ELAIA PARTNERS

Article 29
« Loi Energie Climat »

2023 Report

Table of contents

I. Introduction

In accordance with Article 29 of the Energy and Climate Law, which aims at clarifying and reinforcing the extra-financial transparency of market players in order to build sustainable finance, the purpose of this document is to present the inclusion of extra-financial criteria in the investment strategy and policy of Elaia Partners.

II. General Approach of the entity

A. Financial-First, Responsible-Driven Funds

Elaia Partners is a venture capital management company investing from Pre-Seed to Series B in high-potential tech-intensive digital and deep-tech B2B startups. Since its foundation in 2002, Elaia has invested in 180+ companies.
Our objective at Elaia Partners is to deliver sustainable performance and we developed a data-driven and structured investment strategy which drives how we design, build, and manage portfolio in an optimized way.

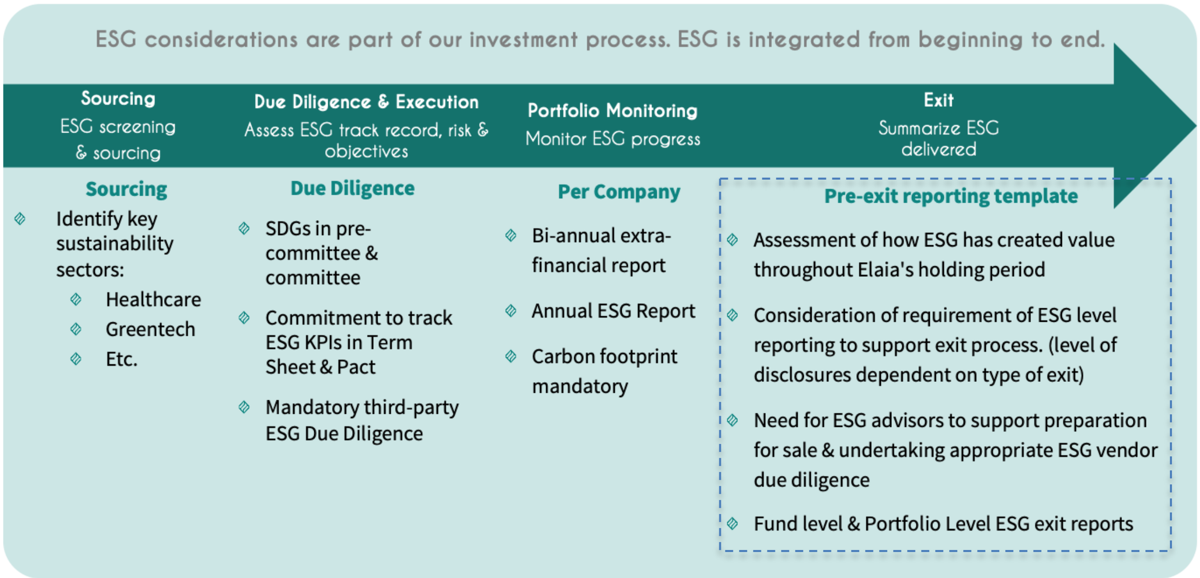
We are "Financial-first" but not a "Financial-only" practice: "Financial-only" decisions have proven their long-term limits. Our approach to responsible investments is aligned with the Elaia strategy to generate financial performance for its investors while being close to its investors and committed entrepreneurs. All investments and decisions made by Elaia Partners take into account ESG considerations.
Correlation between sustainability and profit has been demonstrated[1]. More than maximizing financial returns, we are convinced that being driven by sustainable and responsible impacts will mitigate potential market downsides.

We consider that Venture Capital firms have an incentive and an educational role to play in ensuring that all their investments include these criteria and act for the growth and conduct of their projects. By investing early in tomorrow's leaders and raising the awareness of our portfolio companies to the importance of responsible investing, we develop a multiplier effect in their industries.

[1] https://www.mckinsey.com/capabilities/strategy-and-corporate-finance/our-insights/the-triple-play-growth-profit-and-sustainability

ESG is Part of our Investment Process

ESG considerations are part of our investment process. We have integrated ESG criteria in our investment process as described below.



Currently under progress

Investment process and due diligences

Elaia Partners' investment team analyses ESG criteria and delivers specific due diligences:

- Environmental, social and governance criteria integrated into decision-making by the investment team in charge of the project analysis;
- The investment committee is invited to score its appreciation of the environmental, social and governance impact of the proposed investment
- A pre-investment ESG 3rd party audit evaluates the targeted company's adherence to environmental, social, and governance criteria, ensuring sustainable practices and identifying potential risks before investment
- In close relationship with the investee's management, definition of key environmental, social and governance 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, etc.)
- Letter of intent and shareholders agreements raising awareness and duties of the entrepreneurs in terms of environmental, social and governance commitments
- To help the investment team deliver relevant analyses on environmental, social and governance criteria, specific ongoing trainings and team awareness exercises are carried out throughout the year.

Since ESG is part of Elaia's DNA, it is everyone's concern. An annual ESG training is mandatory for all team members. The aim of the training is to raise awareness and provide the necessary skills and knowledge to integrate ESG considerations in the management company operations and in the investment process.

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 as well as topics such as “Fresque du Climat” or “2Tonnes”.

Investment journey

Elaia Partners’ team also conveys ESG principles during the detention phase:

- Once the company has been invested in, a carbon footprint analysis is strongly recommended allowing to fine-tune environmental indicators and define action plans.
- On a yearly 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 ESG indicators are 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 Sustainability 4th year 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 strongly recommended to set up incentives for entrepreneurs to monitor and achieve ESG objectives.

Exit

Elaia Partners’ team take care to describe and analyse in the desinvestment memorandum the impact and/or improvement made by the company regarding ESG matters and is currently working on the establishing of a Pre-exit ESG reporting template (as described above) to accompany the buyers increasing demand on this topic.

