ELAIA DTS3 FUND
A Professional Private Equity Investment Fund
"*Fonds Professionnel de Capital Investissement*"
Articles L.214-159 et seq. of the French Monetary and Financial Code

Pre-contractual disclosure for the financial products referred to in Article 8, paragraphs 1, 2 and 2a, of Regulation (EU) 2019/2088 and Article 6, first paragraph, of Regulation (EU) 2020/852

Sustainable investment means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.

Does this financial product have a sustainable investment objective ?

☐ Yes (Article 9) ☒ No (Article 8)

☐ **A.** It will make a minimum of sustainable investments with an environmental objective: ___%
- ☐ in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- ☐ in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

☐ **B.** it will make a minimum of sustainable investments with a social objective : __%

☐ **A.** It promotes Environmental/Social (E/S) characterics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of ____% of sustainable investments:
- ☐ with an environmental objective in economic activites that qualify as environmentally sustainable under the EU Taxonomy
- ☐ with an environmental objective in economic activities that do not qualify as environmentally sustainable udner the EU Taxonomy
- ☐ with a social objective

☒ **B.** It promotes E/S characteristics, but will not make any sustainable investments

Sustainability indicators measure how the environmental or social characteristics promoted by the financial product are attained.

1. What environmental and/or social characteristics are promoted by this financial product?

At Elaia Partners, we established in 2020 an ESG committee dedicated to developing and implementing the environmental and or social strategy. Based on best practices, the committee's role is:

- To be a trusted and central resource to other team members
- To promote the strategy to all entities internally:
  - 100% of FTEs have been trained to CSR topics.
  - Annual ESG training is mandatory for all team members.
  - The aim of the training is to provide the necessary skills and knowledge.

    - It covers establishing a carbon footprint, addressing the challenges of a low-carbon transition approach once the carbon footprint has been established, addressing the study of risks and opportunities, the methodological frameworks and the issues related to the associated change management.
- To recommend best practices to our portfolio companies
- To monitor and collect data from our portfolio companies and share it externally

At management company level, on the environmental pillar, Elaia Partners is committed to reducing its environmental impact by managing its buildings and resources responsibly and by monitoring and controlling its CO2 emissions. This includes, but is not limited to, the following actions:

- Carbon assessment: Elaia Parners seeks to assess its activities' exhaustive carbon footprint regularly (including Scopes 1, 2 and 3)
- Responsible use of paper
- Responsible waste management
- Removing single-use and plastic utensils
- Travel policy

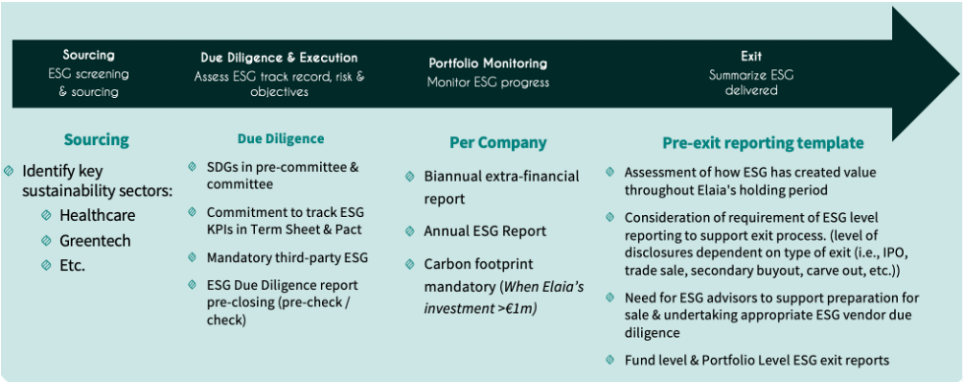
On the social pillar, we believe that human capital diversity adds value to the company and is essential to developing a sustainable economy. Therefore, we have chosen to demonstrate our commitment to this topic by:

- Ensuring that our culture, workplaces, and HR policy are gender-inclusive, and provide a safe and rewarding working environment to all employees on a daily basis;
- Signing the Gender Equality Charter sponsored by France Invest/Sista. Such charter requires very specific quantitative gender balance objectives to be met by 2030 :
    - Increase the percentage of women having responsibility for Investment Committee decisions
    - Set a target for women to make up 40% of investment teams
    - Ensure that published job offers are gender neutral and free of gender stereotypes in accordance with the regulations in force
    - Ensure non-discriminatory recruitment and assessment practices

However, the objectives were met long before the signing of the charter.

