ELEVA Capital

ESG Annual Report 2023

Response to Article 29 of the French Energy-Climate Law

and SFDR Regulation

As of 29 December 2023

Foreword

ELEVA Capital is an independent asset management company established in 2014, based in Paris, London, Milan, and since 2024 with a footprint in Frankfurt and Luxembourg. 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. Therefore, we 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.

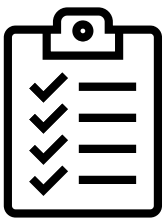
Our commitment to responsible investment is a long-term endeavour. We have laid a solid foundation on which we will continue to build. This report has been prepared in response to Article 29 of the French Energy-Climate Law (n°2019-1147 of November 8, 2019) and to the Sustainable Finance Disclosure Regulation (SFDR). It covers ELEVA Capital's current ESG setup at the asset management company level and gives an overview of the journey ahead of us. An individual ESG Annual Report 2023 is also available for each open-end fund having assets under management above € 500m and the ones below this threshold but categorised throughout 2023 under SFDR Article 8 or 9.

These documents are all available on our website. They complement ELEVA Capital's ESG Policy / Transparency Code which details our ESG approach, our proprietary methodologies, and the resources we deploy on responsible investment.

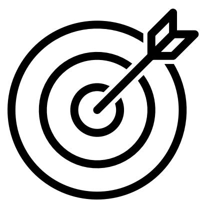
ELEVA Capital is committed to a continuous improvement of its approach and reporting. Stakeholders' feedback and dialogue will always be welcomed.

2023 in a nutshell

ESG analysis of 369 companies since 2020



99% of AuM incorporate ESG criteria



164 AGMs or 100% participation rate

Individual engagement with 90 companies

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1. ELEVA Capital's responsible investment approach

1.1 Presentation of ELEVA Capital

ELEVA Capital is an independent asset management company established in 2014, based in Paris, London, Milan, and since 2024 with a footprint in Frankfurt and Luxembourg. 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 is available on our website, here.

Responsible investor approach:

Over the past four years, we have laid solid foundations on which we continue to build:

- 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 especially favour family- or foundation-owned businesses.
- In December 2020, we launched an Impact fund (ELEVA Sustainable Impact Europe).

As of 29 December 2023, **ELEVA Capital managed € 11.5 billion and 99% of the outstanding open-end funds were categorised under SFDR Article 8 or 9**.

We also participate in the Climate Disclosure Project (CDP) and joined in November 2023 the Climate Action 100+ collaborative initiative.

1.2 Summary of the responsible investment approach

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.).

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, while minimising their negative social and environmental impacts. The basis of our approach is summarised by the following four steps:

	**Analyse**	-A proprietary methodology based on the analysis of 5 stakeholders offering a 360° view -Analysing ESG criteria to fully understand ESG risks and opportunities -Understanding the financial implications of non-financial issues -Update of the ESG analysis on a regular basis (at least every 2 years)
	**Pick**	-Making very well-informed investment decisions -Understanding the impact of money flows -Exclusion policy to avoid extreme risks and risks of betting against the trend
	**Engage**	-Helping companies to improve on ESG issues -Capturing the value creation from ESG improvement
	**Vote**	-Exercising our responsibility as « co-owners » of companies -Sending signals on what is acceptable or not when it comes to governance issues

This approach formally applies to the SFDR Article 8 and 9 funds which represented 91% of the total assets under management at ELEVA Capital as of 29 December 2023.

While mandates and delegations keep the possibility to deviate, they mostly replicate the investment process implemented by the Article 8 funds managed by ELEVA. Although the ELEVA ESG process does not formally apply to these strategies, the ELEVA exclusion policy applies as well as the principles of ESG analysis and PAI consideration.

Based on this, **the ESG process *de facto* applies to SFDR Article 8 and 9 funds and related portfolios (mandates and delegations) i.e. 99% of our assets as of 29 December 2023.** More information on our responsible investor approach and our ESG scoring methodology is published in our ESG Policy / Transparency Code, available [here].

