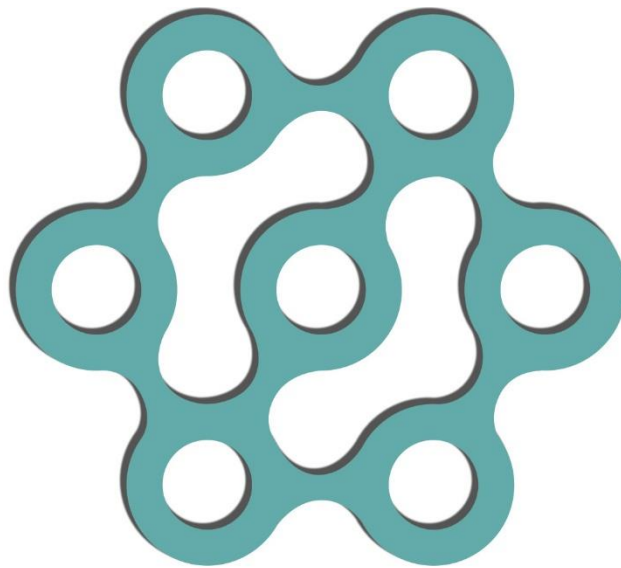


ELEVA Capital

ESG Annual Report

Response to the Article 29 of the Energy-Climate Law and SFDR Regulation



As 31 December 2022

Foreword

ELEVA Capital is an independent asset management company established in 2014, based in Paris and London. A signatory of the Principles for Responsible Investment since our inception, we are convinced that the asset management industry has an essential role to play in protecting the environment and participating in the emergence of a fairer society.

At our level, we can amplify the impact we have on society through our investments. Our goal is to deliver a sustainable performance to our clients. We believe that the best way to do this is to invest in future-proof companies. Companies committed to an ambitious CSR (corporate social responsibility) approach benefit from growth opportunities while properly managing their risks. These are two powerful drivers for long-term performance. Environmental, social and governance (ESG) criteria have financial consequences. We therefore believe that taking them into account in our management process and investment decisions enables us to achieve strong risk-adjusted performance. This is an integral part of our fiduciary duty.

Our commitment to responsible investment is a long-term endeavour. In recent years, we have laid a solid foundation on which we will continue to build. This report has been prepared in response to the Article 29 of the French Energy-Climate Law (n°2019-1147 of November 8, 2019) and to the Sustainable Finance Disclosure Regulation (SFDR). It covers ELEVA Capital's current ESG setup at the asset management company level and also gives an overview of the journey ahead of us. An individual annual ESG report is also available for each fund classified article 8, 9 or having assets under management above € 500m. These documents are all available on our website. They complement ELEVA Capital's Transparency Code which details our ESG approach, our proprietary methodologies, and the resources we deploy on this matter.

ELEVA Capital is committed to a continuous improvement of its approach and reporting. Stakeholders' feedback and dialogue will always be welcomed.



Contents

- 1. ELEVA Capital’s responsible investment approach 3
 - 1.1 Presentation of ELEVA Capital 3
 - 1.2 Summary of the responsible investment approach 3
 - 1.3 Information on products 4
 - 1.4 Channels of information 6
 - 1.5 Involvement in Responsible Investment initiatives 7
- 2. Internal resources dedicated to responsible investment 8
 - 2.1 Human resources 8
 - 2.2 Financial resources 9
 - 2.3 Actions taken for capacity building on ESG 10
- 3. ESG criteria at ELEVA Capital governance level 11
 - 3.1 Fit & Proper 11
 - 3.2 ESG criteria in the remuneration policy 11
 - 3.3 ESG criteria at governance level 11
- 4. Voting and engagement 12
 - 4.1 Voting and engagement policy perimeter 12
 - 4.2 Presentation of the voting and engagement policy 12
 - 4.3 Voting and engagement policy application review in 2022 13
- 5. European Taxonomy and exposure to the fossil fuel sector 16
 - 5.1 Taxonomy alignment of ELEVA Capital’s portfolio 16
 - 5.2 Fossil fuel sector exposure of ELEVA Capital’s portfolio 16
- 6. Strategy to align with the temperature targets of the Paris Agreement 18
 - 6.1 Climate change consideration in ELEVA Capital’s exclusion policy 18
 - 6.2 Climate change risks and opportunities in ESG analysis 18
 - 6.3 Climate change in portfolio construction 19
 - 6.4 Climate change in voting and engagement activity 21
 - 6.5 Next steps on ELEVA Capital’s climate strategy 21
- 7. Strategy for alignment with long-term biodiversity goals 23
- 8. Approach to take into account ESG criteria in risk management 24
- 9. Statement on principal adverse impacts of investment decisions on sustainability factors 25
- 10. Continuous improvement plan and concordance table with regulation 26



1. ELEVA Capital's responsible investment approach

1.1 Presentation of ELEVA Capital

ELEVA Capital's Responsible Investor approach is an essential pillar of its CSR policy that also includes a highly engaged philanthropic dimension.

- **Philanthropic dimension:** Since the creation of ELEVA Capital, a partnership has been established between UNICEF and the management company through its Foundation. Each year, ELEVA Capital donates 9.9% of its profits to UNICEF to help the most vulnerable children. ELEVA Capital employees are involved in selecting what long-term projects are supported (more information available here: <https://www.elevacapital.com/en/eleva-foundation>)

- **Responsible investor approach:** ELEVA Capital has been a signatory of the Principles for Responsible Investment (PRI) since its inception. The first investment strategies launched by ELEVA Capital (ELEVA European Selection, ELEVA Euroland Selection, ELEVA Absolute Return Europe) are based on criteria for selecting companies that attach paramount importance to governance and in particular to the analysis of shareholding. These strategies particularly favour Family or Foundation owned businesses, allowing them to be managed with a long-term value creation perspective.