B. Article 8 and Article 9 funds

The SFDR (Sustainable Finance Disclosure Regulation) classification of our funds :
This European regulation aims at supporting the financial system’s transition towards a more sustainable economy. Under these rules, financial market participants will provide detailed information about how they tackle and reduce any possible negative impacts that their investments may have on the environment and society in general. Moreover, these new requirements will help to assess the sustainability performances of financial products. Compliance with sustainability-related disclosures will contribute to strengthening investor protection and reduce greenwashing.

In accordance with the European Sustainable Finance Disclosure Regulation (SFDR), the classifications are:

- Article 6 funds neither promote ESG characteristics nor have sustainable investment as an objective
- Article 8 funds promote ESG characteristics
- Article 9 funds have sustainable investment as an objective

As of December 31, 2023, two funds managed by Elaia Partners are categorized under Article 8 of the SFDR Regulation.
As a reminder, because improving ourselves is always important to us, we decided early 2023 to categorize under Article 8 of the SFDR regulation one of our funds: Elaia DV4 Fund, that was launched in 2021. Our second vehicle classified under Article 8 of the SFDR, MH Innov 1’ was created in Q4 2023 which also reflects our willingness to promote ESG characteristics in our investment policy.

The remaining vehicles are classified under Article 6 of the SFDR Regulation. Please refer to the appendix for the complete list of our funds.

Although the vehicles managed by the management company do not currently include ESG criteria in their investment policy or strategy, Elaia has fully integrated ESG diligences throughout its investment process by notably:

- Systematically performing ESG due diligences report with the assistance of external service provider prior an investment
- Integrating in all Funds' by-laws strict exclusion policy regarding specific sectors
- Integrating commitments to track ESG and KPI in Term sheets and Pact
- Monitoring ESG progress at company level and tracking KPIs

C. Our commitments to the ecosystem

As a management company, we are:

- signatory to the UN PRI since 2020 as part of our commitment to responsible investing This commitment reflects our conviction that including ESG (environmental, social and governance) criteria in our investment policy is essential in our efforts to accompany our companies in their path to sustainable growth. In 2023, we submitted our first UNPRI declaration online and received our assessment early 2024. The results are publicly available on the PRI website. We were rated four stars out of five in the following sections "Policy, governance and strategy", "Direct - Private Equity" and "Confidence Building Measures". Although the reporting is optional for 2024, we are currently reviewing our margin for improvement and will implement to improve our overall rating in line with our engagement towards ESG in the investment process.
- active member of Invest Europe as well as being part of its Diversity Taskforce & VC Council.
- signatory to the Charter on Diversity as well as being an active member of France Invest's Sustainability Taskforce and member of the Philanthropy group of France invest
- involved in numerous initiatives both social and environmental such as: SISTA, Climate Act, Techstars Sustainability Accelerator, Kattan
- conducting a yearly carbon assessment in order to do our part to contribute to positive change.
- certified by Diversity VC, making us the 3rd VC fund in France to receive this certification.
- aligned with the main international conventions (in particular OECD and ILO) on human rights.
- TIBI 2: In June 2023, we met the criteria set out in the specifications and validated our eligibility for the initiative TIBI 2 for DTS3 Fund. This initiative sets an ambitious framework for significantly increase investment by French financial institutions in innovative industries (digital technologies, life sciences, ecological transition, new industries, etc.).

We contribute to accelerating change towards a more respectful model and notice an increasing awareness and urgent demand from our stakeholders:

- Investors: we encourage them to adhere to the same principles,
- Portfolio companies: we are board members of the majority of our investments, which means we have a direct impact on a regular basis
- Regulations: Loi Pacte, GDPR, etc.
- Elaia employees: opening the way with concrete actions in terms of sustainable, environmental, and social engagements (Impact through research valorization, equal gender from analysts to partners, reusable consumables, waste sorting and recycling at the office, etc.)
- Endowment Fund: we believe in the power of giving back. In 2021, we created an endowment fund to increase the resources allocated to non-profit organizations. We wish to have a greater impact on our ecosystem. The Elaia endowment fund focuses on non-profit projects or

organizations in which science or innovation brings a significant impact to common good. The areas of interest are varied such as Entrepreneurship, Education, Environment, Health, etc. The endowment fund is already supporting 4 projects:

- Predilepsy: Detect, predict and prevent epileptic absence seizures
- Qbio JRC: Discover the organizational principles of living systems
- Pyronear : automatic detection of early forest fires using machine learning algorithms
- Institut Analgésia : digital therapeutics for pain monitoring

III. Internal resources to contribute to the transition

A. Description of the human, financial and technical ressources dedicated

In order to promote ESG characteristics within companies, we have put in place the following human resources at management company level:

- A committee has been set up to monitor ESG. This committee is made up of members representing all Elaia's departments, ensuring effective and comprehensive cross-functional monitoring. The committee defines an annual roadmap, which is then presented to the entire team, and meets quarterly to ensure that actions are being followed through.
- The entire team is trained in ESG issues, to ensure that best practices are effectively implemented at portfolio company level. The aim of this training is to raise awareness and provide the skills and knowledge needed to integrate ESG considerations into the operations of the management company and within the portfolio companies.

For various tasks, such as carrying out due diligence or providing high-quality training, the management company calls on specialist ESG service providers. In this way, we benefit from an independent expert's point of view, which is conducive to constructive discussions with portfolio companies with a view to implementing and developing their ESG strategy.

In terms of technical ressources, the Management Company uses an IT tool (I-Level) to collect the data and various KPI's from the portfolio company. This tool is used as a platform to collect, review and validate data. The Investment team is in charge of following and reviewing the figures completed on the portal by the portfolio company. This approach allows a double level of control and review and a better and smoother integration and efficiency in the ESG data collect and output.

