



## RESPONSIBLE INVESTMENT POLICY

August 2023

## I. Our values

Since its inception in 2007, Quadrille Capital ("Quadrille") has integrated non-financial criteria into its investment processes, from investment opportunity analysis to exit. The company firmly believes that non-financial data enables value creation and fosters alignment of interests among all stakeholders, including executives and employees, investors, and society at large.

Quadrille Capital invests in young and/or rapidly growing technology and healthcare companies and has developed its own approach to responsible investment that aligns with the United Nations Sustainable Development Goals (SDGs).

Quadrille places particular emphasis on the following areas:

- Social impact and working conditions.
- The distribution of value creation among employees.
- Corporate governance.

Quadrille's commitments revolve around four key pillars:

**1) *Integrating a responsible approach into the core of the investment process:***

Systematic consideration of Environmental, Social, and Governance (ESG) criteria in its investment processes, from investment opportunity analysis to divestment.

**2) *Supporting companies throughout their development:***

- Encouraging companies to adopt good governance standards.
- Going beyond legal requirements to incorporate best social practices.
- Adhering to the best environmental practices by encouraging investments to establish continuous improvement processes for ESG-related issues.

**3) *Providing transparent information:***

Quadrille offers its investors and external parties clear and action-based information. They believe in a commitment to transparency, ensuring that they communicate their actions in a concrete and measurable manner, aligning their words with their deeds.

**4) *Promoting ESG best practices within our teams:***

- We train our teams and contribute to their development.
- We share the value creation; all team members have access to carried interest.
- We promote gender parity within the investment teams.
- We aim to control our carbon footprint and raise awareness among our teams about resource consumption reduction.



Quadrille Capital is a signatory to the following commitments:

- The Charter of Commitments for Growth Investors by the French Association of Growth Investors (France Invest).
- The United Nations Principles for Responsible Investment (UN PRI).
- The France Invest Charter for promoting gender equality in private equity.

Quadrille also supports the International Climate Initiative and has committed to:

- Recognize that climate change will have economic impacts that represent both risks and opportunities for companies.
- Mobilize to contribute, at their level, to the COP21 goal of limiting global warming to two degrees.
- Contribute to reducing greenhouse gas emissions from the companies in their portfolio and ensuring the sustainability of performance.

Quadrille has been calculating its carbon footprint since 2020, taking into account scopes 1, 2, and 3. In 2022, SIRSA calculated the following emissions (GHG protocol):

- Scope 1: 0 tCO<sub>2</sub>eq/year
- Scope 2: 3.3 tCO<sub>2</sub>eq/year
- Scope 3: 121.6 tCO<sub>2</sub>eq/year

This translates to 0.06 tCO<sub>2</sub>eq per million euros of assets under management and 2.7 tCO<sub>2</sub>eq per employee.

The majority of emissions are derived from indirect emissions. Quadrille is engaged in discussions with its service providers to reduce these emissions.

## **II. Our organization**

### **A) Team**

Quadrille's management is responsible for approving and overseeing the ESG (Environmental, Social, Governance) strategy. Under the direct supervision of the President of Quadrille Capital (Head ESG), the CCO (ESG Leader) holds the following objectives:

Defining, coordinating, and implementing the ESG strategy and actions.

- Monitoring and implementing ESG regulations.
- Analyzing and tracking ESG risks.
- Facilitating and disseminating our commitments to portfolio investments and external parties.
- Distributing ESG data and reports internally and externally.
- Ensuring the integration of ESG criteria at all levels of the company.

The Head ESG and the ESG Leader collaborate, depending on the specific areas, with multidisciplinary task forces composed of members from the Investor Relations team and members from each Quadrille strategy (Growth, Primary, Secondary, Public equities).

Moreover, due to the complete integration of ESG criteria into the investment process, from opportunity analysis to divestment, the investment teams are highly aware and involved in ESG implementation.

Quadrille Capital also utilizes external consultants to enhance its ESG approach and partners with Sustainalytics to provide ESG data for analysis matrices.

**B) Training**

In order to raise awareness, promote ownership, and disseminate ESG best practices, all employees receive ESG training at least once a year.

**C) Compensation policy**

In line with Quadrille Capital's commitments and initiatives in responsible investing and in compliance with applicable regulations, the Management Board has taken into account sustainability risks when determining the allocation of variable compensation for all staff.