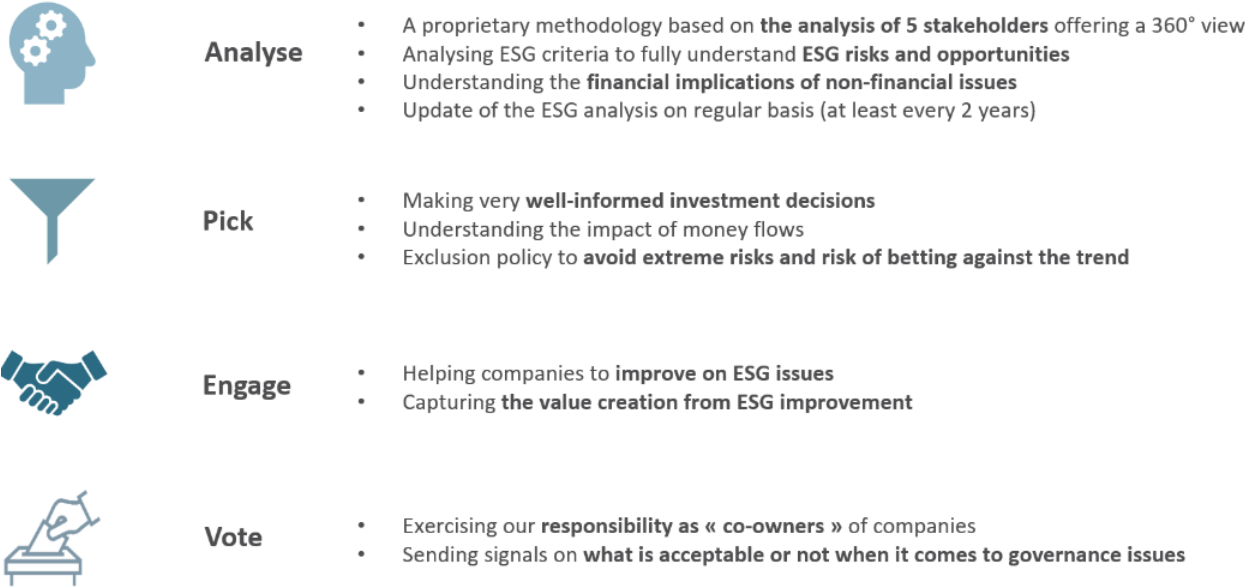
Over the past three years, ELEVA Capital has strengthened its responsible investment approach. 91% of the assets under management as of 31/12/2022 are classified article 8 or 9 under SFDR classification and 54% of the assets managed by ELEVA Capital received the French SRI (socially responsible investment) label in 2021.

1.2 Summary of the responsible investment approach

For us, responsible investing is about seeking performance by investing in companies that thrive over the long term by creating value for all their stakeholders, all the while minimising their environmental impact.



The basis of our approach is summarised as follows:



In practice, this approach applies to our long-only equity funds, our Long/Short strategy (long book) and the related mandates (i.e., 98% of our assets as of 31/12/2022). ELEVA Capital exercises its role as a responsible investor in three ways:

- ESG integration
- Socially Responsible Investment (SRI)
- SRI & Impact investing

Through its extra-financial analysis methodology built according to the principles of **double materiality**, ELEVA Capital captures both the **impact of ESG risks and opportunities on the company** (climate change, biodiversity decline, human resources scarcity, etc.) but also **how the company impacts society and the planet** (the company’s impact on climate change, water resources, the health of its employees, etc.).

ELEVA Capital considers principal adverse impacts for its equity long-only funds and the Absolute Return strategy. PAI reporting for these funds is available in each of their dedicated ESG annual report published in their respective website.

However, ELEVA Capital does not consider adverse impacts of its investment decisions on sustainability factors at legal entity level within the meaning of Article 4 of the Sustainable Finance Disclosure Regulation of the European Union (EU) 2019/2088. More information on our responsible investor approach and our ESG scoring methodology is published in our Transparency Code, available here: <https://www.elevacapital.com/en/our-responsible-approach#for-further-information>

1.3 Information on products

The following table lists the funds categorised article 8 and article 9 according to SFDR regulation. These funds represent 91% of total assets under management at ELEVA Capital



	Strategies	Main asset class	Exclusions in place***	AuM at 31/12/2022 in million EUR	Share of total AuM	SFDR Classification	Labels	Link to related fund
ELEVA Euroland Selection	Best in Universe Best Efforts Exclusions	European equities, mainly euro denominated	Tobacco, Controversial weapons, Nuclear weapons, Coal*, Violation of the UN Global Compact, UN GPs, ILO convention and OECD guidelines for multinational enterprises violations	947	9.4%	Article 8	SRI French State Label	https://www.elevacapital.com/en/funds/eva-euroland-selection
ELEVA European Selection	Best in Universe Best Efforts Exclusions	European equities	Tobacco, Controversial weapons, Nuclear weapons, Coal*, Violation of the UN Global Compact, UN GPs, ILO convention and OECD guidelines for multinational enterprises violations	4 155	41.1%	Article 8	SRI French State Label	https://www.elevacapital.com/en/funds/eva-european-selection
ELEVA Leaders Small & Mid Cap Europe	Best in Universe Best Efforts Exclusions	European equities	Tobacco, Controversial weapons, Nuclear weapons, Coal*, Violation of the UN Global Compact, UN GPs, ILO convention and OECD guidelines for multinational enterprises violations	308	3.0%	Article 8	SRI French State Label	https://www.elevacapital.com/en/funds/eva-leaders-small-mid-cap-europe
ELEVA Absolute Return Europe	Best in Universe** Best Efforts** Exclusions	European equities	Tobacco, Controversial weapons, Nuclear weapons, Coal*, Violation of the UN Global Compact, UN GPs, ILO convention and OECD guidelines for multinational enterprises violations	3 700	36.6%	Article 8	-	https://www.elevacapital.com/en/funds/eva-absolute-return-europe
ELEVA Sustainable Impact Europe	Impact investing Best in Universe Exclusions	European equities (EEA + UK + Switzerland)	Tobacco, Alcohol, Pornography, Fossil fuel, Gambling, All weapons, UN Global Compact, UN GPs, ILO convention and OECD guidelines for multinational enterprises violations	52	0.5%	Article 9	- SRI French State Label - Towards Sustainability label	https://www.elevacapital.com/en/funds/eva-sustainable-impact-europe
Dedicated fund	Best in Universe** Best Efforts** Exclusions	European equities	Tobacco, Controversial weapons, Nuclear weapons, Coal*, Violation of the UN Global Compact, UN GPs, ILO convention and OECD guidelines for multinational enterprises violations	57	0.6%	Article 8	-	-

* See our Coal policy: <https://www.elevacapital.com/en/our-responsible-approach#for-further-information>

** For the long book only

*** More details on our exclusion policy (sectors, thresholds...) are available in our Transparency Code here <https://www.elevacapital.com/en/our-responsible-approach#for-further-information>



1.4 Channels of information

We are committed to being as transparent as possible, within the regulatory framework and given the competitive environment in which we operate. To inform our clients and prospects about our ESG approach and its implementation into our funds, we make available on ELEVA Capital’s website, under “Our Responsible Investment Approach” section (<https://www.elevacapital.com/en/our-responsible-approach>) the following documents :

- Transparency Code
- Annual report on ESG (response to the Article 29 and SFDR)
- Voting and engagement policy
- PRI Assessment Report.

In addition, for SRI funds, the following documents are available, under each fund section of the ELEVA Capital website:

- Full inventory (with a delay)
- Monthly ESG performance report (also enclosed in the fund’s Monthly Report)
- Annual ESG Report
- Full inventory of votes.