B. Improvement plan and internal training

In order to keep improving ourselves, we have implemented a double approach in training, this approach relies on both the organization of training (internal or by an exteral provider) and the elaboration and share of procedures and policies within the firm. we have already implemented the following:

- A training to estimate the carbon footprints of several portfolio companies and trained the Elaia team to make recommendations. The entire Elaia team has also been trained in the Fresque du Climat and the 2Tonnes workshop, and several team members have applied to become trainers;

- Our CMO followed the 9 week Business Sustainability Management course from the Cambridge Institute for Sustainability Leadership (CISL). This course is designed to address the growing need and prevalence of sustainability practices in business – giving the tools to pioneer meaningful change throughout the organisation.
- Organization of various event (Lunch&Learn) to present the ESG Roadmap and the different ESG reports (sustainability report for example) to keep the team informed of the ESG achievement and areas of improvement/interest
- A business travel policy that favors train travel over air travel, particularly for frequent trips between France and Spain or Germany;
- A 90+% vegetarian events policy (A vast majority of the 50 events we organize a year have been vegetarian and/or only with local products);
- A policy of recycling and second-hand purchasing for all our IT equipment.
- A Global ESG policy of the firm was updated in 2023 and circulated to the team. This policy is available on our website.

IV. ESG governance within the financial institution

A. Governance and ESG Committee

In order to drive the ESG strategy of the management company and to always be on top and up to date regarding ESG best practices, we created in 2020 an Elaia's ESG Committee which is dedicated to developing and implementing our ESG strategy.

The ESG Committee's broader responsibilities include:
- Approving annual updates or amendments to Elaia's ESG Policy, proposed by Elaia's professionals at least on an annual basis;
- Approving new investment strategies that formally integrate ESG objectives as part of their investment process;
- Monitoring the sustainability-related aspects of existing investment strategies that formally integrate ESG factors or social / environmental impact objectives as part of their investment process;
- Supporting the process of enhancing the integration of ESG factors into investment analysis and decision-making across the company;
- Supporting the pedagogy efforts towards management company employees, portfolio companies and investors, related to ESG topics;
- Monitoring the collection of data from portfolio companies, as well as updating and / or adapting the ESG monitoring indicators of the portfolio companies and discussing the feasibility of their operational implementation;
- Facilitating the sharing of research, analysis, and insights on ESG issues and trends;
- Supporting efforts to collaborate with LPs and others in the investment industry to support the broader acceptance and implementation of sustainable investing;
- Overseeing reporting to third-party organizations on Elaia's sustainable investing activities, including the UN PRI, and;
- Listening to LPs and anticipating their evolving ESG-related needs and objectives.

This 5-person committee represents all departments (investment, finance, compliance and marketing & communications) and meets quarterly.

The member of the committee attend various ecosystem event to keep an update of the best practices and ongoing regulatory evolutions and participate in continuous training (CESGA, AMF ESG certification). The strong diversity of profiles with the ESG Committee allows to cover a vast number of the venture Capital and Private Equity environment events.

A quarterly ESG meeting is organized between the member of the Committee. The purpose of this meeting is :

- To define and implement the ESG policy within the firm
- To set the actions point to be performed for the next quarter,
- To provide an update on any regulatory, financial, communication, Investor relation topic, or any material event to the group

The entire Elaia team is aware of ESG practices, whether it's portfolio company board members promoting ESG practices, improving the visibility of ESG due diligence process criteria, or coordinating carbon footprint efforts.

B. Remuneration policy

The remuneration policy aims to promote sound and effective risk management, and seeks to foster individual excellence and collective performance. It does not encourage risk-taking that would be incompatible with the risk profiles, regulations or constitutive documents of funds managed directly or by delegation.

In determining performance measurement, the management company ensures that both quantitative (financial) and qualitative (non-financial) criteria are taken into account. Examples of qualitative criteria are achievement of strategic objectives, investor satisfaction, adherence to risk management policy, compliance with internal and external regulations, leadership skills, management, teamwork, creativity, motivation and cooperation with other business units and control functions.
When defining variable compensation envelopes, the management company ensures that the amounts are not such as to encourage employees to take ill-considered risks.

In accordance with Regulation (EU) 2019/2088 ("Disclosure" or "SFDR"), this variable remuneration is also conditional on employees' involvement in integrating sustainability risks into investment strategies. Employees in the investment and control teams are made aware of the need to comply with investment procedures, which include the consideration of extra-financial criteria in investment decisions.

V. Strategy of engagement with issuers and managers

A. Shareholder Engagement Policy

In accordance with I of Article L. 533-22. of the French Monetary and Financial Code, and the European Commission's Delegated Regulation (EU) No. 231-2013 of December 19th, 2012, the Management Company has drawn up a "Shareholder Engagement Policy", in accordance with the procedures specified in Article R533-16. The purpose of this policy, that notably includes ESG aspects, is to specify the monitoring of strategic, financial and non-financial performance, risks, capital structure, social and environmental impacts and corporate governance;

Elaia Partners invests in B2B startups with strong technological potential in the digital, deep-tech and life sciences sectors, from the pre-seed to the series B stage.Elaia Partners does not aim to have a majority stake in target companies, but seeks a seat on the governance bodies whenever possible, so as to be involved in monitoring the investments. Elaia Partners' investment teams are in constant contact with the investments and the ecosystem in which the portfolio companies operate. Regular meetings are organized between Elaia Partners' employees and the management of the investments, enabling Elaia Partners to monitor the companies' strategy and financial performance. On a quarterly basis, Elaia Partners' staff organize valuation committees where all the investments under management are reviewed and discussed in terms of their development and strategy, as well as any risks to which they may be exposed. With regard to changes in the companies' capital, Elaia Partners is attentive to changes in management and capitalization tables.

