

LAZARD ELAIA CAPITAL

Article 29 « Loi Energie Climat »

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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 perspectives into finance, the purpose of this document is to present the inclusion of extra-financial criteria in the investment strategy and policy of Lazard Elaia Capital.

II. Future approach of the entity

a. Responsible-Driven Funds

Lazard Elaia Capital (LEC) was founded in 2024 and is a private equity management company investing in growth and buyout opportunities in high-potential tech-intensive digital and deep tech B2B startups.

LEC believes that long-term investment performance relies not only on financial strategy, but also on how companies engage with their social, economic, and environmental context. That is why ESG factors are fully integrated into LEC's investment process.

Our approach to responsible investments is aligned with the Lazard Elaia Capital strategy to generate financial performance for its investors while being close to its investors and committed entrepreneurs. Investments and decisions made by Lazard Elaia Capital will take into account ESG considerations.

We consider that private equity 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.

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.

Investment process and due diligences

Lazard Elaia Capital's investment team will analyse ESG criteria and deliver 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 will be invited to score its appreciation of the environmental, social and governance impact of the proposed investment;
- AESG 3rd party audit will evaluate 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, 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 commitment

Since ESG is part of Lazard Elaia Capital'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 topics such as 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

Lazard Elaia Capital's team will also convey ESG principles during the holding period:

- Once the company has been invested in, a carbon footprint analysis will be strongly recommended allowing to fine-tune environmental indicators and define action plans.
- On a yearly basis, the management company will have 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 will be 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 will be sent to all the Fund's portfolio companies. This survey will be the base for the Lazard Elaia Capital Sustainability Report, as well as for the report for large institutional investors who follow the France Invest 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

Lazard Elaia Capital's team take care to describe and analyse in the divestment 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 fund

The LEC 1 fund to be managed by Lazard Elaia Capital will be classified under Article 8 of the SFDR Regulation.

Although the vehicles managed by the management company do not currently include ESG criteria in their investment policy or strategy, Lazard Elaia Capital will fully integrated ESG considerations 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 new entity, we do not currently have any formal commitments to the ecosystem but expect to actively engage following the first close of the fund. Following the lead of Elaia, we expect to:

- Sign the UNPRI;
- Be an active member of Invest Europe and France Invest;
- Conduct a yearly carbon assessment to contribute to positive change;
- Be aligned with the main international conventions (in particular OECD and ILO) on human rights;
- Retain a board seat on the majority of our invested companies;
- Remain compliant with requisite regulations (SFDR, Loi Pacte, GDPR, etc.); and
- Promote sustainable practices in our internal operations.