The following table summarises the available documentation ELEVA Capital uses to inform its clients about its ESG approach:

Channel of information	Details	Frequency	Where to find it
Annual ESG report / Response to the Article 29 and SFDR report	- For the Asset management company	Annually	“Our Responsible Approach” section
Transparency Code	- For SRI labelled funds - For article 8 and 9 funds	Updated at least annually	
Voting and engagement policy	- For listed Equity funds	Updated at least annually	
PRI Assessment Report	- For the Asset management company	Annually	
Annual ESG report / Response to the Article 29 and SFDR report	- For SRI labelled funds - For Funds with an AuM over EUR 500 million - For article 8 and 9 funds	Annually	Dedicated funds pages
Fund’s inventory	- For SRI labelled funds	Updated at least annually	
Votes inventory	- For SRI labelled funds	Annually	
ESG performance report	- For SRI labelled funds	Monthly	

We also inform our clients about our ESG approach and its implementation in our funds through a regular dialogue with them.



1.5 Involvement in Responsible Investment initiatives

ELEVA Capital is a PRI signatory since its inception and has since then enlarged its involvement in responsible investment initiatives:

- Environmental/Climate Initiatives: We are signatories to the CDP.
- Social initiatives: We are a signatory of the Tobacco Free Portfolios initiative.

4 funds received the SRI French State label in 2021:

- ELEVA Euroland Selection
- ELEVA European Selection
- ELEVA Leaders Small & Mid Cap Europe
- ELEVA Sustainable Impact Europe.

In 2022, the ELEVA Sustainable Impact Europe fund also received the Belgian Towards Sustainability label.



2. Internal resources dedicated to responsible investment

2.1 Human resources

Since the roll out of our ESG integration strategy across our Equity funds, the entire team of managers and analysts has been involved in the activity of responsible investment. All members of the management team conduct the ESG assessment of issuers they have under coverage, primarily based on internal ESG research. The internal resources are as follows:

- ESG team: The ESG team consists of 3 people. 2 portfolio managers oversee the management of the ELEVA Sustainable Impact Europe fund and are responsible for the ESG Practice. They are supported by an ESG analyst, who is in charge of supporting the effort to roll out the ESG strategy across all funds. This team actively participates in issuer ESG scoring and quality control of all ratings produced by the other members of the management team. It is also involved in supervising the ELEVA Capital ESG strategy and in bringing some support to ESG reporting.
- Other members of the management team: The entire management team (5 portfolio managers and 4 analysts, in addition to the 3 members of the ESG team) was trained in ESG scoring. These analysts and portfolio managers oversee the ESG analysis and monitoring (ESG rating, voting, engagement) of issuers invested in their respective funds. They are supported on a daily basis with companies' ESG scoring and in their voting and engagement practices by the ESG team. This ensures that the entire team becomes more competent, and practices are harmonised over time.

To a lesser extent, members of the following teams are also involved in responsible investment:

- The Risk team (4 people) monitors compliance with exclusion rules, minimum ESG scores and all other rules in relation with ESG. It also contributes to the preparation of reports (including ESG indicators).
- The Compliance and Internal Control team (2 people) brings its expertise on the regulatory aspects related to responsible investment.
- The Operations team (6 people) is in charge of monitoring our ESG data and proxy voting providers and implementing the voting decisions of the investment team. The team is particularly called upon in the annual general meetings season, mostly between March and May.

The following table describes the number of full-time equivalent (FTE) employees by team as of 31/12/2022 which dedicated all (ESG team) or part (other teams) of their time to responsible investment at ELEVA Capital. It also shows the share each team represents of total FTE and their different tasks. As of 31/12/2022, the total number of full-time equivalent employees is 43.



Team	FTE	% of Total FTE	ESG scoring	Voting & engagement	ESG strategy oversight	ESG databases monitoring	ESG Reporting	ESG rules monitoring	ESG regulation
ESG team	3	7%	X	X	X	X	X		X
Equity team	9	21%	X	X					
Subtotal	12	28%							
Risk team	4	9%				X	X	X	
Compliance	2	5%							X
Operations	6	14%		X		X			
Total	24	56%							

As of 31/12/2022, 56% of total FTE at ELEVA Capital had dedicated tasks related to responsible investment.

2.2 Financial resources

ELEVA Capital dedicates financial resources to assist its teams in the implementation of its ESG strategy. The external resources used in relation to responsible investment include among other data providers and proxy voting services. More details on this topic can be found in the Section 3.2. of our Transparency Code, available in our website. Financial resources are also dedicated to the labelling process of SRI funds.

The table below details the different expenditure categories related to the ESG strategy and how much they represent, as a percentage of the total 2022 budget.

Expenditure item	Amounts in thousands EUR	As a % of 2022 budget
External providers (ESG data, voting services)	136.9	10.6%
ESG regulation consulting	15.0	
Labelling	6.6	
Reporting	5.6	
IT developments	2.8	
Responsible investment initiatives	2.2	
ESG Training	0.6	
Total	169.7	



2.3 Actions taken for capacity building on ESG

ELEVA Capital's responsible investment approach is a long-term commitment whose requirement has steadily increased. It is set to continue to evolve in the coming years. The formalisation took place in several stages and became more mature over the years.

2022 has been a consolidation year in that respect:

- We intensified engagement with companies on ESG topics, which is systematic after each ESG analysis.
- With the increasing backlog of internal ESG assessments completed since 2020, former engagements sent 2 years ago started to be qualified in 2022 (achieved/partially achieved/non achieved).
- To enable an efficient management of ESG data and enable proper monitoring, compliance with ESG rules and reporting, internal databases have been strengthened.

Our training efforts have been instrumental in driving these changes. The entire management team has been trained in scoring all 5 pillars of our ESG methodology (Shareholders, Planet, Employees, Suppliers, Civil Society). Training materials have been developed for this purpose. The ESG team supports the learning curve by conducting regular training on topics that need to be deepened and by controlling the quality of all scores produced, to ensure the homogeneity of scores. All the funds' management team has also been trained on the voting policy.

On top of the internal training, we have also initiated for the whole funds' management team a series of deep dive sessions conducted by two of our brokers, Kepler Cheuvreux's and ODDO's ESG teams. The several sessions were on climate change, supply chain issues and management remuneration.

Training efforts have also been made more largely through ELEVA Capital: our 2022/2023 annual training plan includes the CFA ESG certification as a training option proposed to all employees. One additional Portfolio Manager was CFA certified in 2022, after 2 certifications in 2021.



3. ESG criteria at ELEVA Capital governance level

3.1 Fit & Proper

ELEVA Capital's governance is articulated around its three founders and partners, who laid the initial grounds of ELEVA Capital's responsible investment approach. They signed the UN PRI right after ELEVA Capital's inception, and later implemented ELEVA Capital exclusion policy. While ELEVA Capital's partners have no specific ESG experience, they decided to hire an ESG analyst in 2019 and then to strengthen the ESG team in 2020 with the hiring of 2 portfolio managers who are responsible investment experts, Sonia Fasolo and Matthieu Détroyat.

Beyond their role as portfolio managers, Sonia Fasolo and Matthieu Détroyat were tasked to formalise the responsible investment approach of ELEVA Capital as ESG strategy leaders and currently hold an oversight role in this matter together with the three partners.

