Quantonation Ventures Environmental, Social, and Governance (ESG) Policy

1) General Introduction to Quantonation Venture ESG Policy

Quantonation Ventures ("QV") is a leading venture capital fund dedicated to Quantum Technologies. As pioneers in this innovative field, we recognize the need to go beyond financial metrics and incorporate Environmental, Social, and Governance (ESG) considerations into our investment practices. This policy outlines our commitment to ESG principles, demonstrating our belief that responsible investing is not only ethically right but also contributes to achieving sustainable, long-term performance. Therefore, for the future we are committed to comply with Article 8 of the Sustainable Finance Disclosure Regulation (SFDR), taking our ESG efforts to the next level.

At Quantonation Ventures, we are committed to a comprehensive approach to ESG that reflects our role as a pioneering investor in Quantum Technologies. We regard ESG factors as integral to our risk management and decision-making processes. Recognizing the Principles for Responsible Investment (PRI) and the United Nations Sustainable Development Goals (SDGs) as key frameworks, we endeavor to align our practices with these global standards, contributing to a more sustainable and equitable future.

We believe that integrating ESG considerations into our investment activities will not only serve societal interests but also reduce risk, uncover opportunities, and enhance long-term value for our portfolio companies and investors.

We also see great potential in Quantum Technologies to drive innovation in environmental technologies, such as quantum sensing for environmental monitoring or quantum algorithms for optimizing renewable energy systems. We seek to invest in companies that are leveraging Quantum Technologies in these ways, contributing to the achievement of SDGs 9 (Industry, Innovation, and Infrastructure) and 13 (Climate Action). In addition, hereunder a few examples of significant examples of use cases in the fight against Climate Change:

1. **Climate Modeling and Prediction:** Quantum computers have the potential to process complex algorithms faster and more accurately than classical computers. This could greatly enhance our ability to model climate scenarios and make accurate predictions. Better modeling would enable scientists to more accurately predict the impact of climate change and devise effective strategies to mitigate it.

2. **Carbon Capture and Energy Efficiency:** Quantum technologies could also be used to develop new materials and processes for carbon capture and storage or to enhance energy efficiency. Quantum computers could simulate and analyze chemical reactions at a level of detail currently impossible, potentially leading to the discovery of new materials for efficient carbon capture or energy storage.

3. **Optimization Problems:** Many problems related to climate change involve optimization. For instance, optimizing the layout of wind farms to maximize energy output or optimizing logistics networks to reduce emissions. Quantum computers could solve these complex optimization problems more efficiently than classical computers.

4. **Energy Consumption:** Quantum computing, in the long run, has the potential to be more energy-efficient than classical computing. As quantum technologies mature and become more widely available, they could help to reduce the carbon footprint of the information and communication technology sector.
In response to the new social and environmental challenges facing society, Quantonation has decided to actively finance technologies that contribute to the fight against global warming. Additionally, Quantonation Ventures is deepening its Environmental, Social, and Governance (ESG) policy to better consider the overall impact of their activities. Quantonation has been a signatory of the United Nations Principles for Responsible Investment (PRI) since December 2022. We will produce our first report for the PRI in January 2024, with a transparency report to be made public around fall 2024.

This ESG policy is based on the following observations:

- The economic and financial performance of a company does not exempt it from its social and environmental responsibility. It is therefore fundamental that Venture Capital contributes to the common good;
- Quantonation Ventures invests as a minority shareholder in startups, which rarely have the means to conduct comprehensive ESG analyses. As such, Quantonation Ventures is encouraging them to do so via the reporting platform Vestberry integrating statistics about gender equality and questions on their ESG commitments;
- We believe that ESG criteria are not coercive. On the contrary, their application is a factor in creating value for companies. It helps to minimize risks, optimize costs, and improve strategic perspectives.

b) A global ESG strategy

Starting from the premise that global challenges cannot be met with partial solutions, Quantonation Ventures intends to apply a comprehensive policy, at all levels of our activity. This strategy is manifested in several ways:

- In the management of QV’s day-to-day operations (reducing energy consumption, the use of disposable materials, etc.);
- In setting and assessing internal goals at QV, determined and evaluated by the management committee;
- In QV’s portfolio reviews, where the progress of implemented ESG measures will be detailed for investors and shareholders;
Within QV's entrepreneurial and sector specific ecosystem (Le Lab Quantique, investor associations, events for portfolio companies, etc.);
In the investment decision (extra-financial and potentially exclusive due diligence);
In supporting portfolio companies in determining a sustainable and value-creating strategy;
In assessing the ESG performance of portfolio companies, which is reported.

At each stage, ESG is comprehensively understood, including human resources management, governance transparency, energy consumption, supply chains, and strategic planning.