- Implementing a 'No Tolerance' policy for harassment or discrimination of any kind;

By investing early in tomorrow's leaders and raising the awareness of our portfolio companies to the importance of responsible investing, the Fund develop a multiplier effect in their industries.
At the level of the Fund portfolio startups, we have Integrated environmental and social from A to Z in our investment process:



- *Investment process & due diligence*

Elaia' DTS3 Fund's investment team analyses ESG criteria and delivers specific due diligences:

- External pre-investment environmental and social audit, which delivers an extra-financial scoring
- In close relationship with the investee's management, definition of key environmental and social indicators and objectives to be monitored by the companies (e.g., Climate and Environment Charter, carbon footprint scope 1, 2 and 3, proportion of women in the team, precarious workers, avg. contract duration, etc.)
- Letter of intent and shareholders agreements raising awareness among the entrepreneurs
- Environmental and social criteria integrated into decision-making by the investment committee:

- All investment notes present which of UN's 17 SDG are positively impacted by the investment; and those that are negatively impacted
- The investment committee is invited to score its appreciation of the environmental and social impact of the proposed investment

To help the investment team deliver relevant analyses on environmental and social criteria, specific ongoing trainings and team awareness exercises are carried out throughout the year.

- *Investment journey*

Once the company has been invested in, a carbon footprint analysis is mandatorily allowing to fine-tune environmental indicators and define action plans. On a yearly and quarterly basis, the management company has the duty to report its monitoring of metrics specific to the Company's ESG objectives determined by the Board of Directors.
Company-specific environmental and social indicators are therefore monitored on a bi-annual basis and published in a report sent to the fund's investors alongside the financial quarterly report.
On an annual basis, a more extensive, and non-company specific, ESG survey is sent to all the Fund's portfolio companies. This survey is the base for the Elaia ESG Annual Report, as well as for the report for large institutional investors who follow France Invest's ESG indicators framework.
On an ad-hoc basis, it is possible to set up incentives for managers to monitor and achieve environmental and social objectives.

- *Exit*

With investors inquiring more and more frequently about what the target company is doing with regards to responsible investment, how they treat employees and vendors, their dedication to sustainability initiatives, and other activities that fall under the ESG umbrella, it is important to have answers to these questions.
Therefore, the Fund's team is working on the establishing of a Pre-exit ESG reporting template including:

- An assessment of how ESG has created value throughout the Fund's holding period
- A consideration of what level of ESG reporting may be required to support the exit process. The level of disclosures will be dependent on the type of exit (i.e. IPO, trade sale, secondary buyout, carve out, etc.)
- The need for ESG advisers to support the preparation for sale and undertaking appropriate ESG vendor due diligence

1.1. What sustainability indicators are used to measure the attainment of each of the environmental or social characteristics promoted by this financial product

There are no indicators for this product.

1.2. What are the objectives of the sustainable investments that the financial product partially intends to make and how does the sustainable investment contribute to such objectives?

None, as the product does not and will not realise any sustainable investments.

Principal adverse impacts are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

2. How do the sustainable investments that the financial product partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?

Not applicable.

2.1. How have the indicators for adverse impacts on sustainability factors been taken into account?

Not applicable.

2.2. How are the sustainable investment aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights? Details:

Not applicable.



3. Does this financial product consider principal adverse impacts on sustainability factors?

☒ Yes,

☐ No

Elaia Partners has chosen to analyse the Principal Adverse Impacts on sustainability factors ("PAI") of potential investee companies during its investment process.

At management company-level for all managed funds, Elaia Partners has chosen to consider and monitor 16 indicators:

Climate and other environment indicators:
- GHG Emissions (Scope 1,2,3 & Total)
- Carbon Footprint
- GHG Intensity
- Fossil fuel sector
- Non-renewable energy consumption and production
- Energy consumption intensity per high climate impact sector
- Biodiversity sensitive areas
- Water consumption
- Hazardous waste ratio
- Existence of carbon emission reduction initiatives

Social and governance indicators
- Violations of UN Global Compact principles and OECD Guidelines
- Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines
- Gender pay gap
- Board gender diversity
- Exposure to controversial weapons
- Existence of workplace accident prevention policies

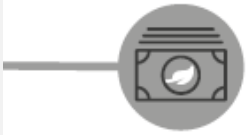
A specific ESG due diligence is carried out for each potential investee company, which allows to conclude if any indicator, other than the 16 indicators above, is relevant to the company.