Elaia Partners considers that investment decisions based solely on financial performance criteria are not sustainable in the long term in this respect, the investments and decisions made by Elaia Partners throughout the relationship with our participations take ESG criteria into account the company carries out ESG audits prior to investment. This initial analysis enables us to establish objectives with management, and to discuss the resources to be deployed and the actions to be taken to achieve them. Regular exchanges with management follow, enabling progress to be monitored and supported over time.

Dialogue with investee companies;

Elaia Partners maintains an ongoing dialogue with its entrepreneurs, notably through meetings, seminars, participation in events and trade fairs, and membership of committees. In line with our values, we are very respectful of entrepreneurs in all our interactions with them; it's a question of values, but it's also the only sustainable way to establish and maintain a solid reputation in our ecosystem. This dialogue is open and addresses financial and extra-financial criteria as described in the section above.

Exercise of voting rights and other rights attached to shares;

Elaia Partners exercises voting rights on securities not traded on a European or foreign regulated market held in the portfolios of the vehicles it manages under the following conditions:

- Voting rights are exercised in the exclusive interest of the fund's unitholders,
- The management company exercises voting rights for all portfolio holdings,

- The management company examines all resolutions submitted to shareholders' meetings, and in particular :
    - Decisions involving amendments to the Articles of Association,
    - Approval of financial statements and appropriation of earnings,
    - Appointment and dismissal of corporate bodies,
    - Agreements, in particular regulated agreements,
    - Proposed share issues and buybacks,
    - Appointment of Statutory Auditors.

Elaia Partners may vote against a resolution if it is contrary to the interests of the fund and its unitholders (issue of reserves or non-approval of financial statements by the Statutory Auditors, allocation of earnings contrary to the company's financial situation, etc.).

The persons authorized to exercise voting rights are the directors of Elaia Partners or members of the management team who hold a power of attorney conferred by the directors.
Voting rights are generally exercised by attending meetings in person, but the management company may decide to vote by mail or give a proxy vote to a designated representative if the shareholder is unable to attend.

Cooperation with other shareholders;

Elaia Partners generally invests alongside co-investors, with whom it also engages in dialogue. This dialogue and relationship is established during pre-investment negotiations and the contractualization of various legal documents (notably shareholders' agreements).
Elaia Partners also engages in a dialogue with other shareholders through its various committees and decision-making bodies.
Dialogue with other shareholders can also take place at events and trade fairs.

Communication with relevant stakeholders;

As a committed player in the Venture Capital and Tech ecosystem, Elaia Partners is involved in various professional associations promoting responsible investment (France Digital, Invest Europe, France Invest…)

Elaia Partners also takes the initiative in organizing events bringing together entrepreneurs and industry professionals. These initiatives help to create stronger communication with the various players in the market.

The prevention and management of actual or potential conflicts of interest in relation to their commitment.

Elaia Partners acts exclusively in the interests of its funds under management (and delegations if any) and their unitholders. To this end, the Management Company has set up a procedure for managing conflicts of interest, and Elaia Partners' employees adhere to the France Invest code of ethics and its specific provisions concerning conflicts of interest.

The funds managed by Elaia Partners also have an advisory committee, whose operation and procedures are described in the regulations of each fund.

If the Management Company is informed of a potential or existing conflict of interest in connection with any of its operations related to the management of the Fund, it will make its best efforts to manage this conflict of interest in accordance with a principle of independence and market price prior to carrying out this operation, and by acting in a loyal, honest and professional manner.

If a potential conflict of interest is identified, it must be recorded in the conflicts of interest register. This register describes the potential conflict of interest and the measures put in place to avoid it.

B. Voting Policy results

By way of illustration, in 2021 we introduced a mandatory third party ESG due diligence policy for new investments, and since then we have carried out more than 20 ESG due diligences on portfolio companies for investments made in the two most recent funds: Elaia Alpha II Fund and Elaia DV4 Fund.

For each pillar E, S and G, and based on the satge of the company, two axes of measurement are used :

- Initiatives: This axis evaluates the tangible actions a company has taken to improve its responsible practices. It focuses on real efforts made by the organization to address specific challenges related to the ESG pillars.
- Awareness: This measures whether the company is aware of and informed about specific ESG-related challenges. The aim is to understand startups' willingness to initiate action to address these issues. The score for each pillar is a weighted average of the scores attributed to initiatives and awareness. The weighting is determined according to the company's development maturity.

In these due diligence reports, we also check which of the SDGs come up most often, and have found that out of the 20 companies[2] :

- 60% responded to SDG 9 - "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation";
- 64% of them responded to MDGs 5 and 8 - "Achieve gender equality and empower all women and girls" and "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all".

Among the companies in our portfolio, the average ESG rating was 3.5 out of 5. It's worth noting that the portfolio companies with the highest initiative scores are often more mature in their development.

[2] Data as of June 30, 2023

C. Exclusion Policy

We have implemented an exclusion policy at the level of the management company and our funds, covering both sectoral and geographical criteria.
As such, Elaia Partners applies exclusion criteria to investment opportunities in sectors related to :

Sale of tobacco and alcohol

Elaia 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.

Coal mining or coal-based power generation, unless the relationship to coal mining is that of reducing coal use.

We recognize that reducing thermal coal emissions, as recommended by scientists, is one of the most effective ways to move to a cleaner energy system and be in line with the Paris Agreement;

Elaia 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.
Elaia 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.

Pornography, the financing, production and trade of weapons and munitions of all kinds, and gambling;

Elaia considers investment in adult entertainment and pornography companies to be unaligned with Elaia'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. Elaia 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 casinos and equivalent enterprises.

