitoring, improvement, and disclosure

Torqx requires portfolio companies to report their progress on execution and implementation of the two key initiatives in the VCP monthly during regular board interactions. Progress is reported on a quarterly basis through the quarterly investor reporting and on an annual basis through the Torqx ESG report to our LPs. In addition, Torqx requires portfolio companies to report on KPIs relevant for the material ESG items as identified during due diligence and in alignment with upcoming CSRD regulation.

The overall status of the implementation of the Torqx ESG policy is determined per portfolio company and tracked throughout the holding period.



	Pre-ownership		Ownership		
	Effective ESG DD Quick Scan to identify material items	Post acquisition deep dive	Integration in VCP	Quarterly progress reporting	Annual reporting and revision
Actions	<ul style="list-style-type: none"> In-house DD performed by Torqx team Identification of material ESG risks and opportunities Classification of ESG impact profile (minor, medior, major) 	<ul style="list-style-type: none"> Re-iteration of materiality analysis with management Identification of key improvement areas Articulation of potential value creation initiatives – aligned with Torqx Commitment Goals 	<ul style="list-style-type: none"> Integration of nominated ESG initiatives in VCP Definition of (company specific) KPIs / milestones to monitor progress 	<ul style="list-style-type: none"> Review of performance in Torqx Q-meetings 	<ul style="list-style-type: none"> Reporting according to CSRD included audit / assurance Measurement of emissions (scope 1-2) Measurement of taxonomy alignment Revision of VCP initiatives and targets; articulation of new initiatives if required / previous completed
Who	Torqx	Company, Torqx	Company, Torqx	Company, Torqx	Company, Torqx, Auditor
Status	Inhouse DD report compiled by Torqx	Tracked in monthly reporting	Tracked in monthly reporting	Tracked in quarterly LP reporting	Tracked in annual report company and annual Torqx ESG report

Figure 3: ESG implementation status tracker

Roles, responsibilities, and governance of this policy

The overall responsibility for the Torqx ESG effort and the execution of its policy is with the Torqx ESG team, which answers to the Torqx Investment Committee (consisting of the partners of Torqx). The individual deal teams are responsible for (i) conducting ESG due diligence, (ii) incorporating ESG initiatives in the overall value creation plan of the portfolio companies, and (iii) monitoring and continuous improvement. The Torqx Investment Committee is ultimately responsible for investment decisions and incorporation of ESG due diligence considerations in the investment decision.