In particular, the investment teams must consider sustainability risk in their investment selection and closely monitor any events that could have a negative impact on this risk. Consequently, poor tracking of sustainability indicators may result in a reduction in the variable compensation amount.

**D) Engagement policy**

Dialogue with investments in portfolio :

Quadrille Capital places great emphasis on engaging with its portfolio companies because it is a source of both financial and non-financial value creation.

The investment team regularly meets with representatives of portfolio companies, both in person and through remote communication methods such as teleconferences, phone calls, and emails. These discussions are two-way and cover topics related to the company's strategy, performance, as well as ESG criteria and best practices.

Exercise of Voting Rights:

Quadrille Capital's voting rights policy aims to prioritize the exclusive interests of its fund unitholders. As part of this policy, with regard to voting on companies covered by the policy, Quadrille Capital's votes will favor:

- Establishing the foundations of an effective corporate governance framework.
- Protecting the rights of shareholders and the core functions of capital holders.
- Ensuring fair treatment of shareholders.
- Recognizing the role of various stakeholders in corporate governance.
- Promoting transparency and information dissemination.
- Holding the board of directors accountable.
- Ensuring the sustainability and development of the company.
- Promoting sustainable development.

**III. Sustainability risks and exclusion policy**

**A) Sustainability risks**

ESG risks are integrated into Quadrille's risk mapping. This risk mapping is updated at least annually and as necessary.

During the investment selection process and throughout the holding period, Quadrille collects qualitative and quantitative information that allows it to update and assess the ESG risks associated with investments.

Environmental risks :

Climate-related risks can be categorized into two main types:

- Physical Risks: These involve exposure to the actual, physical consequences of environmental factors, such as climate change or biodiversity loss. Physical risks may include extreme weather events, rising sea levels, or changes in temperature patterns.
- Transition Risks: These arise from the shifts and changes brought about by the environmental transition, including regulatory changes, shifts in financial markets, technological innovation, and reputation-related factors. Transition risks can impact companies as they adapt to new environmental regulations and market dynamics.

Monitoring environmental risks is conducted through the collection of information related to:

- The existence of environmental management procedures.
- The presence of formalized environmental actions.
- Carbon footprint assessment.
- Exposure to climate change (both physical and transition risks).
- Review of environmental litigation.
- Resource consumption.
- Emissions of pollutants and waste management.
- Impacts on biodiversity.

By tracking and assessing these factors, Quadrille is better equipped to understand and manage the environmental risks associated with its investments and incorporate sustainability considerations into its decision-making processes.

Social risks :

These are the risks related to the rights, well-being, and interests of employees, including aspects such as compensation, working conditions, workplace safety, and diversity.

Monitoring social risks is conducted through the collection of information related to:

- Employee health, safety, and training.
- Review of social litigation.
- Employee participation in value creation/profits.
- The existence of Diversity and Inclusion policies.

By gathering and assessing this information, Quadrille is able to effectively manage and mitigate social risks related to its investments and ensure the well-being and fair treatment of employees. This approach also aligns with responsible and sustainable business practices.

Governance risks :

These are the risks related to the management of companies, including managerial and organizational practices, adherence to codes of conduct/ethics, and efforts to combat corruption and money laundering.

Monitoring governance risks is carried out through the collection of information related to:

- The presence of women and independent members on boards of directors.
- The existence of a CSR (Corporate Social Responsibility) function.
- Data protection measures.
- The number of litigations and claims.
- The presence of anti-corruption and anti-money laundering procedures.

Quadrille has also established a list of sectoral exclusions to reduce ESG risks associated with exposure to specific industries or controversial sustainability-related activities. These exclusions help manage potential risks associated with certain sectors or activities.

***B) Exclusion policy***

By conviction, Quadrille Capital excludes investments in sectors that do not align with its principles, including arms manufacturing, tobacco, pornography, and any activities that compromise the integrity of individuals or violate international norms and conventions (such as human rights violations and child labor).

During the holding period, Quadrille Capital maintains continuous dialogue with portfolio companies and:

- Requests periodic financial and extra-financial reports.
- Engages and promotes best ESG practices.
- Conducts annual surveys to assess progress.

