



RESPONSIBLE INVESTING REQUEST FOR INFORMATION

Firm Name: 17Capital
Completed By: Carys Wright
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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.

GENERAL

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

Please see our [ESG report](#) and our ESG Policy attached. The ESG Policy has been in place since 2014 and is updated periodically. Today 17Capital's approach to ESG is centered on three core pillars across our organisation:

- Investments: ESG considerations are embedded throughout our investment process
- Operations: Improving our environmental performance while creating a diverse and inclusive firm culture.
- Collaboration: Collaboration and engagement in industry and philanthropic partnerships.

17Capital believes businesses that proactively manage ESG considerations will be better positioned to protect economic value, leading to future success and longevity. As a provider of finance solutions, 17Capital invests in existing managers and funds rather than directly into underlying portfolio companies, which means it has a limited level of influence or control over most of the underlying portfolio companies. Without significant influence or control over underlying portfolio companies, 17Capital's approach focuses on choosing to transact with managers that pursue appropriate ESG initiatives.

17Capital seeks to incorporate ESG at each stage of investing, from pre-screening through due diligence and ongoing monitoring consistent with and subject to its ESG policy and any applicable fiduciary or contractual duties.

17Capital is committed to reducing the impact of the firm's activities on the environment, through a combination of reducing and offsetting greenhouse gas (GHG) emissions, reducing the waste the firm generates and increasing energy efficiency.

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

For all potential investments, 17Capital seeks to identify whether there are any material ESG issues.. 17Capital uses a combination of proprietary ESG scoring and a third-party system RepRisk during its diligence for all potential investments and as part of an ongoing monitoring processes. Please see further details below:

Deal Scorecard: The investment team in conjunction with the ESG team carry out a pre-investment screening. This includes a high-level ESG assessment with a series of questions where the responses provide an early indication of any ESG risks that may be present. This ESG assessment contributes to an overall assessment score for the investment opportunity.

This scorecard is reviewed by the Investment Committee. If any ESG issues are raised in the scorecard, further action may be taken to ensure any potential issues are properly investigated.

Due diligence: For all investments that pass screening, the team continues to further assess the manager's ESG approach and capabilities. A comprehensive proprietary ESG questionnaire is sent to the fund manager to guide the process. The questionnaire responses are reviewed, and a risk assessment is completed, which includes a proprietary score. Any areas of concern will be reflected in the Investment Committee memo. This questionnaire is then sent annually, the risk assessment is refreshed and any material ESG issues that are then identified will be discussed with the manager.

RepRisk: The underlying portfolio companies of the investment are screened for any material ESG-related matters using RepRisk, an independent source of information. In case RepRisk discovers any material or significant results, these are communicated to the Investment team and followed up with the manage, as needed..

Finally, the Investment Committee will confirm that any ESG-related issues have been explicitly assessed and are considered when making the investment decision. Occasionally the Investment Committee may request specific ongoing monitoring actions to be taken following an investment.

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

In addition to UNPRI, 17Capital is a member of the following coalitions/organizations and fully endorses and adheres to their respective codes of conduct:

- British Private Equity & Venture Capital Association (BVCA)
- Invest Europe
- ILPA Diversity in Action
- Initiative Climat International (iCI)

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

Please refer to question 3b). 17Capital will be publishing its first TCFD-aligned disclosures in June 2024.

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.

Augustin Duhamel (Managing Partner) is ultimately responsible for the oversight of ESG at 17Capital. Claire Hedley (Head of ESG) is responsible for 17Capital's ESG strategy and implementation. Augustin and Claire are supported by the ESG Committee which comprises of senior team members from across the firm and supervisory board. Members of the ESG Committee are:

- Augustin Duhamel (Managing Partner)
- Claire Hedley (Committee Chair, Head of ESG)
- Fokke Lucas (Partner, Investments)
- Alison Franklin (Chief People Officer)
- Drew Fox (Managing Director, Head of Fundraising and Investor Relations, North America)
- Jack Mathew (Director, Legal Counsel)
- Alex Walker (Director of Marketing & Communications)
- Myriam Vander Elst (Senior Advisor, Chief Engagement Officer at EPIC)
- Carys Wright (Committee Manager, ESG Associate)

The ESG Committee meets quarterly to discuss the progress of existing initiatives and any new ESG-related initiatives that could be implemented within the firm.