1.3 Information on products

The following table lists the funds categorised throughout 2023 under Articles 8 or 9 of the SFDR regulation[5]. These funds represented 91% of the total assets under management at ELEVA Capital as of 29 December 2023.

	Strategies	Main asset class	Exclusions in place in 2023[1]	AuM as of 29/12/2023 in million EUR	Share of total AuM	SFDR Classification	AMF Classification	Labels	Link to related fund
ELEVA European Selection	-Best in Universe -Best Efforts -Exclusions	European equities	ELEVA Exclusions[2]	5,172	45%	Article 8	Category 1	French SRI Label (v2)	https://www.elevacapital.com/en/funds/eleva-european-selection
ELEVA Absolute Return Europe	-Best in Universe[4] -Best Efforts[4] -Exclusions	European equities	ELEVA Exclusions[2]	3,608	31%	Article 8	Category 2	-	https://www.elevacapital.com/en/funds/eleva-absolute-return-europe
ELEVA Euroland Selection	-Best in Universe -Best Efforts -Exclusions	European equities (mainly euro denominated)	ELEVA Exclusions[2]	1,315	11%	Article 8	Category 1	French SRI Label (v2)	https://www.elevacapital.com/en/funds/eleva-euroland-selection
ELEVA Leaders Small & Mid Cap Europe	-Best in Universe -Best Efforts -Exclusions	European equities	ELEVA Exclusions[2]	273	2%	Article 8	Category 1	French SRI Label (v2)	https://www.elevacapital.com/en/funds/eleva-leaders-small-mid-cap-europe
ELEVA Sustainable Impact Europe	-Impact investing -Best in Universe -Exclusions	European equities (EEA + UK + Switzerland)	Reinforced ELEVA Exclusions[3]	57	0.5%	Article 9	Category 1	- French SRI Label (v2) -Towards Sustainability label	https://www.elevacapital.com/en/funds/eleva-sustainable-impact-europe
Dedicated fund	-Best in Universe[4] -Best Efforts[4] -Exclusions	European equities	ELEVA Exclusions[2]	59	1%	Article 8	Category 2	-	-

(1) More details on our exclusion policy (e.g. sectors, thresholds) are available in our ESG Policy / Transparency Code and in the Coal Policy, both available on the ELEVA website. The ELEVA Exclusion Policy applicable as of June 2024 is presented in **Annexe C**.

(2) ELEVA Exclusions: Tobacco, Controversial weapons, Nuclear weapons, Coal, Violation of the UN Global Compact, UN GPs, ILO convention and OECD guidelines for multinational enterprises violations – and since July 2024, palm oil.

(3) Reinforced ELEVA Exclusions: Tobacco, Alcohol, Pornography, Fossil fuels including Coal, Gambling, All weapons, Violation of the UN Global Compact, UN GPs, ILO convention and OECD guidelines for multinational enterprises violations – and since July 2024, palm oil.

(4) For the Long-Short funds, the 'Best in Universe' and 'Best Efforts strategies' are only applicable to the long-invested pocket.

(5) Two SFDR Article 8 funds below the € 500M threshold are not presented in the table above: ELEVA Absolute Return Dynamic was launched under SFDR Article 8 in mid-December 2023 (i.e. very short application period) and ELEVA Global Multi Opportunities was officially categorised under SFDR Article 8 in January 2024. These funds will be included at the next reporting iteration.