Any of the research activities referred to in Article 19 of Regulation EU (n°) 1291/2013 of the European Parliament and of the Council:

- aimed at human cloning for reproductive purposes ;
- intended to modify the genetic heritage of human beings which could make such changes heritable (excluding research into the treatment of gonadal cancer);

- The creation of human embryos solely for the purpose of research or stem cell procurement, including somatic cell nuclear transfer;

or technical applications relating to electronic data programs or solutions, which :

- are specifically designed to support any of the above activities ;
- are intended to enable illegal access to electronic data networks; or illegal downloading of electronic data.

VI. Sustainable investment and investment in fossil fuels

While some of Elaia's funds comply with the provisions of Article 8 of SFDR, they do not have a sustainable investment pocket with a social or environmental objective within the meaning of SFDR. The Funds managed do not have a Taxonomy alignment objective, as defined in Regulation (EU) No. 2020/852.

Furthermore, Elaia Partners has no exposition to companies which activity implies fossil fuels.

VII. Strategy for alignment with the Paris Agreement

The Paris Agreement is a legally binding international treaty on climate change. It was adopted by 196 Parties at the UN Climate Change Conference (COP21) in Paris, France, on 12 December 2015. It entered into force on 4 November 2016.

Its overarching goal is to hold "the increase in the global average temperature to well below 2°C above pre-industrial levels" and pursue efforts "to limit the temperature increase to 1.5°C above pre-industrial levels."

Nevertheless, in order to improve ourselves and build an efficient strategy, we called upon a third-party provider, Sami to help us accurately measure our Carbon Footprint with the Bilan Carbone® methodology. Bilan Carbone® is a carbon accounting method created in France in 2004 by ADEME and now supported by the Association Bilan Carbone (ABC). The aim of a Bilan Carbone® is to measure all the emissions physically necessary for a company's activity (we can talk about physical dependence on carbon), including its upstream activities (procurement, freight, etc.), production and downstream activi- ties (distribution, use of products sold, etc.).

Emissions are calculated by multiplying activity data (physical or financial) by an Emission Factor taken from a reference database (carbon database, ADEME impact da- tabase, etc.).

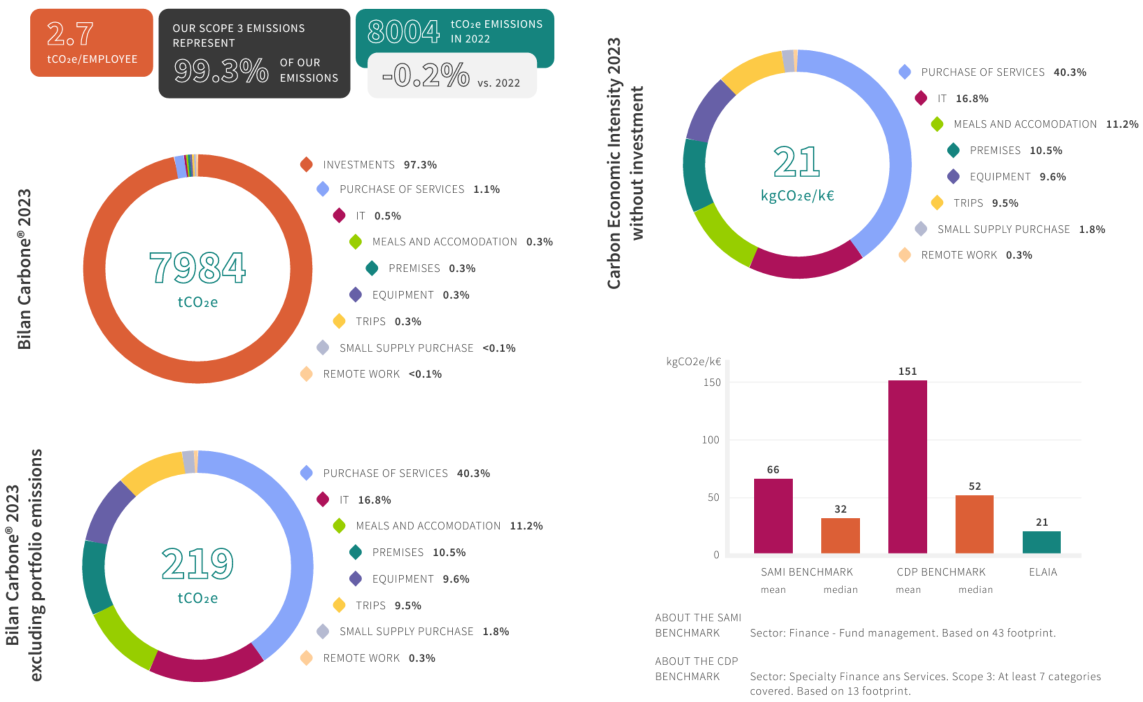
The Scopes designate the perimeter of the GHG emissions of the Bilan Carbone, and are divided into 3 categories:

- Scope 1: direct GHG emissions, mainly due to the combustion of fossil fuels for
- heating or company vehicles. Scope 2: indirect emissions associated with the production of electricity and heat.
- Scope 3: all the other indirect emissions in your value chain (travel, purchasing, waste, etc.). This Scope generally concentrates most emissions. The Scopes are then broken down into 22 emissions items.

A. Management Company engagament

Since 2020, we have been measuring the carbon footprint (scope 1, 2 and 3) of the management company using the Bilan Carbone method, developed by ADEME and updated by the Association Bilan Carbone (ABC). This carbon footprint is then presented to all teams, along with a roadmap of actions to be taken to reduce our emissions.

We have also begun to raise the team's awareness through the 2Tons Workshop, which aims to move to 2 tons of CO2 equivalent per capita per year by 2050.



Our overall carbon footprint emissions is stable versus 2022 but we can notice some major changes, in particular, we have reduced electricity consumption and air travel in 2023.