The Investment team is responsible for the ESG screening and due diligence. Any questions or concerns on ESG matters are escalated to the Head of ESG and any material ESG considerations are included in the investment committee memorandum for discussion at the Investment Committee. Further courses of action will be specific to the particular transaction and will depend on the materiality of the issue.

As of 2024, ESG and DEI objectives are included in performance goals and reviews for senior employees (Director level and above) at 17Capital. However, this is not directly linked to the compensation policy.

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.

17Capital obtains ESG information through a comprehensive ESG due diligence and annual monitoring questionnaire. This includes questions on ESG risk assessment and management, governance, environmental management, climate change, and social performance.

The firm also uses a third-party service called RepRisk to monitor any potential ESG issues on the manager and the underlying portfolio companies at the time of investment and on an ongoing basis.

17Capital also uses an external consultant on certain ESG projects, for example carbon accounting.

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.

ESG summaries are included in the quarterly fund reports. In addition, 17Capital produces a standalone ESG report annually with details of the Firm's ESG program and progress over the year.

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?

The ESG policy has been in place since 2014 and is regularly reviewed and updated. The latest policy review and update was conducted during 2023. The updates included:

- 17Capital's approach to assessing good governance within its investments
- Deeper engagement with GPs on ESG topics

Please also refer to response 4.

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.

17Capital's ESG due diligence questionnaire is provided for new deals and to existing managers on an annual basis. The questionnaire includes a dedicated section on the environment and climate to help 17Capital seek to understand our counterparties' approach to managing ESG and climate risk. Climate specific topics covered include:

- Climate strategy and roadmap (at portfolio and management company level)
- Scenario analysis
- Public commitments on climate
- Governance of climate-related risks
- Carbon footprint analysis and reductions

Once the ESG Questionnaire has been completed, the following process is undertaken:

- Review and assess each ESG questionnaire response from the underlying fund manager
- Assess the ESG risk based (including climate) on the initial screening information and the ESG questionnaire response
- Review of the output from independent RepRisk screening
- Discuss significant ESG and/or climate risks identified, including sectors with high ESG risks at interim Investment Committee meetings and detail specific ESG risks within a section of the draft Investment Memo and minutes as appropriate
- Provide conclusion on ESG analysis in the Investment Memo

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

Climate change considerations are embedded within 17Capital's investment approach, forming part of the onboarding and monitoring due diligence process to identify, assess, and manage climate-related risks in our investments. 17Capital has also committed to aligning two funds to Article 8 of SFDR, across both our Strategic Lending and Credit fund, for which the environmental objective promoted is the implementation of decarbonisation strategies.

17Capital has also undertaken an extensive desk-based review to assess climate related risks and any potential opportunities within underlying companies 17Capital has exposure to. The risks were assessed from both a qualitative and quantitative perspective, drawing from various climate risk databases and assigning risk scores. Climate risks were assessed using the risk drivers aligned with TCFD guidance.

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.

17Capital has not yet used scenario analysis but it is on the climate roadmap for the future.

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

17Capital has collected portfolio company absolute emissions data for Credit Fund 1. Where emissions data was not available from underlying managers, 17Capital used the GHG Protocol 'top-down' average data method, which involves using revenue data combined with environmentally extended input output (EEIO) data, following the PCAF methodology, to estimate the emissions from the portfolio company.

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.

Please refer to the response in question 11. 17Capital has not set targets for reducing the portfolio's carbon footprint.

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.

Scope 1 Emissions: 57 tCO₂e

Scope 2 Location Based: 33 tCO₂e

Scope 2 Market-Based: 10 tCO₂e

Scope 3 Emissions: 1,309 tCO₂e (includes business travel, commuting and working from home and vehicle fleet)

17Capital is committed to improving its environmental performance, through a combination of reducing and offsetting the firm's greenhouse gas (GHG) emissions, reducing waste and increasing energy efficiency, all at the firm level. 17Capital has been carbon neutral in its operations since 2021. The firm seeks to procure renewable energy for firm operations, and in 2023, 74% of the firm's global electricity supply was from renewable sources.

Beyond the firm's GHG emissions, 17Capital also carries out activities to reduce waste and increase energy efficiency. The 17Capital London and New York offices implement a number of initiatives, including, but not limited to:

- Paper reduction exercises and monitoring paper usage.
- Enhanced printer capabilities to reduce paper waste and unnecessary printing.
- Zero plastic bottles.
- Motion sensor lighting.
- iPads used for presentations to reduce printing.

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?