Source: ELEVA Capital based on proprietary data

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 the following documents which cover ELEVA Capital at the entity-level:

Channel of information	Details	Frequency
ESG Policy / Transparency Code	-General information about our ESG policies, exclusions, etc. -Specific focus on SFDR Article 8 or 9 and SRI-labelled funds	Updated at least annually
Coal Policy		Updated when necessary
Sustainability disclosure	In accordance with SFDR Articles 3, 4 and 5	Updated when necessary
Voting and engagement policy	-Voting policy covering funds with equity holdings -Engagement policy covering SFDR Article 8 and 9 funds	Updated at least annually
ELEVA Capital ESG Annual Report	In accordance with Article 29 of the Energy-Climate Law and SFDR	Annually
Voting and engagement report	-Voting policy covering funds with equity holdings -Engagement policy covering SFDR Article 8 and 9 funds	Annually
PRI Assessment Report		Annually

In addition, for open-end funds categorised under SFDR Article 8 or 9, the following documentation is available at the product-level, under **each fund section of the ELEVA Capital website** (links presented in section '1.3 Information on products'):

Channel of information	Details	Frequency
SFDR precontractual annexes	-For SFDR Article 8 and 9 funds -Also enclosed in the Prospectus	Updated when necessary
Sustainability-related disclosures	-For SFDR Article 8 and 9 funds -In accordance with SFDR Article 10	Updated when necessary
Monthly ESG performance report	-Dedicated report only for SRI-labelled funds -Also enclosed in the fund's Monthly Report for all SFDR Article 8 and 9 funds	Monthly
SFDR periodic reporting annexes	-For SFDR Article 8 and 9 funds -Also enclosed in the ELEVA Capital Annual Report	Annually
ESG Annual Report	-An individual ESG Annual Report 2023 is available for each open-end fund having assets under management above € 500m and the ones below this threshold but categorised throughout 2023 under SFDR Article 8 or 9. -In accordance with Article 29 of the Energy-Climate Law and SFDR	Annually
Full holding inventory	-For each SRI-labelled funds in the Annual Report -With a delay	Annually
Full inventory of votes	Only for SRI-labelled funds	Annually
Impact Report	Only for ELEVA Sustainable Impact Europe	Annually

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 has been a Principles for Responsible Investment (PRI) signatory since its inception and has enlarged its involvement in **responsible investment initiatives**.

To complement the systematic individual engagements, ELEVA Capital joined the Climate Action 100+ initiative in 2023 in order to utilise collaborative engagement as an additional lever to encourage companies to address climate change.

PRI: Principles for Responsible Investment

The PRI is the world's largest responsible investment initiative. It works to understand the stock market implications of environmental, social and governance (ESG) factors and aims to encourage its international network of signatory investors to integrate these factors into their investments and ownership decisions.

Tobacco Free Portfolios

Tobacco Free Portfolio is a non-profit organization that works with the world's leading financial organizations to drive global change toward tobacco-free finance.

CDP (ex-Carbon Disclosure Project): Driving sustainable economies

The CDP is a non-profit organization considered to be the benchmark for environmental reporting with the richest database on corporate and city action.

CA100+: Climate Action 100+

The CA100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change.

Several funds managed by ELEVA Capital had an **ESG label** throughout 2023:

French 'Socially Responsible Investment' Label (SRI)

The French SRI label was created in 2016 by the French Ministry of Economy and Finance with the goal to allow savers, as well as professional investors, to identify investment funds implementing a robust socially responsible investment methodology.

4 funds received the French SRI label in 2021 and were labelled throughout 2023 with the V2 version:

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

Belgian 'Towards Sustainability' Label

The Towards Sustainability Label offers the assurance that all labelled products come with a minimal level of sustainability, measured by the Towards Sustainability Quality Standard.

In 2022, the ELEVA Sustainable Impact Europe fund received the Belgian Towards Sustainability label and was labelled throughout 2023.

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. As of December 2023, the internal resources were:

ESG team:

The ESG team consists of 4 members. 2 portfolio managers oversee the management of the ELEVA Sustainable Impact Europe fund and are responsible for the ESG Practice. They are supported by two ESG analysts, who are 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.