The due diligence results in an evaluation table listing each PAI, allowing to assess qualitatively the risk exposure, the vulnerability and financial impact of the PAI. Furthermore, the analysis concludes with associated actions aimed to reduce the PAI and their financial impact.

Elaia Partners publishes, on its website, a Statement to this effect, in compliance with Article 11, and Annex 1 of the regulatory technical standards, of the Regulation (EU) 2019/2088, for each fiscal year, starting on 2023, with reference period of fiscal year 2022.

A more detailed description of how main adverse impacts are incorporated into the investment process can be found in the Management Company's ESG policy, available on its website.

The investment strategy guides investment decisions based on factors such as investment objectives and risk tolerance.



4. What investment strategy does this financial product follow?

The investment objective and strategy of the Fund are defined in Article 3.2 of the By-Laws.

Good governance practices include sound management structures, employee relations, remuneration of staff and tax compliance.

4.1. What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by this financial product?

The Fund by-laws indicates specific sectors that are forbidden. The exclusions are listed below:

A. Tobacco and alcohol
Elaia Partners considers investment in tobacco and distilled alcoholic beverages companies to be unsustainable. We exclude companies that are significantly involved in the production of and trade in tobacco or distilled alcoholic beverages and related products. We also exclude those which have significant ownership in such companies, as well as those which are significantly involved in the wholesale distribution of those products or in the supply of components, such as filters.

B. Adult entertainment and pornography
Elaia Partners considers investment in adult entertainment and pornography companies to be unaligned with Elaia Partners 's values, unsustainable and not to contribute positively to the long-term sustainable development of society. We believe that there is a significant risk that the adult entertainment industry may indirectly fail to comply with human rights principles from labor practices to societal impact.
We exclude companies who receive over 2% of their revenues from the production or distribution of adult entertainment and pornography, those which have a significant ownership in such companies or those which are significantly involved in the wholesale distribution of adult entertainment and pornographic content.

C. Weapons, casinos and equivalent companies
The Fund excludes companies that focus on the financing, the production of and trade in weapons and ammunition of any kind, it being understood that this restriction does not apply to the extent such activities are part of or accessory to explicit European Union policies. Elaia excludes companies that focus on the casinos and equivalent enterprises.

D. Excluded sectors indirect support
The Fund excludes companies that perform any of the following research activities as referred to in Article 19 of the Regulation EU (no) 1291/2013 of the European Parliament and the Council:

- Aiming at human cloning for reproductive purposes;
- Intended to modify the genetic heritage of human beings which could make such changes heritable (excluding research relating to cancer treatment of the gonads);
- Intended to create human embryos solely for the purpose of research or the purpose of stem cell procurement, including by means of somatic cell nuclear transfer.

Moreover, the Fund excludes companies that focus on the research, development or technical applications relating to electronic data programs or solutions, which:

- aim specifically at supporting any activity referred to under items A to E above;
- are intended to enable to:
  - illegally enter into electronic data networks; or
  - illegally download electronic data.

In addition, when providing support to the financing of the research, development or technical applications relating to human cloning for research or therapeutic purposes, or genetically modified organisms (GMOs), we shall ensure the appropriate control of legal, regulatory and ethical issues linked to such human cloning for research or therapeutic purposes and/or GMOs.

E. Geographical exclusions

The Fund excludes investments in companies that are established in and maintain significant business relationship with entities incorporated in non-cooperative jurisdictions, as classified by lead organizations for not having made sufficient progress towards satisfactory implementation of EU and/or internationally agreed standards in connection with AML-CFT and/or tax good governance standards.
In addition to this list of forbidden sectors, Elaia Partners has put in place an additional layer of exclusion policy follows with no exceptions, based on the following exclusions.

F. Thermal coal miners
Elaia Partners acknowledges that reducing thermal coal emissions, as recommended by scientists, is one of the most effective ways of transitioning to a cleaner energy system and being consistent with the Paris Agreement. Elaia pledges that no investment shall be made by Elaia's funds in coal mining-related companies, except if the relation to coal mining is that of coal-usage reduction.