Sonia Fasolo has a 8-year experience both as SRI portfolio manager and as SRI team leader and holds the CFA UK ESG.

Matthieu Détroyat has a 6-year experience as SRI portfolio manager and a 3-year experience as SRI team leader.

In addition, as a regulated entity, ELEVA UCITS fund has its own board of directors comprising a responsible investment expert: Aglaé Touchard-Le Drian. She is managing partner at Raise, a private equity firm and co-head of Raise Impact, an impact investing fund. She has extensive experience in environmental and social impact investment.

3.2 ESG criteria in the remuneration policy

ELEVA Capital has set a remuneration policy which includes sustainability risks in the investment decisions.

More information is available on our website: <https://www.elevacapital.com/en/regulatory-information#remuneration>

With the roll out of the ESG strategy to all equity funds and the obtention of the French SRI label for all the equity long-only funds, the integration of additional ESG KPIs has been strengthened in 2022.

3.3 ESG criteria at governance level

ELEVA Capital's governance is articulated around its three founders and partners and does not have a board of directors or a supervisory board, being a SAS (Société par Actions Simplifiée).

The target of having a balanced representation of women and men (50/50) for people in charge of investment decisions was already achieved in 2022.

Also, ELEVA Capital aims for a balanced representation among the portfolio management and financial analysis teams as new hires are made to these teams.



4. Voting and engagement

4.1 Voting and engagement policy perimeter

Voting and engagement are two of the four pillars of ELEVA Capital's responsible investment policy. Those two pillars play an important role in encouraging companies to improve their ESG practices over time.

Voting allows us to exercise our responsibility as "co-owners" of companies, on behalf of our clients and to send signals on what is acceptable or not when it comes to governance issues, but also to environmental or social issues, such as climate change and working conditions are increasingly part of the topics discussed at annual general meetings (AGM). ELEVA Capital is therefore committed **to exercising its voting rights for all the equities held in its portfolios**.

Engaging with companies on ESG issues is also an integral part of our responsible investment policy. As active shareholders, we are committed to helping companies improve on their sustainability journey. We can influence companies to adopt better ESG practices, or at least to relinquish poor practices. We believe that companies improving their ESG credentials will better manage their risks. As a result, **we systematically engage on ESG topics with investee companies**, following each ESG analysis and/or on an ad hoc basis. We then track the progress they have made over time. Engagement is usually conducted on a one-to-one basis but can also take the form of collective engagement, by joining forces with other asset management firms.

The voting and engagement policy applies to all equity positions, held in long only funds and the long book of our long/short strategy.

4.2 Presentation of the voting and engagement policy

ELEVA Capital Voting and Engagement policy establishes the main principles which are followed by the equity investment team while they vote at annual meetings or when they engage on ESG topics with investee companies.

The ELEVA Capital's Voting and Engagement policy is available on our website, in the Responsible Investment section: <https://www.elevacapital.com/en/our-responsible-approach>

The main guidelines of this voting and engagement policy are reminded below.

ELEVA Capital pays a lot of attention to good corporate governance practices and believes that voting at AGMs is the right way to bring about positive changes. In particular, we believe that Board composition is of paramount importance to ensure checks and balances. ELEVA Capital therefore encourages boards to have a significant proportion of independent directors. ELEVA Capital relies on the criteria of the AFEP-MEDEF code to define the independence of directors of the board. We encourage skillset, geographic, age and gender diversity on the board of directors. We believe that an efficient board strikes the right balance of different profiles, blending people knowledgeable on the key issues in a company's sector and bringing a different and valuable perspective.

On executive compensations, ELEVA Capital wants the compensation schemes to be transparent, simple and understandable. We expect these schemes to use KPIs aligned with companies' strategy and to be challenging enough so they enable a good alignment of interests between top management and their shareholders.



ELEVA Capital is also attached to equal treatment of shareholders. Thus, we support the general principle of “one share, one vote” because we want the voting rights of shareholders to mirror their economic interest in the company in which they have invested.

With regards to engagement, ESG analysis conducted internally is the starting point for a focused and relevant individual engagement. Hence, after each analysis, we share with investee companies, two to three areas of improvement on which we encourage them to progress. These are concrete actions, focusing on material issues for the company, which we can monitor over time.

Collective engagement can be another way of dialogue with investee companies, and may mainly take two different forms:

- It can be an escalation measure, when, for a given company, we do not see enough progress on ESG topics that seem critical to us. Partnering with other shareholders often gives more weight in discussion
- It can also be initiatives, often launched by NGOs or coalitions, targeting several companies in the same sector or sharing common characteristics (e.g. biggest GHG emitters, companies not disclosing information to the CDP...).

Through our individual and collaborative engagement approach, we seek to:

- Encourage companies to be more transparent
- Influence the behaviour of companies towards best practices in terms of governance, compliance with international standards, and social and environmental responsibility, particularly in the fight against climate change and biodiversity loss.

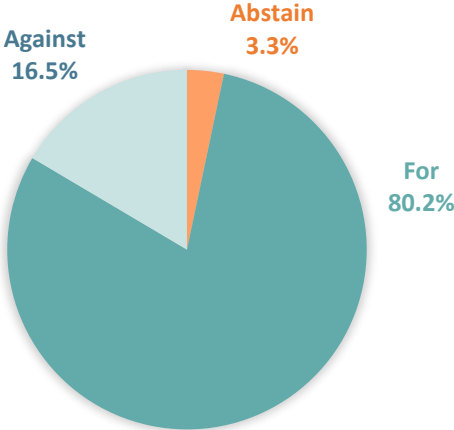
4.3 Voting and engagement policy application review in 2022

In 2022, ELEVA Capital voted at 137 general meetings, representing 100% of general meetings for which we owned voting rights.