Through a dedicated taskforce alongside our office management team, we have set up guidelines for our office management to be as sustainable as possible. This involves:

Transport:

- Sustainable mobility package: In order to encourage people to take their bike to work when possible, Elaia contributes to the personal transport costs of our employees for their journeys between their home and our office should they use an alternative means of transport (bike or public transport).
- Long distance traveling: To meet with our portfolio companies and the wider VC and entrepreneur ecosystems, the Elaia team needs to travel abroad. We are committed to

making as many of these travels by train when possible. In 2023, 57% of trips were taken by train.

Office management

- Refurbished equipment: Our old computers have been sent back for recycling and over 40% of the electric equipment acquired is bought refurbished.
- Coffee: Compostable and biodegradable coffee capsules are available in all meeting rooms. We offer bean-to-cup coffee that respects the environment and small producers.
- Fruit: Instead of packaged snacks, we offer a weekly 100% organic, seasonal and local basket of fruit in the kitchen of the Parisian office.
- Heating: Our heating system is capped at 19° and air conditioning system at 26° respecting seasonality and automatically turns off in the evening.
- Water: Our in-office water fountain respects our no-plastic policy.

B. Our implication at portfolio company level

At portfolio level, we organized several initiaitves to help our portfolio companies reduce their Carbon footprint.

- "CarbonCutter" workshops to reduce their carbon emissions, with the support of Magelan.eco, a consulting firm specializing in climate and environmental issues. Magelan.eco supports teams wishing to contribute to the ecological and low-carbon transition, and intervenes to count (Bilan Carbone, ACV), explain (workshops, training), advise (climate strategy) and lend a hand (support for the deployment of actions).

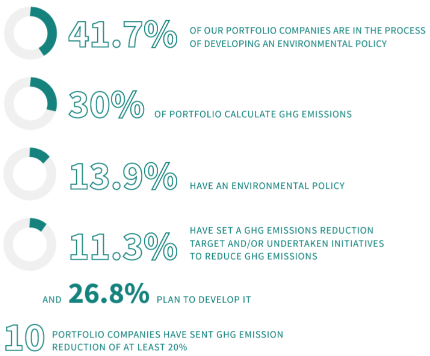
  CarbonCutter is a 3-hour workshop run by Magelan.eco designed to :

  - Understand climate issues specific to the company's activity and sector.
  - Estimate the company's carbon footprint.
  - Identify levers for action and draw up an initial roadmap
  - Involve the team in a climate approach at the right level.

- workshops on how to diversify teams with recruitment experts;
- a playbook on how to carry out a carbon assessment, with prices negotiated with several service providers;
- dedicated events, such as an annual "sustainability" dinner, for peer-to-peer exchanges on best practices and challenges.
- Our ambition is to continue supporting our companies on environmental, social and governmental issues through partnerships with experts, peer-to-peer sharing, etc.

Below the results of our sustainability intiative analysis (based on 72 surveys responses):

elaia



C. Our Objectives

Based on the above analysis and workshop with our underlying companies, Elaia Partners has decided to set the following objectives :

Short-term Quantitative objective (horizon 2025)

- Train our team regarding the purpose of the Accords de Paris and raise awareness amongst our investor
- Refine our strategie and participate to the Venture Capital and Private equity working group and initiatives
- Adhere to Climate Initiatives (iCI) Initiative for Climate to streghten our commitment to climate issues.

Mid-term Quantitative objective (horizon 2030)

Keep furnishing the following efforts to cut our carbon emissions on Scope 1 & 2:

- All our end-of-life laptops are returned to the manufacturers for recycling.
- Almost the entire team commutes using low-carbon means of transport.
- Our offices are temperature-controlled and insulated so as to require lower heating & cooling with weather changes.
- Encourage all our mature portfolio companies to perform a carbon footprint in order to implement dedicated decarbonisation roadmap and assess with more accuracy our scope 3 emissions.

Long-term Quantitative objective (Beyond 2030)

- Make public our alignment levels for all funds
- Align all funds with the Paris Agreement
- 100% of invested companies have a decarbonization trajectory nation / 2°C alignment
-

VIII. Biodiversity alignment strategy

Biodiversity conservation is a major global challenge in which all players in today's world have a role to play. We are continually refining our strategy to align the portfolio with our long-term biodiversity objectives. Currently, we are exploring methods to integrate biodiversity considerations into an overarching portfolio approach.

Short-term Quantitative objective (horizon 2025)

- Perform an analysis of the initiatives and working group that are pertinent to join for Elaia Partners to improve our knowledge on the biodiversity aligment strategy
- Train Elaia employees to increase our knowledge as a firm on these topics
- Keep assessing Biodiversity In our risk assessment mapping upon performing Investment due diligences

IX. Integrating ESG into risk management

A sustainability risk is an event or a situation related to environmental, social, or governance issues, that, if it arises, could have an important negative impact, real or potential, on the value of the investment. Sustainability risks are numerous and highly dependent on the considered company's activity.

When performing its analysis, Elaia Partners applies the European commission's approach towards double materiality impact, meaning that non-financial information can have a financial impact and, conversely, that finance can have consequences for the environment and / or society.

To better apprehend the sustainability risks, Elaia Partners has developed several tools and processes implemented all along the investment journey, from the deal sourcing to the company exit.

Those tools encompass notably:

- A dedicated ESG investment procedure as described above;
- An Exclusion Policy at the Management Company level as described both above and in the
- funds By-laws;
- A proprietary mappings to assess the sustainability risks;
- Controversy monitoring;
- A dedicated ESG Committee intervening both at the Management Company level and at portfolio level;
- A shareholder engagement policy.

During the due diligence and execution phases, a sustainability risk analysis is performed for each portfolio company. In order to do so, Elaia Partners has designed a proprietary mapping to assess the relevant sustainability risks regarding potential portfolio companies' activities and sectors. This mapping determines the sustainability risks based on a combination of different factors: (1) the impact of the risk, (2) the likelihood of occurrence and (3) the process established at portfolio company level to mitigate those risks.