17Capital invests in managers and funds instead of directly into underlying portfolio companies, which means 17Capital has a limited level of influence regarding the direct management of ESG at the underlying portfolio company level.

17Capital does not currently collect this information systematically, however we see efforts from our managers towards net zero, with a number of managers already measuring the carbon footprint of their management company. Several managers have set net zero reduction targets approved by the SBTi, committing their portfolio companies to also set SBTi validated targets by 2030.

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

It is vital to 17Capital's investment strategy to only invest alongside high quality, ESG-conscious organizations. We seek to assess ESG policies and procedures through our thorough due diligence and dedicated ESG review process (See question 2 for details).

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

Given the nature of the 17Capital investments (i.e. investments in existing fund managers), we are in the process of assessing the most meaningful approach with regards to forward-looking metrics on global temperature goals.

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.

As previously mentioned, 17Capital will be publishing its first ever TCFD-aligned disclosures in June 2024.

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

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?

The Board of Directors is 100% male. The C-Suite (CFO, CPO, CCO) is 67% male, 33% female.

17Capital has both a policy and various DEI initiatives in place. Please refer to the Equal Opportunities policy attached in the email. The DEI approach covers leadership, recruitment & selection, retention (development, promotion and pay) and culture. The topic is led by our CPO and Head of ESG, with continual support and input from Managing Partners, Partners, and senior leadership. Each component aims to encourage diversity of thought and inclusive ways of working. Please see details on different aspects of DEI policies and initiatives below, and [refer to the DEI section](#) of our ESG Report.

In 2021, the Firm became a signing signatory of ILPA Diversity in Action [and as a result has created a formal policy towards improving diversity in the recruitment process].

In 2022, 17Capital was also one of the first sponsors of a UK programme called Access Alternatives, which aims to attract and recruit female and diverse candidates into the industry. The programme provides young female students from state schools or recent university joiners across the UK with a 1st and 2nd year internship, mentoring, coaching by an early careers coach and the CISI qualification. The program is designed to create a pipeline of potential candidates, that upon graduation are able to join the Firm.

We have partnered with a globally recognised DEI consultancy to provide advice and support on our DEI strategy and approach, they will also provide educational DEI workshops for all employees. In 2023 we introduced a DEI Leadership Council comprised of division heads globally, for collective responsibility on DEI. 17Capital has also introduced DEI events and awareness days throughout the year.

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?

For each of the 17Capital investments, an annual ESG questionnaire is sent to the underlying fund manager that requests comprehensive data on environmental, social and governance issues. The questionnaires comprise qualitative and quantitative data.

The team will also often share ESG best practices and engage with managers on key ESG topics. The 17Capital ESG Accelerator program, which was launched in 2023, is also an important part of our engagement program with underlying managers. This is a unique program that draws together ESG leaders from across 17Capital's managers to network, share insights and collaborate, to put ESG at the core of private equity investing. Last year, 17Capital hosted three ESG Accelerator workshops on advanced carbon strategies, human rights and biodiversity.

Please also refer to response in question 2.

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

As part of the ESG diligence questionnaire, 17Capital collect information about dedicated ESG resources at each firm as well as current and future ESG plans and assess whether the resources are appropriate for the size and strategy of the organization.

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

As 17Capital typically lends to fund managers, it has little oversight on the underlying portfolio ESG factors. The Firm has explored the use of ESG-linked loans to encourage managers to improve on ESG; in 2022, 17Capital structured its first ESG-linked loan within 17Capital Fund 5 to incentivise the manager to make progress on ESG within their organisation. The firm believes thoughtful and selective use of ESG-linked loans in its financing will be an important tool for 17Capital to seek to drive change while also enabling our underlying managers to demonstrate their commitment to ESG.

As previously mentioned, the team will also often share ESG best practices and engage with managers on key ESG topics. The 17Capital ESG Accelerator program, which was launched in 2023, is also an important part of our engagement program with underlying managers. This is a unique program that draws together ESG leaders from across 17Capital's managers to network, share insights and collaborate, to put ESG at the core of private equity investing. Last year, 17Capital hosted three ESG Accelerator workshops on advanced carbon strategies, human rights and biodiversity.

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

As the firm provides financing, exits are defined as the repayment of financing. Due to this strategy, no ESG considerations are currently taken into account at the point of exit.

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

Due to the nature of 17Capital's strategy and the fact it is not directly investing in portfolio companies, 17Capital does not analyse whether ESG incorporation affects the financial returns of portfolio companies.