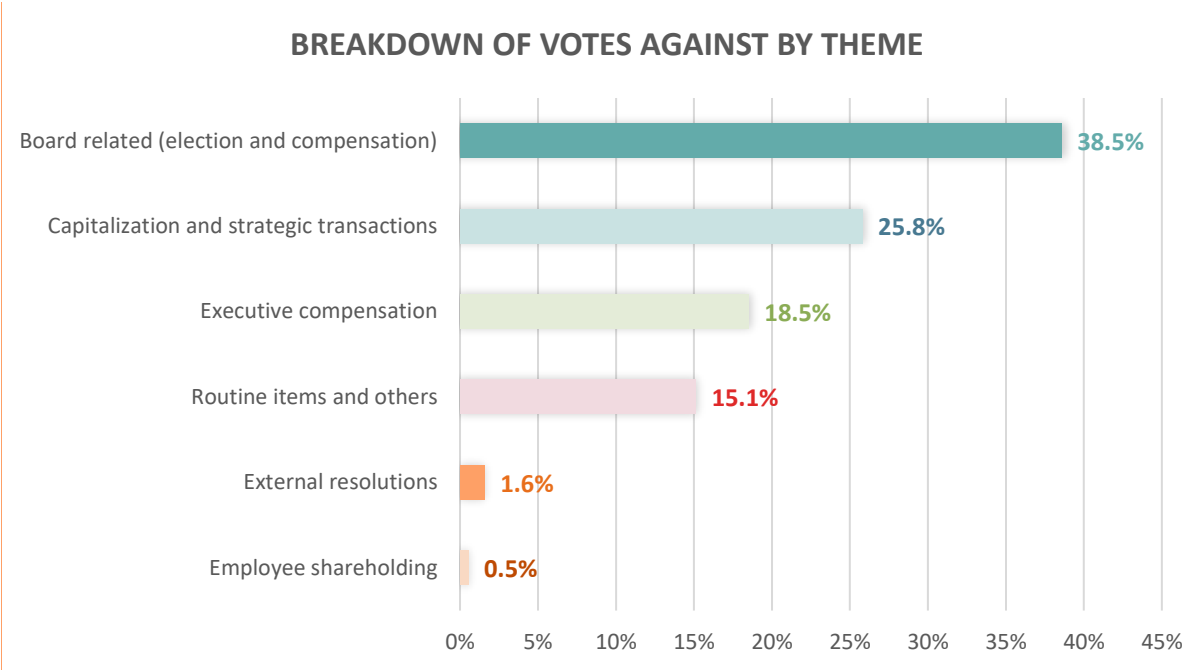
During these 137 annual meetings, we voted on 2 481 resolutions (152 were non-voting items) – an average of 18 resolutions per shareholder meeting.

ELEVA Capital voted “AGAINST” in 384 of the 2 329 voting resolutions, corresponding to a 16.5% opposition rate.

BREAKDOWN OF VOTING DECISIONS



The resolutions that drew the most opposition from ELEVA Capital were Board related (38.5% of total opposition votes) followed by those related to Capitalization and strategic transactions (25.8% of total opposition votes).



Regarding the specific resolutions on environmental and social topics, ELEVA Capital supported 11 resolutions in total:

- 7 approvals of Sustainability/climate reports,
- 4 Say-on-climate resolutions.

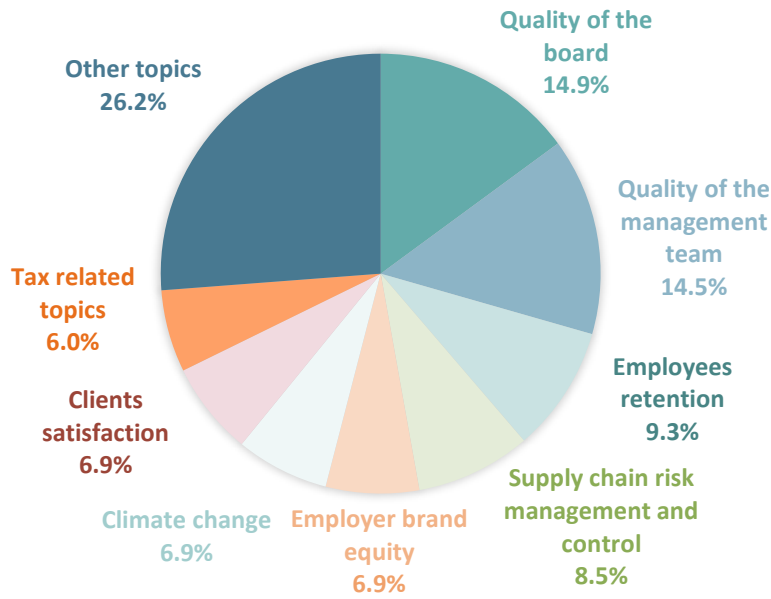
For each SRI-labelled fund, ELEVA Capital publishes the full inventory of votes on the dedicated website of each fund. More information on voting statistics is available on the annual ESG report of each fund, available on the funds’ dedicated web pages.

In 2021, ELEVA Capital implemented a new engagement policy. After each ESG analysis, we systematically share with investee companies, two to three areas of improvement on which we encourage them to progress.

Over the course of 2022, we engaged with a total of 84 companies and shared with them 248 areas of improvement. The main topics of engagement are shown in the below pie chart.



BREAKDOWN OF ENGAGEMENT BY THEME

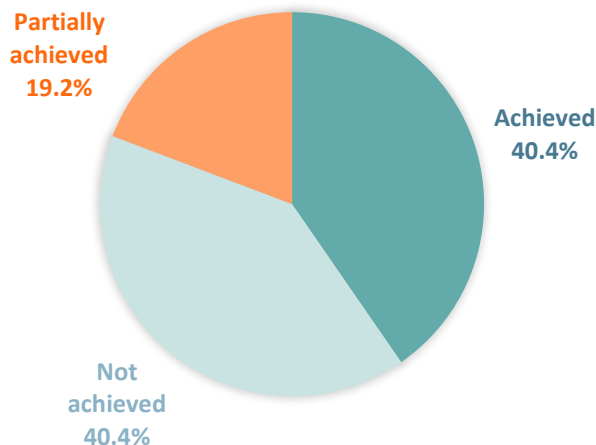


Over time, we monitor how companies are progressing towards the achievement of these suggested areas of improvement and assess their degree of achievement. Updating the ESG analysis, which takes place about every two years when we are still shareholders of a company, helps to verify whether the engagement has borne fruit.

We track which topics have been “achieved”, “partially achieved” or “not achieved”. This sets the basis for re-engaging with the company. The re-engagement could be a reiteration of formerly discussed topics or, if topics were “achieved” or not relevant anymore, can be replaced by new engagement topics.

2022 has been the first year during which we had to reiterate the ESG analyses of companies evaluated 2 years earlier and still held in the portfolios. In this context, we assessed the achievement of engagement topics sent in 2020 for 19 companies, representing a total of 52 engagement areas. Results are presented in the following chart.

QUALIFICATION BREAKDOWN



5. European Taxonomy and exposure to the fossil fuel sector

The main data source used for this section is MSCI ESG research.

5.1 Taxonomy alignment of ELEVA Capital's portfolio

“The European Taxonomy is a classification system, establishing a list of environmentally sustainable economic activities.”¹ It helps investors to identify what is environmentally sustainable (green) or not, with the aim to create a common standard across Europe to avoid greenwashing and to direct capital to those activities thus accelerating the ecological transition. A social version of the Taxonomy is currently being discussed.

Technical criteria have been published by the European Commission to define, industry by industry, which activities contribute to the environmental objectives as defined by the Taxonomy.