2) **ESG Measures at Quantonation Ventures**

   a) **Internal measures**

QV is committed to reducing its carbon emissions, decreasing the volume of waste produced, and raising awareness among its teams about the issues of sustainable growth through:

- Minimizing air travel;
- Minimizing the use of plastic;
- Implementing a waste recycling policy;
- Quantifying the carbon impact of its premises;
- An annual day of training its employees on ESG issues.

   i) **Social Criteria**

QV invests in the well-being of its employees at work, their involvement and skills development through:

- Employee participation in the success of the company;
- The option for employees to work remotely;
- The ergonomics of its premises (garden and gym);
- The establishment of optimal conditions for the start and return of paternity and maternity leave;
- Donations to good causes;
- A policy of continuous training for its employees.

   ii) **Good Governance Criteria**

QV is committed to the transparency of governance methods and business practices within diverse teams through:

- The formalization of an ESG policy;
- The measurement of gender equality based on the Pénicaud index of professional equality;
- The promotion of parity through internal training;
- Participation of team members in the management committee;
- Regular meetings of all company employees for communication of its strategy and progress.

   b) **During the investment phase**

      i) **Exclusion Policy**
QV practices a rigorous sectoral exclusion policy that includes: the tobacco industry, the coal industry, pornography, the production of armaments, gambling. We also pay particular attention to the probity of the leaders of our portfolio companies.

ii) File Instruction

QV includes in the investment notes analyses of ESG performance and awareness of these issues by the company and its management through:

- An analysis of associated ESG risks;
- An analysis of the ESG perspective of managers;
- An analysis of growth potentials and value creation linked to the implementation of ESG measures.

iii) Letter of Intent

QV also includes in the letters of intent the integration of a paragraph on the company's issues and possibilities in terms of ESG.

iv) Audit Prior to Investment

In its due diligence, QV pays particular attention to the consideration of ESG issues within its potential investments. A questionnaire is sent to the entrepreneurs, which serves as a basis for a discussion with them. The objective is twofold: on the one hand, to assess the management's readiness to implement ESG actions; on the other hand, to gain access to the entrepreneur's strategic understanding of the opportunities that can arise from sustainable growth. We believe this is an excellent indicator of the prospective capacity of the management teams, as well as the expected growth of companies.

Below is the list of questions addressed to entrepreneurs. This questionnaire serves as a basis for an exchange between the entrepreneurs and our investment teams. Each category (E, S or G) is scored from -2 to 2. Consolidated, these scores serve as a basis for the investment decision.

QV evaluates the awareness of environmental issues associated with the company and its sector using the following questions:

- Have you implemented a system to count your carbon emissions? If not, why not?
- Have you implemented a system to reduce these emissions? If not, why not?
- Have you implemented environmental protection actions? If not, why not?
- What do you think are the environmental trends that are most likely to impact your business in the coming years?

As for the social scope of the company, its HR policies, and its capacity to attract, these are evaluated through the following questions:

- How many jobs do you create each year? What is your turnover rate?
- Do you promote diversity within your company? Do you have a sponsorship policy? If not, why?
- Have you developed social impact activities? If not, why?
- Have you implemented remuneration systems related to company performance? Have you set up other benefits systems for your employees (nurseries, works council, etc.)? If not, why?
- Do you encourage continuous training? If not, why?
- Do you encourage remote work? If not, why?
- What are the major social responsibility trends most likely to impact your business in the coming years? How are you preparing to face them?
- How do you plan to attract more talent in the coming years?
- What is the percentage of women in your overall workforce?
- What is the percentage of women in the governing and supervisory bodies of your company?

Concerns about the company's good governance are evaluated through the following questions:
- Are ESG issues discussed at board meetings? If not, why?
- Have you implemented measures in favor of the transparency of your governance system? If not, why?
- Have you set up committee systems (strategic committee, management committee, independent directors, remuneration committee, etc.)? If not, why?

a) Shareholders' Agreement
Financial and executive independence of entrepreneurs is a key governance issue and a growth factor. To assist them in their ESG transformation, an action plan is set from the shareholders' agreement, in collaboration with the entrepreneurs, which will be the backbone of the company's sustainable transformation. In the shareholders' agreement, this can be manifested by:
- The introduction of at least 3 objectives, determined in collaboration with the entrepreneurs;
- The insertion of an action plan with quantifiable deadlines. This action plan must:
  - Be significant without being excessive;
  - Be quantifiable;
  - Have distinct steps;
- The establishment of an annual reporting;
- An obligation for the participation to discuss ESG issues at least at one governance body meeting every year, and to mention it in the agenda of the annual general meeting;
- The encouragement to include an ESG paragraph in the management report.

1. During the holding phase

  a) Portfolio monitoring:

  QV annually monitors the ESG performance of the assets under management, based on submitted reports and exchanges with management teams. This monitoring includes:

  - Analysis of the company's annual performance in absolute and relative terms (compared to other companies in the portfolio).
  - Tracking of companies with the least significant progress.
  - Active participation in shareholder meetings.
  - Active participation in strategic committees or the board of directors when feasible.
2. **External commitments of Quantonation Ventures**

The PRI (Principles for Responsible Investment)

Launched in 2006, the PRI is an organization established by the United Nations to promote the six Principles for Responsible Investment. Targeting the financial sector, these principles aim to encourage the integration of ESG criteria into the management practices of various industry stakeholders at all levels.

QV committed to the PRI by signing the principles established by the United Nations for responsible investment. Starting from the year 2022, their efforts in responsible investment will be made public through a transparency report available on the PRI's website.

The six principles in question are as follows:

- We will incorporate ESG issues into investment analysis and decision-making processes.
- We will be active owners and incorporate ESG issues into our ownership policies and practices.
- We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- We will promote acceptance and implementation of the Principles within the investment industry.
- We will work together to enhance our effectiveness in implementing the Principles.
- We will each report on our activities and progress towards implementing the Principles.

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