This analysis encompasses the three pillars of ESG:

Environmental sustainability risks:

While examining the impact of environmental risks, Elaia Partners takes into account two types of risks, the physical risks, which are the risks coming from direct environmental disruptions (floods, earthquakes, air pollution...) and the transition risks, that can be categorized as the risks coming from a change of regulation, the exposure of companies to the risks of obsolescence linked to a lack of technological innovation, the substitution of existing products and services by others with lower emissions, and the risks linked to the energy prices evolutions.

Physical risks may have impacts on the following aspects of a company, but are not limited to:

- Impact on its premises and facilities
- Impact on the supply chain and raw materials procurement
- Financial cost due (insurance costs, investment costs, operating costs)
- Productivity capacity diminution, impact on workforce management
- Transition risks may have the following impacts on a company's activity, but are not limited to:
- Competitivity loss due to technological delay
- Increased costs due to a less efficient technology
- Additional expenses to pay for fines and to cope with delays in the transition to a more
- efficient / regulatory obligated ecological level of technology
- Client loss and loss of market shares due to a poor image

Social sustainability risks:

Elaia Partners has also identified social sustainability risks that can be either endogenous risks, meaning risks towards the non-respect of human rights condition or practices leading to a lack of training, a loss of employees motivation, and deterioration of well-being at work, or exogenous risks, which relates to poor inclusion and involvement and / or low diversity in teams, leading to less competitivity accrued from the lack of various opinions and experiences.

These social sustainability risks can impact the company in the following ways, but are not limited to:

- Increased turnover and costs of staff
- Reputation risk
- Loss of competitivity
- Sanction risks due to poor workers condition / suppliers monitoring

Governance sustainability risks:

Finally, Elaia Partners has identified sustainability risks regarding governance. These risks have been classified in two categories, the governance risks within the company (lack of business ethics, concentrated power, poor independence in the governance body) and the product governance (issues with safety and quality of the product or data security loss and/or breach).

These governance sustainability risks can jeopardize the company the following ways:

- Direct financial impact coming from a lawsuit
- Lack of implication, poor decisions making process
- Reputational risk

Based on the review and the combination of these criteria, Elaia Partners has a global picture of the sustainability risks that can be used while discussing a roadmap with the portfolio company to address the risks identified and to mitigate them.

A. Biodiversity risk integration

Our sustainability Risk mapping includes a biodiversity risk assessment.

B. Periodic review and Risk management

On an annual basis, and in the event of any material durability risk, Elaia Partners re-evaluates its durability risks mapping. These risks are assessed by the ESG Committee. While performing the review, the ESG committee considers both the evolution of the environment and any significant changes in the ecosystems that would require an adjustment in the risk mapping and sustainability risks assessments. In case of a significative update, changes are communicated to the investment team.

Elaia Partners takes into account durability risks and opportunities as part of its own roadmap. These topics are discussed during board meetings at least once a year. As part of its transparency engagement towards its investors, Elaia Partners reports on durability risks in the ESG reporting and the funds' annual SFDR reporting.

As part of its risks approach, sustainability risks are included in the overall risks management of the company. These risks are followed and materialized in the dedicated mapping designed by the ESG Committee. They are also monitored at each portfolio company level by the dedicated member of the investment team.

As part of its risks monitoring policy, Elaia Partners has put in place a dedicated procedure regarding reporting accidents and malfunctions.

List of financial products categorized under article 6, 8 and 9 of the Disclosure Regulation (SFDR) as of December 31, 2023

ELAIA DV4 FUND	Article 8
MH INNOV' 1'	Article 8
ELAIA ALPHA FUND	Article 6
PSL INNOVATION FUND	Article 6
ELAIA ALPHA II FUND	Article 6
ELAIA DELTA FUND	Article 6
IT-TRANSLATION INVESTISSEMENT	Article 6

ELAIA PARTNERS

Sustainability report
PAI report (Principal Adverse Impact)

2023 Report

1. Introduction

The Principal Adverse Impacts in terms of sustainability ("PAI") are the most significant negative impacts stemming from investment decisions on sustainability factors, whether they are related to the environment, social and staff, human rights, and fight against corruption.

Elaia Partners, a financial intermediary regulated by the *Autorité des Marchés Financiers* and registered under the number GP-03003, herewith declares taking the PAI into account in the process and investment decisions of its latest funds.

Elaia publishes a Statement to this effect, in compliance with Annex 1 of the regulatory technical standards related to Regulation (EU) 2019/2088, for each fiscal year, starting this year.

2. PAI Monitoring

Elaia has decided to monitor and report on the following PAI:

Climate and other environment indicators:

- GHG Emissions(Scope 1,2,3 & Total)
- CarbonFootprint
- 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 weapon
- Existence of work place accident prevention policies

Elaia has chosen to analyze the PAI of potential investee companies during its investment process. A specific ESG due diligence is carried out, which allows to conclude if any other indicator than the

16 indicators above is relevant to the company. Theses PAI indicators are then prioritized according to their relevance.

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

For later reporting purposes, along with the PAI analysis, the methods used to measure, evaluate, and identify them are duly recorded. In particular, they are accompanied by:

- an explanation on the way these methods take into account the probability of occurrence and the gravity of these PAI, including their potentially irremediable characteristics;
- The limits of this methodology;
- the sources of data.

When information relating to one of the indicators used is not easily accessible, the Statement indicates in detail, in the section "Description of policies aimed at identifying and prioritizing the main negative impacts on sustainability factors" of the Table 1 of Annex I, the efforts made to obtain the information either directly from the investee companies or through additional research, by cooperating with third party data providers or external experts or by making reasonable assumptions.

3. Statement on principal adverse impacts of investment decisions on sustainability factors

Elaia Partners, LEI: 969500A0LYF3W514P337

Summary

Elaia Partners, LEI: 969500A0LYF3W514P337 considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of Elaia Partners.

