

## **Invest Europe model LPA language for Defence Investments**

The following draft LPA excludes prohibited weapons under Commission Delegated Regulation (EU) 2025/1775 amending Delegated Regulation (EU) 2020/1818 (applicable 30 June 2026) and Commission Notice on sustainable finance/CSDDD application to defence (OJ 30 Dec 2025) (as excluded pursuant to certain international treaties).

### **Investment Restrictions**

#### **Prohibited Weapons Exclusion**

The Fund shall not invest in any Portfolio Company engaged in the business of the design, manufacture, testing, acquisition, stockpiling, programming, maintenance, marketing, sale, distribution, use, assistance to use or training to use of Prohibited Weapons or, of systems, subsystems or components specifically designed for use in or sold to be part of Prohibited Weapons (each a "Prohibited Weapons Business").

Prohibited Weapons shall mean:

- (a) the definition of the term "prohibited weapons" in Article 12(1)(a) of Delegated Regulation (EU) 2020/1818 as amended by Commission Delegated Regulation (EU) 2025/1775 of 28 August 2025,

and to the extent not addressed in (a), it shall mean each of:

- (b) cluster munitions as prohibited under the Convention on Cluster Munitions, 2008;
- (c) anti-personnel mines as prohibited under the Anti-Personnel Landmine Convention, 1997;
- (d) biological weapons as prohibited under the Biological Weapons Convention, 1975;
- (e) chemical weapons as prohibited under the Chemical Weapons Convention, 1997;

If, following the Closing Date, the definition of prohibited weapons under applicable EU law is amended such that an existing Portfolio Company would fall within an expanded definition, the General Partner shall:

- (a) not make any additional Follow-on Investment that that would increase the Fund's exposure to the relevant Prohibited Weapons Business; and

- (b) use commercially reasonable endeavours to reduce the exposure to such Prohibited Weapons Business in a manner consistent with applicable law and the best interests of the Fund, taking into account market conditions and fiduciary duties.

For the avoidance of doubt, the Fund shall not be required to realise such Investment solely as a result of such amendment, unless the continued holding of such Investment would be contrary to applicable law.

The General Partner shall use commercially reasonable endeavours to prevent any Portfolio Company from carrying on a Prohibited Weapons Business.

### **All Other Defence Activities Permitted**

An Investment in conventional defence technologies, military equipment, dual-use goods (as defined in Regulation (EU) 2021/821), or enabling technologies (including but not limited to, cyber, aerospace, AI, autonomy, advanced sensors and quantum computing) and/or an Investment in activities of identification, removal, destruction, services and logistics related to the destruction of, and protection of people and/or ecosystems or property against the effects of, Prohibited Weapons shall not be deemed prohibited solely by reason of their defence or dual-use character, provided that:

- (a) such Investment is domiciled in an EU, a NATO, Five Eyes (FVEY) or AUKUS Pillar II jurisdiction, including South Korea, Japan and Chile;
- (b) such Investment has procedures in place to ensure that it complies with the export control and FDI regimes to which it is subject; and
- (c) the General Partner is satisfied, on a reasonable and good-faith basis, that the relevant Portfolio Company maintains policies and procedures reasonably designed to identify and manage material human-rights risks, having regard to the UN Guiding Principles on Business and Human Rights.

The Commission Notice indicates that the EU sustainable finance framework does not impose sector-wide prohibitions on conventional defence activities beyond Prohibited Weapons and supports case-by-case assessment.