6 environmental objectives have been set:

- Climate change mitigation
- Adaptation to climate change
- Protection and sustainable use of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

An economic activity is considered “**eligible**” to the Taxonomy if it is included in the updated list of activities covered by the delegated acts of the Taxonomy Regulation. These are the activities likely to make a substantial contribution to any one of the six environmental objectives. “A Taxonomy-eligible economic activity is not necessarily a Taxonomy-aligned activity, i.e. it may not meet the criteria to be considered aligned with the European taxonomy”.²

As a matter of fact, an economic activity is considered “**aligned**” with one of the above environmental objectives if 1) it contributes substantially to at least one of these 6 objectives, 2) it does not harm any of the other 5 objectives (DNSH), 3) minimum safeguards in terms of human and labour rights are met.

At this point in time, we are unable to provide reliable Environmental taxonomy alignment figures for ELEVA Capital equity portfolio as of 31/12/2022, as reported data on taxonomy alignment, delivered by our data provider, is available for only 4 companies out of the ELEVA Capital equity portfolio.

5.2 Fossil fuel sector exposure of ELEVA Capital's portfolio

In parallel to its Taxonomy alignment, ELEVA Capital measured its exposure as of 31/12/2022 to the fossil fuel sector. We assessed our equity portfolio exposure to companies with activities including extraction, processing, storage, and transportation of petroleum products, natural gas, and thermal coal.

Two different calculations have been performed to assess ELEVA Capital's exposure to fossil fuels.

¹ https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en

² https://www.amf-france.org/en/news-publications/news/taxonomy-article-8-amf-informs-issuers-about-phased-application-reporting-requirements#Eligible_economic_activities_and_aligned_economic_activities



- **Portfolio exposure to the fossil fuel sector:** the assessment is done at the company level. We sum the weightings of all companies involved in the fossil fuel sector.

As a baseline for comparison, we calculated the same metric for the STOXX Europe 600 according to the same methodology.

	In million EUR	In % of total weight	Coverage rate
ELEVA Capital Equity portfolio exposure to the fossil fuel sector*	1 052.9 M€	12.1%	99.9%
STOXX Europe 600 exposure to the fossil fuel sector		12.1%	98.3%

*All equity funds and mandates + long book of long/short strategies

Source: MSCI (derived from publicly available information)

- **Portfolio exposure to fossil fuel-related activities:** the assessment is made at the economic activity level for each investee company. Only revenues linked to fossil fuel-related activities are taken into account. For each company, the percentage of activity that is linked to fossil fuel is weighted by its weight in the portfolio. These results are then summed up. This calculation is similar to the one performed to calculate the taxonomy alignment. As a baseline for comparison, we calculated the same metric for the STOXX Europe 600 according to the same methodology.

	In million EUR	In % of total weight
ELEVA Capital Equity portfolio exposure to fossil fuel-related activities*	589.8 M€	6.8%
STOXX Europe 600 exposure to fossil fuel-related activities		6.8%

*All equity funds and mandates + long book of long/short strategies

Source: MSCI estimates



6. Strategy to align with the temperature targets of the Paris Agreement

Our commitment to fight climate change and to manage climate risks of our investments influence the investment process of our funds, from the definition of the investment universe and stock selection to portfolio construction. Climate change consideration is embedded in all the steps of our ESG approach.

6.1 Climate change consideration in ELEVA Capital's exclusion policy

ALL ELEVA CAPITAL FUNDS: In 2021, ELEVA Capital adopted a coal policy aimed at **progressively reducing the exposure to coal in its portfolios, with the objective to reach zero by 2030 at the latest**.

In doing so, ELEVA Capital acknowledges the scientific consensus on greenhouse gas emissions and signals its allegiance to the commitment made by the French financial industry to set and disclose a pathway towards coal exit. As a responsible investor, ELEVA Capital expresses its willingness to contribute to the transition to a low carbon economy, which inevitably will lead to the complete exit from thermal coal by 2030. Thermal coal, used for power production, is responsible for a large portion of Europe's emissions and is increasingly risky for investors in the face of stringent regulations and carbon pricing.

The policy, applied to all ELEVA Capital's funds, covers the production of thermal coal (mining and distribution) and thermal coal-based power generation. It includes strict exclusions with thresholds in absolute and relative terms, which become increasingly restrictive towards 2030. It therefore combines a static approach and a forward-looking one.

The overall policy and the corresponding thresholds are reviewed annually and may only be updated to become more restrictive.

ELEVA SUSTAINABLE IMPACT EUROPE: this fund applies stricter coal (and fossil fuel) exclusion rules.

Our Coal policy is available in full on our website and more details on our exclusion policy can be found in our Transparency Code, section 3.5. Both documents are available here:

<https://www.elevacapital.com/en/our-responsible-approach#for-further-information> .

6.2 Climate change risks and opportunities in ESG analysis

ALL ELEVA CAPITAL SRI FUNDS, ***LONG BOOK of ELEVA ABSOLUTE RETURN EUROPE***

Each company considered for investment in the above funds is analysed on ESG criteria. ELEVA Capital has developed a proprietary methodology that aims to assess a company's behaviour towards its key stakeholders (Shareholders, Employees, Suppliers, Civil Society, Planet). For each sector, our materiality matrix sets the weighting of each of these stakeholders and of their sub-criteria. This analysis materialises in an ESG score, ranging from 0 to 100. **All the above funds include in their selection a minimum ESG score filter, meaning that the ESG score directly influences the stock selection process.**

Climate change is a criterion in its own within the Planet pillar. To reflect the urgency of the climate issue and the opportunity for all companies to contribute to it, the Climate Change sub criterion is



systematically analysed, regardless of the sector, and therefore never has a 0% weighting. The weight of the environmental criterion ranges from 5% (e.g. for service companies) to 40% (e.g. for the agribusiness or extractive industry). It is therefore systematically analysed and taken into account in the ESG score which is itself systematically taken into account in the management of the above-mentioned funds.

In particular, within the Planet criterion and in the logic of double materiality, the Climate Change sub criterion focuses on:

- The company's exposure to climate change risks (physical and transition risks)
- The commitments made by the company to minimise its impact on climate change (forward looking approach)
- The company's past performance in reducing greenhouse gas emissions (in absolute and relative terms) and how these lend credibility to medium/long term commitments.

Although highly focused on ESG risk analysis, our ESG analysis methodology also helps to identify ESG opportunities. Within the Planet criterion, the Environmental Impact of Products sub criterion allows us to analyse whether the company's products have positive or negative impacts on the environment in general and on climate change in particular. Ultimately, this criterion will align with the criteria defined by the European Taxonomy.

More information on how climate change risks and opportunities are taken into account in ESG analysis and stock selection can be found on our Transparency Code, sections 2.4. and 3.4., available here:

<https://www.elevacapital.com/en/our-responsible-approach#for-further-information>

6.3 Climate change in portfolio construction

Carbon emissions have been used as one of the most explicit measures of climate change-related risks in investment management. It is also one of the TCFD-proposed measures, which can be used to identify and manage climate change-related risks' exposure to investment funds.