Quadrille Capital places significant importance on dialogue with portfolio companies because it is a source of both financial and non-financial value creation. This approach helps ensure that investments are in line with the company's values and responsible investment principles.

**IV. Private Equity**

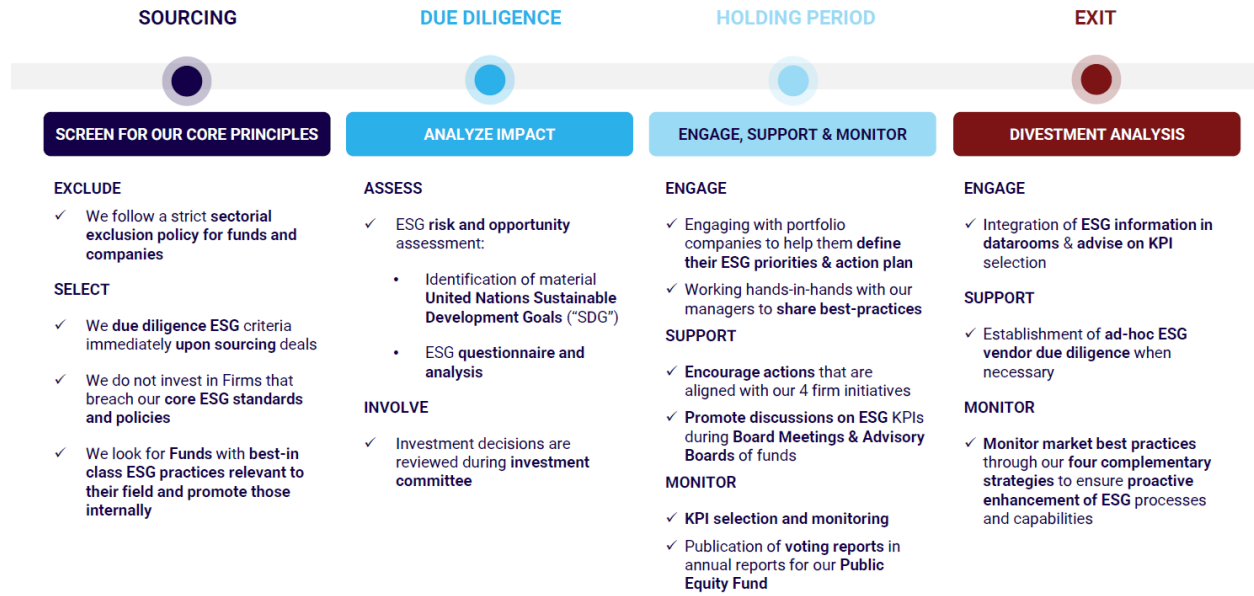
Quadrille Capital has a strong culture of innovation and entrepreneurship and invests in high-growth technology and healthcare companies.

Due to the unique characteristics of venture and growth capital, Quadrille seeks to support investments rather than impose ESG practices that may be ill-suited. ESG issues are considered too important to be perceived as constraints. The adoption and integration of best ESG practices are fostered through dialogue, training, and encouragement.

Quadrille's unlisted investments naturally contribute to several United Nations Sustainable Development Goals (SDGs), particularly the following:

- SDG 8: Decent Work and Economic Growth.
- SDG 3: Good Health and Well-being.
- SDG 12: Responsible Consumption and Production.

The ESG dimensions are fully integrated by the investment team and are part of the due diligence, monitoring, and divestment phases of unlisted investments. This approach aligns with responsible and sustainable investment principles.



Quadrille Capital

### A) Due Diligence

The Investment Committee Compliance Checklist (ICCC) is completed during the due diligence phase before each investment, and it is an integral part of the analysis presented in the Investment Committee.

The ICCC consists of four pillars:

- 1) Eligibility:
  - Review of exclusions.
  - Verification of alignment with the policy and investment limits of Investment Funds.
  - Checking exposure to the United Nations' Sustainable Development Goals (SDGs).
- 2) Conflict of Interest:
  - Ensuring that the contemplated investment does not involve any conflict of interest, including ESG-related conflicts.
- 3) Anti-Money Laundering and Counter-Terrorism Financing:
  - Implementation of the AML-CTF procedure for investments, including identifying Ultimate Beneficial Owners (UBOs) and reviewing key executives.
  - Review of WorldCheck and classification of AML-CTF risk.
- 4) ESG:
  - Review of the ESG practices of the target.
  - Identification of ESG risks prior to any investment.
  - The analysis is tailored according to the type of investment, whether it's Direct or Fund of Funds.