G. Coal based power generation
Elaia Partners recognises the importance of encouraging companies to reduce their dependence on coal power generation in order to align their activities with the Paris Agreement. Hence, Elaia will not invest in coal-based power generation companies.

4.2. What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?

This exclusion policy is applied to all companies considered for investment.

4.3. What is the policy to assess good governance practices of the investee companies?

The ESG committee has been settled as well to develop and implement the best practices in terms of governance strategy.

This last pillar of ESG refers to a set of rules and principles that define rights, responsibilities and expectations among different stakeholders in the governance of a company. It can serve as a control mechanism in relation to bribery and corruption, executive remuneration, shareholders' voting possibilities and internal control.

We believe that fair governance provides long-term benefits for shareholders, employees and the society as a whole. One way of ensuring this is to focus on increasing transparency and openness in contacts between the company and shareholders on issues such as board composition and shareholder rights.
During the investment process, Elaia DTS3 Fund's investment team analyses governance criteria and delivers specific due diligences:

- External pre-investment governance audit
- In close relationship with the investee's management, definition of key governance indicators and objectives to be monitored by the companies (e.g., written CSR guidelines at a company level, share of independent members on the board, Share of women on the board of directors, etc.)
- Letter of intent and shareholders agreements raising awareness among the entrepreneurs
- Governance criteria integrated into decision-making by the investment committee

During the investment journey of the Fund portfolio companies, Elaia Partners is thus committed to establishing experienced and robust Boards of Directors to support its companies. Partners and Investment Directors responsible for the investments systematically sit on the Boards. The importance of these Board director positions is reflected in the quality of the monitoring of the portfolio companies.
This presence in Boards enables:

- Regular meetings with the entrepreneurs every six to eight weeks at early stages
- A detailed understanding of the progress on its development
- The establishment and monitoring of business-specific and extra financial KPIs which will be reported in our quarterly, bi-annual and annual financial and extra-financial reports
- An ever deeper and dynamic evaluation of the company's real potential

Board of Directors' meetings enable the members of the the Fund investment team to have an accurate vision that is close to the companies' operating reality. This enables them to provide the best advice and support but also to make informed investment decisions.
One of Elaia Partners' regular contributions is also the appointment to Boards of high-profile, independent Board Directors. These independent Board Directors, often proposed from within Elaia Partners' network, have expert industry profiles and can thus make a strong contribution to the quality of strategic discussions.

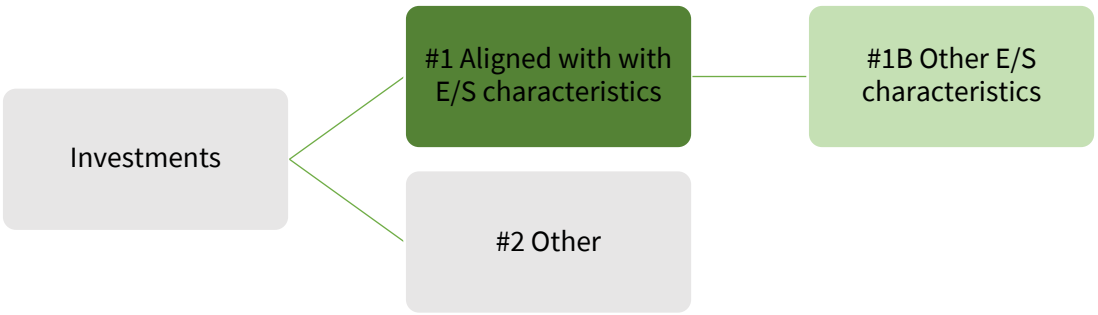
Asset allocation describes the share of investments in specific assets.

5. What is the asset allocation planned for this financial product?

The composition of the Fund's assets is defined in accordance with Article 3.2 of the By-Laws.