Despite the persistent lack of data, debatable quality, and scope of carbon emissions reporting as well as methodological uncertainties on carbon intensity measurements and aggregation, this analytical tool remains one of the most developed today. As a result, we use carbon emissions (among other tools) to analyse our portfolios' risk exposure to climate change and to inform our investment decisions.

ALL ELEVA CAPITAL SRI FUNDS*, *LONG BOOK of ELEVA ABSOLUTE RETURN EUROPE

In order to demonstrate ELEVA Capital's commitment to fight against climate change, each fund which holds the French SRI label (54% of ELEVA Capital's assets under management) selected one of its two binding ESG KPIs in relation with climate change. These funds commit to perform better than their initial investment universe on these binding ESG KPIs. The long/short strategy also committed to better perform its investment universe with a climate KPI for its long book.

The 4 following funds have selected the **carbon footprint** as their first binding ESG KPI:

- [ELEVA European Selection](#)
- [ELEVA Euroland Selection](#)
- [ELEVA Leaders Small & Mid-Cap Europe](#)
- [ELEVA Absolute Return Europe, long book](#)



The table below shows how they have performed on this criterion compared to their respective initial investment universe.

Carbon footprint (in tons of CO ₂ equivalent* per million € invested)			Coverage rate	
Fund	Fund performance as of 31/12/2022	Initial investment universe performance as of 31/12/2022	Fund's coverage rate	Initial universe coverage rate
ELEVA European Selection	91	246	100%	100%
ELEVA Euroland Selection	105	246	100%	100%
ELEVA Leaders Small & Mid-Cap Europe	58	129	97%	99%
ELEVA Absolute Return Europe – Long book	65	246	100%	100%
ELEVA Sustainable Impact Europe	66	196	98%	93%

* Scope 1 & 2 GHG emissions

Source: MSCI

Fund for which it is a binding ESG KPI

ELEVA Sustainable Impact Europe has selected the **average carbon intensity** as its first binding ESG KPI.

Average carbon intensity (in tons of CO ₂ equivalent* per million € of sales)			Coverage rate	
Fund	Fund performance as of 31/12/2022	Initial investment universe performance as of 31/12/2022	Fund's coverage rate	Initial universe coverage rate
ELEVA European Selection	69	111	100%	100%
ELEVA Euroland Selection	70	111	100%	100%
ELEVA Leaders Small & Mid-Cap Europe	72	78	97%	99%
ELEVA Absolute Return Europe – Long book	71	111	100%	100%
ELEVA Sustainable Impact Europe	111	115	98%	93%

* Scope 1 & 2 GHG emissions

Source: MSCI

Fund for which it is a binding ESG KPI



More information on how climate change criteria are considered in portfolio construction is available in our Transparency Code, section 4.2. The calculation formula for these binding KPIs is detailed in our Transparency Code, section 6.2. available here: <https://www.elevacapital.com/en/our-responsible-approach#for-further-information>

6.4 Climate change in voting and engagement activity

Vote and engagement are two key pillars of our ESG approach.

- **Climate change in voting activity:** As responsible investors, we welcome the ability to express our opinion on environmental or social topics, whether they are presented by the management or through a shareholder resolution. Through the exercise of our voting rights on these topics, we believe we can encourage companies to improve their environmental and social practices. In particular, we are in favour of a wider adoption of Say on Climate resolutions. To cast our votes on such resolutions, we leverage the conclusions of our ESG analysis.
- **Climate change in engagement activity:** Establishing a constructive dialogue on ESG issues with companies of which we are shareholders is an integral part of our investor responsibility. We systematically engage with investee companies following each ESG analysis, on an individual basis. 6.9% of the areas of improvement we shared with companies in 2022 related to climate change.

Our Voting and Engagement policy is available here: <https://www.elevacapital.com/en/our-responsible-approach#for-further-information>

6.5 Next steps on ELEVA Capital’s climate strategy

Our commitment to contribute to a low carbon economy is a long-term endeavour. In recent years, we have laid a solid foundation on which we will continue to build.

As a starting point to build a comprehensive climate strategy with a clear alignment with the Paris Agreement and time-bound objectives, ELEVA Capital took a subscription to an MSCI dataset in 2022 to measure the implied temperature rise of its portfolios. This tool helps us to appraise the actual base line and to start working on our roadmap to align our portfolios with the temperature objectives of the Paris Agreement.

As presented below, ELEVA Capital equity portfolio implied temperature rise has decreased substantially in 2022 compared to 2021, due to the changes in carbon budgets which have been considerably impacted by higher companies’ revenues, boosted by inflation. This impact is also reflected in STOXX Europe 600 temperature metric.



	In Celsius degrees		Coverage rate	
	2021	2022	2021	2022
ELEVA Capital Equity portfolio* Implied temperature rise	2.79	2.36	95.9%	98.0%
STOXX Europe 600 Implied temperature rise	2.45	2.17	97.2%	99.1%

*All equity funds and mandates + long book of long/short strategies

Source: MSCI

This metric gives a picture on ELEVA Capital's equity portfolio positioning on the way towards the alignment with the Paris Agreement to limit global warming to well below 2 degrees Celsius, with some methodological biases.

In this context, with a high variability of carbon data, setting temperature targets in the medium term proves difficult.

The MSCI Implied temperature rise methodology is available on the following document: <https://www.msci.com/documents/1296102/27422075/Implied-Temperature-Rise-Methodology-Summary.pdf>



7. Strategy for alignment with long-term biodiversity goals

ALL ELEVA CAPITAL ARTICLE 8 AND 9 FUNDS

Biodiversity loss poses significant risks to companies relying heavily on the availability of natural resources. At the same time, the nature of some business activities contributes to worsen biodiversity destruction. Its implications for systemic risk are recognized by central banks and more stringent regulation is expected. As a result, and as it is the case for climate change, we believe biodiversity must be considered with a double materiality approach.

Biodiversity is a criterion in its own within the Planet pillar of our ESG analysis framework, built around companies' 5 key stakeholders (Shareholders, Employees, Suppliers, Civil society, and the Planet). This criterion is assessed for companies belonging to sectors in which, according to us, biodiversity is a material issue (from a financial or impact perspective). To name a few, these sectors are Consumer goods, Extractives & minerals processing, Food & Beverage, Chemicals... In 2021, we increased the number of sectors for which biodiversity criteria are assessed.

We analyse the commitments and targets of companies directly or indirectly related to biodiversity preservation (targets for protecting biodiversity and/or reducing waste, changes in waste generation, etc.), the credibility of these targets and the concrete actions they take to reach them. We then assess their performances in terms of toxic emissions, waste generation, or negative impacts on biodiversity visible through the existence of controversies.

Biodiversity is a nascent topic for companies and relevant data is still scarce. Nevertheless, new data providers and dedicated methodologies specialised on biodiversity are being created. The methodologies currently available are not fully satisfactory as they do not consider all the pressures on biodiversity, particularly the pressure exerted by invasive species, and difficulties have been raised for measuring the impact on marine species.