Extended investment team:

The entire investment team involved in the management of the SFDR Article 8 and 9 funds was trained in ESG (5 portfolio managers and 5 analysts, in addition to the 4 members of the ESG team). 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 by the ESG team with companies' ESG scoring and in their voting and engagement practices. This ensures that the entire team becomes more competent and contributes to the homogeneity of our approach.

Other teams involved in responsible investment:

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

- **The Risk team** (4 members) monitors compliance with exclusion rules, minimum ESG scores and all other rules in relation to ESG. It also contributes to the preparation of reports (notably the calculation of ESG indicators).
- **The Compliance and Internal Control team** (2 members) brings its expertise on the regulatory aspects of responsible investment.
- **The Operations team** (6 members) 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 as of 31/12/2023 dedicated to ESG (i.e. ESG team) or contributing to ESG (i.e. extended investment team, Risk, Compliance and Operations). It also shows the share each team represents of total FTE at ELEVA Capital and their different tasks.

As of 31/12/2023, the total number of full-time equivalent (FTE) employees at ELEVA Capital was 47 of which 55% had dedicated tasks related to responsible investment:

			ESG-related missions						
Team	**FTE**	**% of Total FTE**	**ESG scoring**	**Voting & engagement**	**ESG strategy oversight**	**ESG databases monitoring**	**ESG Reporting**	**ESG rules monitoring**	**ESG regulation**
ESG team	4	9%	X	X	X	X	X		X
Extended investment team involved in the management of the SFDR Article 8 and 9 funds	10	21%	X	X					
Subtotal	*14*	*30%*							
Risk team	4	9%				X	X	X	
Compliance	2	4%							X
Operations	6	13%		X		X			
Subtotal	*12*	*26%*							
Total	**26**	**55%**							

Source: ELEVA Capital based on proprietary data

2.2 Financial and Technical resources

ELEVA Capital dedicates financial and technical resources to assist its teams in the implementation of its ESG strategy. The external resources used in relation to responsible investment include, among others, **ESG data providers and proxy voting services**. More details on this topic can be found in the Section 3.2. of our ESG Policy / Transparency Code, available on 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 represented as a percentage of the total 2023 budget.

Expenditure item	Amounts in thousands EUR	%	As a % of 2023 budget
External providers (ESG data, voting services)	145	64%	4%
ESG regulation consulting	38	17%	
Labelling	16	7%	
Reporting	15	7%	
ESG Training	5	2%	
Responsible investment initiatives	4	2%	
IT developments	3	1%	
Total	**226**	**100%**	

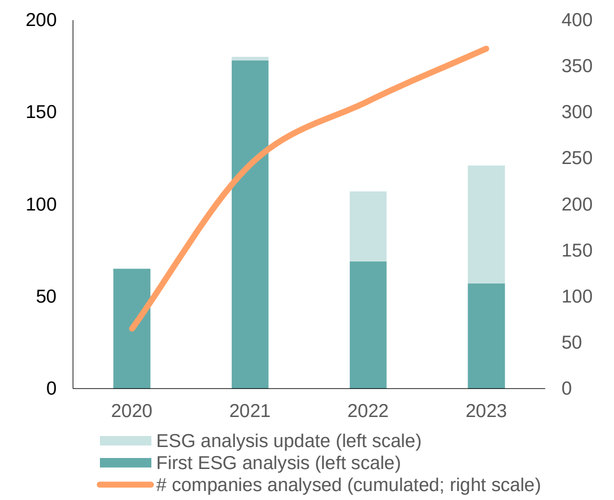
Source: ELEVA Capital based on proprietary data

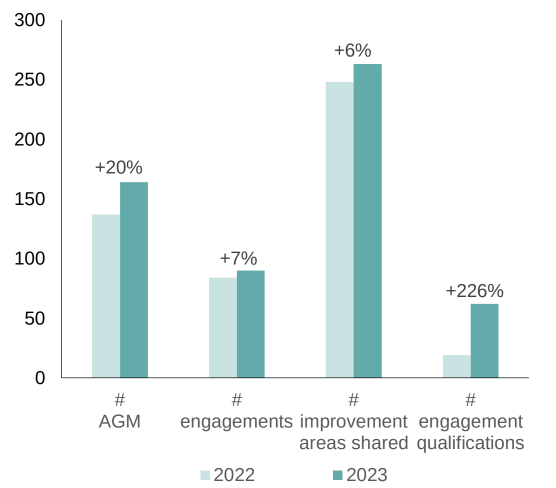
2.3 Actions taken for capacity building on ESG