The Fund's aim is to make Investments in the form of the acquisition of equity and quasi-equity Interests in Companies which do business or plan to do business, and mainly in Companies which do business in "B2B" (business to business) commercial relations, with a deep-tech focus to their business.
The Fund aims at investing all of its portfolio in companies meeting the environmental and / or social characteristics that it promotes. As a consequence, up to 100% and at least 90% of the committed capital of the fund will be used to meet the environmental and / or social characteristics promoted by the financial product in accordance with the binding elements of the investment strategy. The only investments included under '#2 Other' are the placement of the available cash of the product, that will represent a maximum of 10% of the committed capital. There are no minimal environmental or social safeguards for such placements. The Fund does not and will not make any sustainable investments. The product's allocation is therefore the following:

Taxonomy-aligned activities are expressed as a share of:
- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
operational expenditure (OpEx) reflecting green operational activities of investee companies.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

How does the use of the derivatives attain the environmental or social characteristics promoted by the financial product?

The product does not use any derivatives.

To comply with the EU Taxonomy, the criteria for **fossil gas** include limitations on emissions and switching to renewable power or low-carbon fuels by the end of 2035. For **nuclear energy**, the criteria include comprehensive safety and waste management rules. **Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities are** activities for which low-carbon alternatives are not yet available and among others have greenhouse gas emission levels corresponding to the best performance.

6. To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

While the Fund complies with the provisions of Article 8 of SFDR, it does not have a sustainable investment pocket with a social or environmental objective within the meaning of SFDR. The Fund does not have a Taxonomy alignment objective, as defined in the ERU Taxonomy.

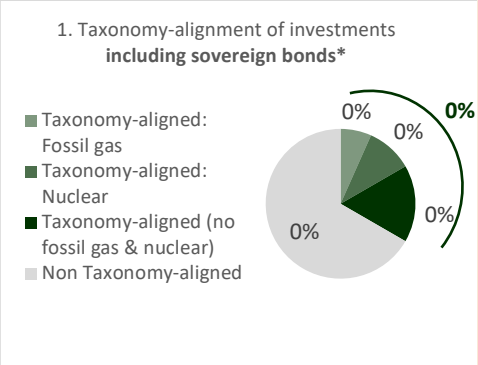
Does the financial product invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy ?

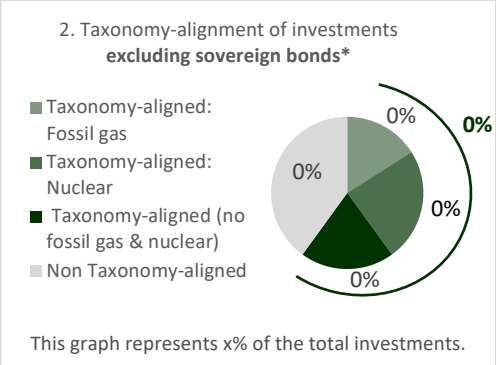
☐ Yes

☐ In fossil gas ☐ In nuclear energy

☒ No

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the Taxonomy-alignment of sovereign bonds*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.





* *For the purpose of these graphs, 'sovereign bonds' consist of all sovereign exposures.*

What is the minimum share of investments in transitional and enabling activities?

The Fund does not commit to invest in transitional nor enabling activities.

are sustainable investments with an environmental objective that **do not take into account the criteria** for environmentaly sustainable economic activities under the EU Taxonomy.

7. What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

None, as the product does not and will not commit to make any sustainable investments.

8. What is the minimum share of socially sustainable investments?

None, as the product does not and will not commit to make any sustainable investments.

9. What investments are included under "#2 Other", what is their purpose and are there any minimum environmental or social safeguards?

The only investments included under '#2 Other' are the placement of the available cash of the product. Elaia Partners privileges a prudent management of the Fund's available cash that will be intended to be invested in various types of medium such as: short term negotiable securities (Negotiable European Commercial Paper), shares or units in money-market and short-term money-market AIFs and collective investment undertakings (in accordance with Regulation (EU) 2017/1131) selected by the Management Company on the basis of rating criteria which satisfy the desired risk profile. There are no minimal environmental or social safeguards for such placements.

10. Is a specific index designated as a reference benchmark to determine whether this financial product is aligned with the environmental and/or social characteristics that it promotes?

No specific index has been designated.

10.1. How is the reference benchmark continuously aligned with each of the environmental and/or social characteristics promoted by the financial product?

Not applicable.

10.2. How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?

Not applicable.

10.3. How does the designated index differ from a relevant broad market index?

Not applicable.

10.4. Where can the methodology used for the calculation of the designated index be found?

Not applicable.

11. Where can I find more product specific information online?

Unit holders may find more information related to the ESG criteria taken into account by the Management Company on its website: http://www.elaia.com.