#### Growth investments :

Quadrille systematically evaluates the ESG practices of the target company, using a dedicated questionnaire consisting of at least forty questions and conducting interviews with the company's management. This process allows Quadrille to analyze the risks, opportunities, and potential negative impacts on the target's sustainability factors. Depending on the results, the decision may be made to enhance the analysis through external due diligence conducted by specialized providers.

The questionnaire and interviews also serve as a means to raise awareness among the target companies about sustainability issues. Quadrille refuses to invest in a company that rejects any ESG approach or reporting.

Primary investments :

The same principle applies to investments in Growth and aims to assess the ESG maturity of the fund management companies considered.

The analysis is based on:

- A dedicated questionnaire for General Partners (GPs).
- A review of written ESG policies.
- The quality of available ESG reporting.
- Discussions with the GPs.
- Ongoing ESG projects.

Quadrille refuses to invest in a fund that rejects any ESG approach or reporting.

**B) Monitoring**

Growth Investments:

ESG performance monitoring is conducted throughout the holding period. An annual ESG questionnaire, consisting of a minimum of 40 questions, is sent to track the evolution of the portfolio company's ESG practices.

Non-financial data is collected alongside financial data and is often reported more frequently. This may include employee turnover, the number of women in leadership positions, board composition, and market capitalization tables.

Quadrille establishes Key Performance Indicators (KPIs) and tracks the progress made. The KPIs can vary depending on the characteristics of the investments but may include (non-exhaustive list):

<b>SOCIAL</b>	Gender pay gaps Percentage of women among the top 10 highest-paid individuals in the company Existence of a profit-sharing mechanism Frequency of workplace accidents Absenteeism rate
<b>ENVIRONMENT</b>	Formalization of an environmental policy Engagement in fossil fuel activities Carbon footprint
<b>GOVERNANCE</b>	Number of independent directors on the board of directors Number of women on the board of directors Number of women in executive committees Existence of a code of conduct/ethics and supplier policy Personal data protection and cybersecurity
<b>OTHER</b>	Disputes and controversies

The KPIs are reported to investors in the ESG reports of the relevant funds.

Additionally, Quadrille holds a board seat or an observer seat in many direct investments. This privileged position allows Quadrille to promote best ESG practices within the companies. Quadrille consistently requests that a carbon



footprint assessment is conducted following the GHG protocol for all companies in which Quadrille holds a board seat.

When necessary, Quadrille can initiate additional internal or external ad hoc ESG reviews. This proactive approach aligns with Quadrille's commitment to responsible and sustainable investment practices.

Primary investments :

An ESG questionnaire is sent annually (with a minimum of 40 questions) to track the evolution of the ESG practices of the General Partner (GP) of the fund in the portfolio.

Quadrille also ensures that it receives all the ESG reports from the funds in which it is invested and regularly engages in discussions with the GPs to raise awareness about ESG topics.

The objective is to measure progress and reduce ESG-related risks, aligning with Quadrille's commitment to responsible and sustainable investment practices.

**C) Exit**

Upon the divestment of an investment, Quadrille assists the target company in any ESG assessment requested by the buyer and/or stock exchange. When relevant, a divestment due diligence is conducted. This approach ensures that ESG considerations are taken into account throughout the exit process, contributing to responsible and sustainable investment practices.

**V. Listed equities**

**A) Scope :**

Both investment funds managed by Quadrille Capital are subject to this "Listed Equities" approach

Funds	ISIN	Share	LEI	SFDR
Disruption Fund Alpha	FR00127770162	A	969500LBCRG3YK33UZ51	Article 8
Disruption Fund Master	FR0014007W31	I	969500LKU042601OLC80	Article 8

Disruption Fund Master and Disruption Fund Alpha (hereinafter "Disruption Fund") promote ESG characteristics as defined in Article 8 of Regulation (EU) No. 2019/2088 of the European Parliament and the Council of November 27, 2019, regarding the publication of sustainability information in the financial services sector (SFDR), by applying exclusion and filtering criteria but do not have a sustainable investment objective (as defined in Article 9 of SFDR).