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 occurred in several stages and became more mature over the years. 2023 has been a consolidation year in that respect:

- **Proprietary ESG analysis:** We improved our coverage in terms of ESG analysis with 57 companies assessed for the first time in 2023 and 64 updates conducted this year. Since the launch of the ELEVA ESG proprietary methodology and until December 2023, a total of 369 companies have been analysed.
- **Voting and ESG engagement:** We further intensified ESG engagements with 90 companies covered and 263 areas of improvement shared in 2023. Also, with the increasing volume of internal ESG assessments completed since 2020, a growing number of engagements sent 2 years before have been qualified (achieved/partially achieved/non-achieved), reaching 62 companies in 2023. More details are presented in section '4. Voting and engagement'.

Proprietary ESG analysis (# of analysis & updates, and companies assessed)	Voting and ESG engagement (# of votes and engagement activities)





Source: ELEVA Capital based on proprietary ESG scores and data

Our training efforts have been instrumental in driving these changes:

- **Internal training:** The investment team has been trained in scoring all 5 pillars of our ESG methodology (Shareholders, Planet, Employees, Suppliers, Civil Society) as well as on voting at AGMs. 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.
- **External training:** On top of the internal training, we have initiated for the whole funds' management team a series of deep dive sessions. In 2023, a session on 'How to assess the relevance of a climate plan?' was conducted by the ESG analysts of Oddo Securities. We also offered a 'Fresque du Climat' workshop to our Paris-based employees in order to reinforce awareness of the causes and consequences of climate change.

Lastly, the arrival of an additional analyst in the ESG team in September 2023 contributes to the reinforcement of ELEVA Capital's ESG capabilities. One of the first missions of this new arrival was to strengthen the resources dedicated to ESG regulation and associated projects.

3. Governance of the ELEVA Capital ESG approach

3.1 ELEVA Capital's ESG governance structure

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's exclusion policy. While ELEVA Capital's partners had no specific ESG experience, they decided to hire a first ESG analyst in 2019 and then strengthen the ESG team in 2020 with the hiring of 2 portfolio managers who are responsible investment experts:

- **Sonia Fasolo** has 20 years of experience including 9 both as SRI portfolio manager and SRI team leader. She holds the CFA UK ESG.
- **Matthieu Détroyat** has 15 years of experience including 7 as SRI portfolio manager and 4 as SRI team leader.

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.

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 a 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.

The two current ESG Analysts, who respectively joined ELEVA Capital in 2021 and 2023, are in charge of the daily ESG operations and report to ELEVA Capital's ESG governance structure:

- on a weekly basis to Sonia Fasolo and Matthieu Détroyat;
- on a quarterly basis to the ESG Steering Committee where the founders and partners are also represented; and
- on a case-by-case to the Board of directors.

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.

3.3 ESG criteria in ELEVA Capital's governance

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 'Société par Actions Simplifiée' (SAS).

ELEVA Capital aims for a balanced gender 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). When responsible for proxy voting, ELEVA Capital is committed **to exercising its voting rights for all the equities held in its portfolios**. In order to ensure vote consistency, the same vote is instructed for all the holdings of ELEVA Capital in a given company.

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 held by SFDR Article 8 and 9 funds**, 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.