As asset managers, it is difficult for us to set targets on biodiversity given this lack of data and the doubts about its reliability. Nevertheless, given the importance of this topic, we are following the Taskforce on Nature-related Financial Disclosures' (TNFD) work with the aim to set a biodiversity strategy with targets.



8. Approach to take into account ESG criteria in risk management

ALL ELEVA CAPITAL ARTICLE 8 AND 9 FUNDS

The ELEVA Capital's proprietary methodology for analysing the company's relationship with its 5 main stakeholders (ESG analysis methodology) is built in such a way as to consider all the most material ESG risks for the company analysed with regards to the sector to which it belongs. This translates into an ESG score, ranging from 0 to 100. A penalty of up to 20 points can be applied to this score depending on the existence and severity of controversies surrounding the company. As a result, controversies are taken into account for all the companies invested in our SRI funds, as they are scored on ESG criteria. More information on how we address controversies can be found in our Transparency Code, section 3.5. and 3.6, available here: <https://www.elevacapital.com/en/our-responsible-approach#for-further-information>

When it comes to risks related to climate change, within the Planet criterion and in the logic of double materiality, the Climate Change sub-criterion focuses on:

- The company's exposure to climate change risks (physical and transition risks)
- Commitments made by the company to minimise its impact on climate change (forward-looking approach)
- The company's past performance in reducing greenhouse gas emissions (in absolute and relative terms) and how these lend credibility to medium/long term commitments.

To reflect the urgency of the climate issue and the opportunity for all companies to contribute to it, the Climate Change sub criterion is systematically analysed, regardless of the sector, and therefore never has a 0% weighting.

Climate change related risks are therefore systematically analysed and taken into account in the ESG score which is itself systematically taken into account in the above-mentioned funds.

More generally, sustainability risks in our investments are identified, monitored and managed through scoring our companies on ESG criteria. Our ESG score reflects the sustainability risks a company is exposed to and how well managed they are. The lower the ESG score, the higher the risk. The above-mentioned funds have a minimum ESG score threshold which prevents them from investing in the riskiest companies from an ESG perspective. In addition, our SRI labelled funds also apply an ESG selectivity rate of at least 20%. The specific selectivity rules for each fund are described in the Transparency Code section 3.5. here: <https://www.elevacapital.com/en/our-responsible-approach#for-further-information>



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

Financial market participant: ELEVA Capital

Summary

ELEVA Capital does not consider principal adverse impacts of its investment decisions on sustainability factors at the entity level.

ELEVA Capital considers principal adverse impacts for its equity long-only funds and the Absolute Return strategy. PAI reporting for these funds is available in each of their dedicated ESG annual report published in their respective website.



10. Continuous improvement plan and concordance table with regulation

Theme	Article 29 of the Energy-Climate law	SFDR Regulation	Corresponding section of this report	Comments	Improvement Plan	Target date
General approach	General approach		Sections 1.1 & 1.2 + Transparency Code available on ELEVA Capital website			
	List of Article 8 and Article 9 products		Section 1.3			
	Information to the clients		Section 1.4			
	Adherence to a charter, a code, an initiative or a label	Adherence to responsible business conduct codes and internationally recognised standards	Section 1.5			
Internal resources	Human resources		Section 2.1			
	Financial resources		Section 2.2			
	Internal capacity building		Section 2.3			
Governance	Fit & proper		Section 3.1			
	Remuneration policy		Section 3.2			
	ESG at governance level		Section 3.3			
Voting and engagement	Perimeter		Section 4.1			
	Voting and engagement policy	Brief summaries of engagement policies	Section 4.2 + Voting and Engagement policy available on ELEVA Capital website			
	Policy application review		Section 4.3			
	Investment decisions		Section 4.3			
Adverse impacts		Identification and prioritisation of principal adverse sustainability impacts	Section 1.2			
		Description of the principal adverse sustainability impacts and indicators	Section 9	Indicators are not published at the asset management company level because ELEVA Capital did not commit to take PAI into account		

Theme	Article 29 of the Energy-Climate law	SFDR Regulation	Corresponding section of this report	Comments	Improvement Plan	Target date
European taxonomy and fossil fuels	Taxonomy alignment		Section 5.1	Figure not disclosed because of the lack of reliable data	Discussion with our data provider for wide availability of reported taxonomy alignment published by companies	2025 at the latest
	Fossil fuel sector exposure		Section 5.2			
Alignment with Paris Agreement	Quantitative objective until 2030		Section 6.5	No quantitative objective set because of significant variability of carbon budget data within the methodology used	Discussion with our data provider and scan other methodologies for carbon emissions monitoring in line with Paris Agreement	2025 at the latest
	Quantitative results		Section 6.3 & 6.5			
	Methodology Changes in the investment strategy: coal policy		Section 6.5 Section 6.1 & 6.4 + Coal Policy available on ELEVA Capital website			
Alignment with long-term biodiversity goals	Respect of the objectives of the Convention on Biological Diversity		Section 7	No indicator has been adopted by ELEVA Capital to assess biodiversity footprint because of the lack of relevant methodology	Scan new methodologies and indicators proposed in the market, for instance, by the TNFD	2025 at the latest
	Impacts reduction analysis		Section 7			
	Biodiversity footprint indicator		Section 7			
Risk management	Identification, assessment and prioritisation process and management of risks		Section 8 + Transparency Code available on ELEVA Capital website			
	Climate risks		Section 6.2 & 8			
	Biodiversity loss risks		Section 7 & 8			

Disclaimer

This report has been written in compliance with the article 29 of the French Energy Climate Law (the decree implementing this article 29 of the energy-climate law (LEC) of 8 November 2019 was published on 27 May 2021). This report is a regulatory requirement for information purpose only.

This report should not be considered as a marketing material nor an investment advice for ELEVA Capital products.

The information used to write this report has been obtained from a wide range of sources that ELEVA Capital considers to be accurate. The main sources are the annual report of companies mentioned in the report. Proprietary ESG (Environment, Social, Governance) scores are used. They are the latest available, and could be up to two years old, given the fact that these proprietary scores are updated at least every two years. Some ESG key performance indicators are calculated based on MSCI data.

The sources used to carry out this reporting are considered reliable, however ELEVA Capital declines all responsibility for any omission, error or inaccuracy. ELEVA Capital accepts no responsibility for any direct or indirect losses caused by the use of the information provided in this document. The information presented in this document is simplified, for more information please refer to the KIID and the prospectus of the relevant UCITS available on our website (www.elevacapital.com). The figures quoted relate to past years and past performance is not a reliable indicator of future performance.

The Fund's management company is ELEVA Capital S.A.S., a French société par actions simplifiée, registered with the Paris Trade and Companies Register under number 829 373 075 having its registered office at 32 rue de Monceau 75008 Paris, France. ELEVA is a French portfolio management company, duly authorised under number GP 17000015 and regulated by the Autorité des Marchés Financiers (the French supervisory authority).





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