**B) Strategy & SDGs**

The Disruption Fund's strategy is to invest in companies that develop and innovate in new technologies and/or new businesses, particularly when they find commercial applications and experience rapid adoption.

Cette stratégie contribue plus particulièrement aux Objectifs de Développement Durable des Nations Unies suivants :

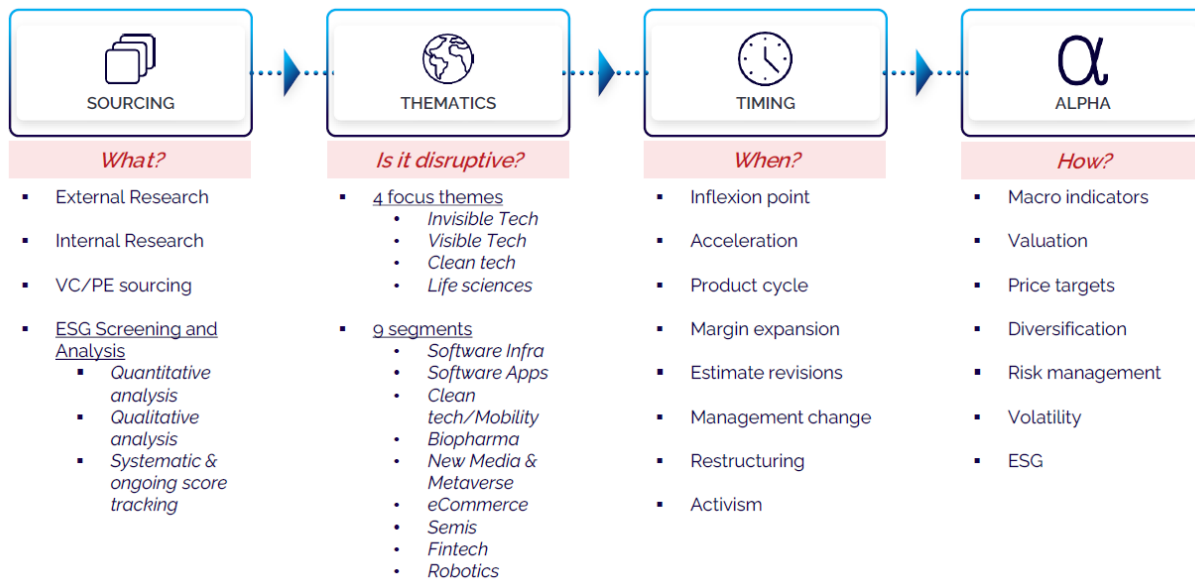
This strategy contributes specifically to the following United Nations Sustainable Development Goals (SDGs):

- SDG 3: Good Health and Well-being
- SDG 7: Affordable and Clean Energy
- SDG 8: Decent Work and Economic Growth

- SDG 9: Industry, Innovation, and Infrastructure
- SDG 12: Responsible Consumption and Production
- SDG 13: Climate Action

**C) Analysis**

The selected companies undergo a comprehensive financial and extra-financial analysis, which includes the examination of their financial and non-financial disclosures, public presentations, and meetings with company executives. This rigorous process ensures the quality of investments by following the following selection steps:



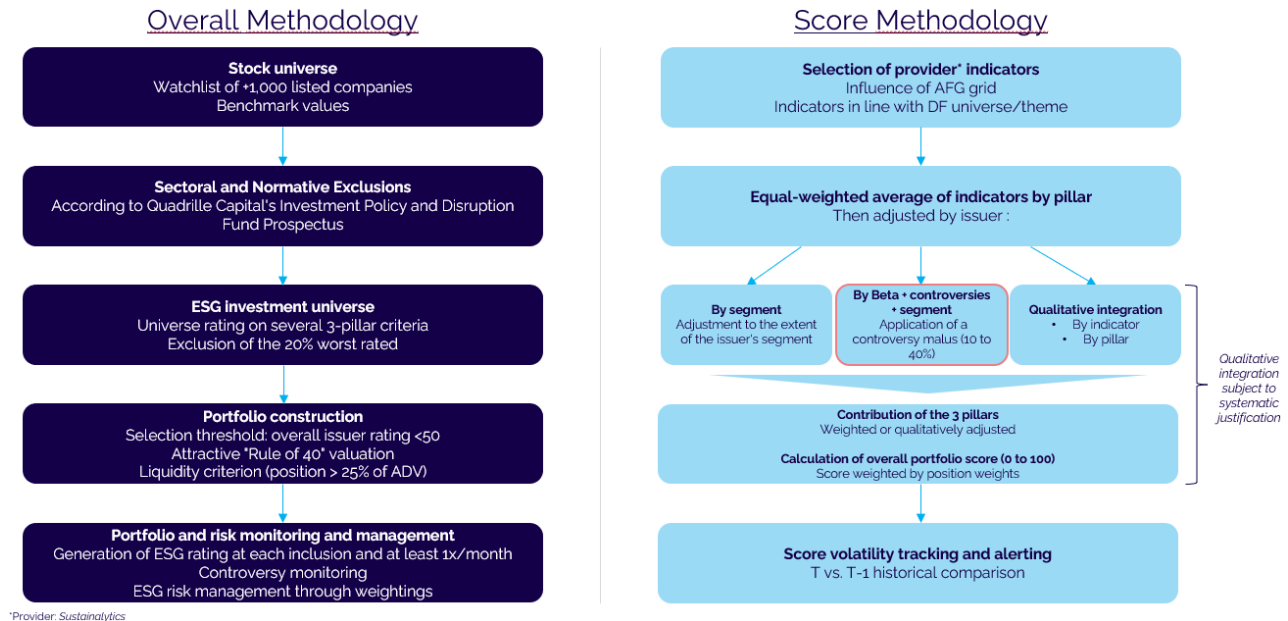
- The first step is to identify economic sectors and sub-sectors experiencing technological and/or structural disruption.
- In the second stage, the investment team studies these disruptions and assesses the potential for value creation ("wealth creation") from new economic models and/or new social behaviors, as well as the sustainability and resilience of the sectoral opportunity.
- Thirdly, in the selected sectors, the fund manager identifies the companies participating in and benefiting from these disruptions and considers them industry leaders according to the asset management company.
- In the fourth step, a binding extra-financial filtering process based on ESG criteria is applied to narrow down the investment universe.

The ESG approach aims to reduce the investment universe through filtering and exclusion.

**D) The Matrix**

The management aims to select securities and issuers that combine growth potential, profitability, and ESG characteristics that can enhance the resilience and sustainability of their activities.

Quadrille systematically integrates sustainability criteria into the management of the Disruption Fund through a proprietary ESG analysis matrix (the "Matrix"). The Matrix relies on external data from an ESG information provider (Sustainalytics) but uses its own rating system.



Examples of selected indicators (non-exhaustive list) are as follows:

- Environmental Indicators: environmental policy, carbon impact and emissions, energy mix, biodiversity policy, etc.
- Social Indicators: turnover, accident rates, training, workforce diversity, employee share ownership, collective agreements, labor disputes, etc.
- Governance Indicators: board independence, management team skills and experience, checks and balances, diversity, social dialogue, reputation, and ethical controversies, etc.

The Matrix assigns a score out of one hundred to each issuer. This rating is determined by an internal methodology with the following key principles:

- Environmental, Social, and Governance criteria are equally weighted.
- The portfolio rating must be higher than the average rating of the reference universe.
- Each issuer must have a rating above a minimum ESG score.
- Normative and sectoral exclusions are applied.
- A penalty is applied for controversies.

This ESG rating is binding. In cases where:

- The portfolio rating falls below the reference universe's average, the portfolio composition will be adjusted to meet the minimum requirements.
- An issuer's ESG rating falls below the minimum required by the management company, the position in the issuer will be sold in the best interest of the investors.

The proportion of ESG-rated issuers in the Disruption Fund's equity portfolio must be consistently above 90%. Extra-financial ratings may change over time, either up or down, and the minimum rating is reviewed at least every 12 months. This can lead to investment or divestment decisions.

The application of this selection process is expected to result in a 20% reduction in the investable ESG universe.

## E) Controversies

Two types of controversies have been identified:

- Companies that are involved in controversies due to ESG shortcomings, regulatory violations, or tax-related issues.
- Companies whose revenue, in whole or in part, is related to activities exposed to ESG risks (e.g., raw materials, life sciences).