During 2023, the **voting perimeter** encompassed the equity holdings held by:

- ELEVA European Selection Fund
- ELEVA Euroland Selection Fund
- ELEVA Leaders Small and Mid-Cap Europe Fund
- ELEVA Sustainable Impact Europe Fund
- ELEVA Absolute Return Europe Fund (long book only)
- ELEVA Absolute Return Dynamic Fund (long book only)
- ELEVA Global Multi-Opportunities
- Any other portfolio invested in equities managed by ELEVA Capital for which it was responsible to exercise voting rights

During 2023, the **engagement perimeter** corresponded to all SFDR Article 8 and 9 funds managed by ELEVA Capital at that time.

4.2 Presentation of the Voting and Engagement policy

ELEVA Capital Voting and Engagement policy establishes the main principles which are followed by the investment team when 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.

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

Voting principles:

- **Board composition:** 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. 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.
- **Compensation:** 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.
- **Shareholder rights:** 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.

Individual engagement:

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.

Collaborative engagement:

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; and
- 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.

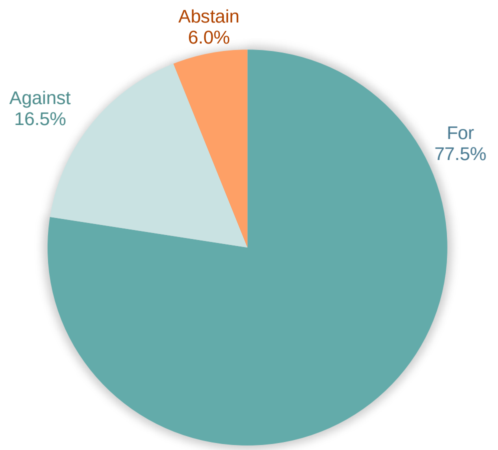
4.3 Voting and engagement policy application review in 2023

Exercise of voting rights:

In 2023, ELEVA Capital voted at **164 distinct general meetings**, representing 100% of general meetings for which we owned voting rights. These 164 annual meetings totalised **2 778 resolutions** (of which 146 were non-voting items) – an average of 17 resolutions per shareholder meeting.

ELEVA Capital voted 'AGAINST' 434 of the 2 632 voting resolutions, i.e. a **16.5% AGAINST rate** (stable vs. 2022). The **opposition rate is also 16.5%** considering the low volume of external resolutions (28 in 2023).

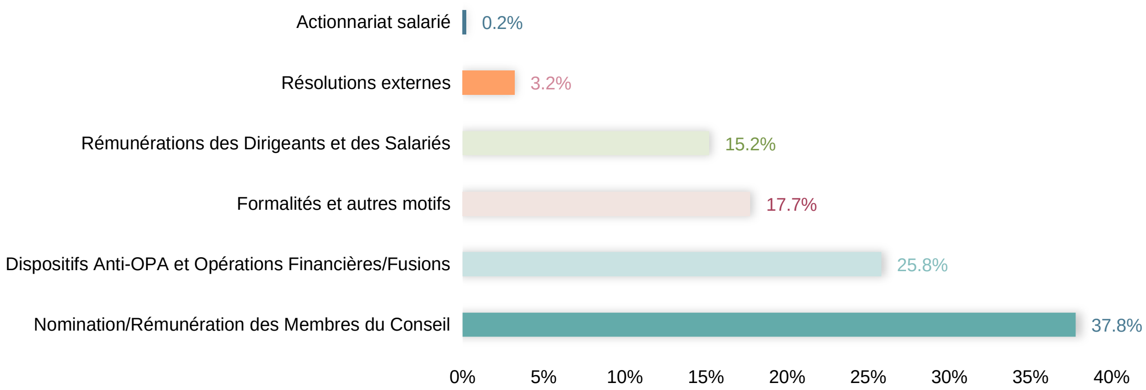
Breakdown of voting decisions
(% of voting instructions)



Source: ELEVA Capital based on ISS data

The resolutions that drew the most of AGAINST votes from ELEVA Capital were Board related (37.8% of total AGAINST votes) followed by those related to capitalisation and strategic transactions (25.8% of total AGAINST votes).