This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2023.

Description of the principal adverse impacts on sustainability factors

The Principal Adverse Impact of our 2023 statement are 16 in number. 14 are from the table 1 of the Annex 1 of the Règlement Délégué (UE) 2022/1288 and 2 are from table 2 of the Annex 1. Their descriptions are indicated in the table below.

This is the first PAI report made by Elaia Partners, thus there is no impact in the column year N-1.

Indicators applicable to investments in investee companies					
Adverse sustainability indicator	**Metric**	**Impact [year n]**	**Impact [year n-1]**	**Explanation**	**Actions taken, and actions planned and targets set for the next reference period**

CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions	23.6 tCO2e	-	Investee company Coverage[1] : Low. Elaia Partners funds invest mostly in Pre-seed, seed and Serie A stage hence our portfolio companies are not mature enough to produce GHG emissions analysis.	Based on the analysis we made we intend to maintain our carbon economic intensity below the median of the SAMI benchmark (composed of 43 enterprises based in Fainance – Fund management). The purpose is to increase our cover at portfolio level and keep increasing awarness on these topics, keeping in
		Scope 2 GHG emissions	33.41 tCO2e	-		
		Scope 3 GHG emissions	872.37tCO2e	-		
		Total GHG emissions	928,38tCO2e	-		

[1] The Following ranges are used for the coverage and reporting data rates : 0-50% : Low / 50%-75% : Medium / 75%-100% High

						mind that the majority of our investment companies are at a maturity stage where it may be too early and so not appropriate to perform such a GHG Emission analysis.
	2. Carbon footprint	Carbon footprint	3.9 tCO2e/M EUR	-	Investee Company Coverage : Low. The majority of our investment companies are at a maturity stage where it may be too early and so not appropriate to perform Carbon Footprint Analysis.	Based on the analysis we made we intend to maintain our carbon economic intensity below the median of the SAMI benchmark (composed of 43 enterprises based in Fainance – Fund

						management). No target has been defined. The purpose is to increase our cover at portfolio level.
	3. GHG intensity of investee companies	GHG intensity of investee companies	100.37 tCO2e/ M EUR	-	Investee Company Coverage : Low	Based on the analysis we made we intend to maintain our carbon economic intensity below the median of the SAMI benchmark (composed of 43 enterprises based in Fainance – Fund management). No target has been defined. The purpose is to increase our cover at portfolio level

	4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	0	-	Investee Company Coverage : High The exclusion policy of the company includes exposition in the fossil fuel sector that are forbidden according to Elaia Partners ESG policy	No target has been defined since this exposure is defined in our ESG policy and shal be extremely close to 0.
	5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	Consumption : 70,62% Production : 0%	-	Investee Company Coverage : Medium	No target has been defined. The purpose is to increase our cover at portfolio level
	6. Energy consumption intensity per high impact climate sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Total : 0,28 MWh/M EUR Sector A : 0,27 MWh/M EUR Sector B : 0 MWh/M EUR Sector C: 0 MWh/M EUR	-	Investee Company Coverage : Low By nature the investee companies does not operate in high climate impact sector. The question is hardly	No target has been defined.

			Sector D : 0,01 MWh/M EUR Sector E. 0 MWh/M EUR Sector F : 0 MWh/M EUR Sector G : 0 MWh/M EUR Sector H Sectoir L		addressable to them and the answer noted come from a misundersanding of the question.	
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	0%	-	Investee Company Coverage : Low By nature the investee companies does not operate in sites located in or near to biodiversity sensitive areas.	No target has been defined.
Water	8. Emissions to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0%	-	Investee Company Coverage : Low Not applicable to our investees companies.	No target has been defined. The purpose is to increase our cover at portfolio level
Waste	9. Hazardous waste and	Tonnes of hazardous waste and radioactive waste generated by investee	0%	-	Investee Company Coverage : High	No target has been defined. The purpose

	radioactive waste ratio	companies per million EUR invested, expressed as a weighted average			Not applicable to our investees companies.	is to increase our cover at portfolio level
INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	9,07%	-	Investee Company Coverage : High Amongts the responding company, one company answered positively to this question due to allegation of discrimination in a case of an employment termination	No target has been defined since it shall be 0.
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling	82,16%	-	Investee Company Coverage : Low Not usually performed for our investee	No target has been defined since it shall be 0.

	OECD Guidelines for Multinational Enterprises	mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises			companies mostly based in France.	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	11,21%	-	Investee Company Coverage : Low	No target has been defined yet. The purpose is to increase our cover at portfolio level
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	98,42%	-	Investee Company Coverage : Low	The purpose is to increase our cover at portfolio level and to keep raising awarness at portfolio company level.
	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	-	Investee Company Coverage : High	No target has been defined since it shall be 0

	biological weapons)					

Additional climate and other environment-related indicators

Adverse sustainability impact	Adverse impact on sustainability factors (qualitative or quantitative)	Metric	Impact [year n]	Impact [year n-1]	Explanation	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS						
Emissions	Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	100%	-	Investee Company Coverage : Low Elaia Partners funds invest	No target has been defined. The purpose is to increase our cover

					mostly in Pre-seed, Serie A stage hence our portfolio companies are not mature enough to produce Carbon Emission reduction initiative	at portfolio level

Additional indicators for social and employee, respect for human rights, anti-corruption and anti-bribery matters

INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS						
Adverse sustainability impact	**Adverse impact on sustainability factors (qualitative or quantitative)**	**Metric**	**Impact [year n]**	**Impact [year n-1]**	**Explanation**	**Actions taken, and actions planned and targets set**

						for the next reference period
Social and employee matters	Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	94,31%	-	Investee Company Coverage : High	No target has been defined. The purpose is to increase our cover at portfolio level