Sustainalytics incorporates a controversy alert system, rating controversies on a scale from 0 to 5, with 5 being the most risky. These controversy ratings are an important but not sufficient indication for the fund managers who closely monitor the companies in the portfolio and remain the best sources of alerts. Managers follow the companies closely and gather information about potential controversies through press releases, company communications, and ad hoc interviews.

All identified controversies are reviewed by the fund managers, who may adjust Sustainalytics' ratings to reflect more recent or unaccounted-for information. A specific note is prepared to explain the reason and analysis behind the adjustment.

When a serious controversy is identified, the CCO is notified. The fund managers and the CCO then convene to decide by majority vote either to:

- Immediate divestment of the security for all affected funds.
- Take time to document the controversy (including hearing the company's explanations) while reserving the right to impose divestment at any time.
- Consider the controversy as having no impact on the investment or as non-substantial.

A minute of the decision is then established and archived. In all cases, the controversies of the affected companies are closely monitored over time until they are resolved.

## VI. Diversity and inclusion policy

### A) *Diversity as a strength*

Quadrille Capital values the diversity of its members. We believe that diversity is essential for building a sustainable and enduring company.

We are aware that diverse backgrounds strengthen our organization and enable us to attract and retain the best talents, ultimately benefiting our investors.

Quadrille Capital is committed to creating a supportive work environment that fosters personal and professional development regardless of gender, gender identity, ethnic origin, religion, or social background of its members and stakeholders.

Because diversity and inclusion are top priorities for Quadrille, the leadership team is fully committed to promoting them.

In alignment with the France Invest Charter, Quadrille Capital has committed to the following targets:

- Within the investment teams of management companies:
  - Achieving 25% of women with decision-making responsibilities on the investment committee by 2030, and 30% by 2035.

- Aiming for a 40% representation of women in investment teams by 2030.
- Within portfolio companies with over 500 employees:
  - Ensuring a minimum of 30% representation of women on executive committees (Comex) by 2030.

Achievements in 2022 :

- ⇒ **49% of Quadrille's members are female.**
- ⇒ **40% of the management team consists of women.**
- ⇒ **29% of the investment team members are women.**

**B) Talent development and retention**

Quadrille's culture is deeply rooted in innovation and entrepreneurship. The company actively participates in the development of its employees' skills and aspires to make them its future leaders.

Quadrille places great importance on the quality and fluidity of communication between teams, striving to cultivate a strong and entrepreneurial corporate culture. The company encourages multidisciplinary teamwork and "task forces" that include members from the investment, finance, investor relations, legal, and compliance teams. Quadrille believes that exposing junior and intermediate profiles to projects beyond their natural scope helps develop more skills and raises awareness of various aspects of managing and developing a business.

Quadrille places a strong emphasis on talent development from within to have as many professionals as possible capable of researching, executing, and managing investments, while also being recognized experts in operational, financial, and third-party relationship management.

This is why Quadrille provides its employees with the opportunity to grow within the organization and progressively empowers them by exposing them to leadership responsibilities. The company actively participates in developing its members' skills at all levels by exposing them to various and complex situations.

Quadrille has established a development plan for its employees to support and give them the opportunity to become partners in the firm. The goal is to train employees in all the company's roles: each level (analyst, associate, vice president) should have exposure to direct investments, fund investments, secondary investments, and investor relations. Quadrille follows a talent selection policy to retain only the best among them.

Quadrille's members are professionals with diverse and experienced skills, ranging from opportunity analysis, transaction negotiation, investment management, decision-making, legal and operational structuring, investment performance reporting, and investor relations.

Furthermore, as part of the ecosystem to which it belongs and in which it invests, the firm offers all its employees privileged insights into major technological trends and innovations, as well as access to a vast network of relationships.

All employees have the opportunity to be mentored by personalized coaches to improve their soft skills, such as public speaking and self-confidence.

Achievements in 2022 :

- ⇒ **60% of the investment team members (excluding founders) started as interns.**
- ⇒ **One of the four Partners began as an intern in 2013.**
- ⇒ **100% of employees have access to carried interest.**
- ⇒ **100% of employees have received training.**