Breakdown of voting AGAINST by theme
(% of voting instructions)



Source: ELEVA Capital based on ISS data

Regarding the specific resolutions on environmental and social topics, ELEVA Capital supported 9 resolutions in total:

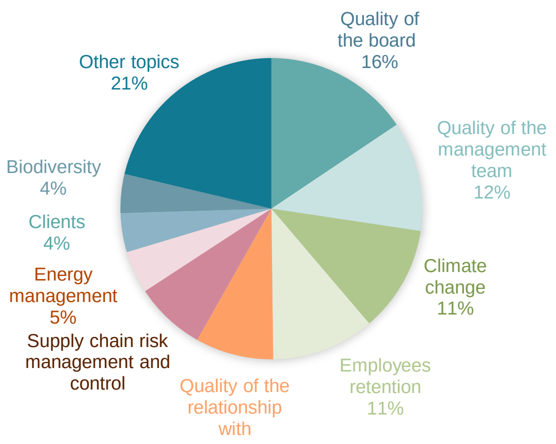
- 2 resolutions to approve corporate climate transition strategy;
- 5 approvals of non-financial information statements; and
- 2 external resolutions from shareholders to require more transparency regarding Gender pay gaps and risks related to Human Rights Concerns.

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 ESG Annual Report of each fund, available on the funds' dedicated web pages.

Engagement:

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 2023, we engaged with a total of **90 companies** and shared with them **263 areas of improvement** (vs. respectively 84 companies and 248 areas of engagement in 2022). The main topics of engagement are shown in the below pie chart.

Breakdown of engagement by theme
(% of engagement)



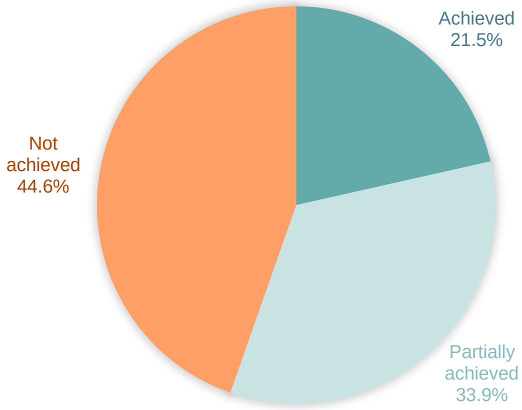
Source: ELEVA Capital based on proprietary data

We monitor companies' progress to assess the degree of achievement over time. 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 past topics were 'achieved' or have become less relevant, they can be replaced by new engagement topics.

In 2023, we updated the ESG analysis of companies scored for the first time with ELEVA Capital's proprietary methodology at least 2 years earlier and still held in the portfolios. In this context, we assessed the achievement of the post-ESG analysis engagement topics sent previously for 62 companies, representing a total of 177 engagement areas. Results are presented in the following chart.

Breakdown of engagement qualifications
(% of qualifications)



Source: ELEVA Capital based on proprietary data

Naturally, we cannot claim the full merit of a successful engagement, as many other stakeholders may have conducted similar engagements and contributed to this achievement.

Also, the share of 'Not achieved' has increased from 19.2% in 2022 to 44.6% in 2023. This significant variation is arguably explained by (1) the larger population (62 companies in 2023 vs. 19 in 2022); and (2) by the fact that the first 2022 qualifications mostly involved the holdings of the ELEVA Sustainable Impact Europe fund and that the companies invested by this fund are perhaps more responsive to investor feedback compared to the companies invested by the other ELEVA funds. In any case, ELEVA is committed to maintaining a constructive dialogue with companies invested by all funds, and escalation measures are envisaged when relevant.

For more information, please refer to the Voting and Engagement Report 2023 available on our website where we provide more granular information as well as 6 case studies on the votes and engagements conducted in 2023:

- Case study 1 – Opposed resolution: D'Ieteren's Remuneration Report
- Case study 2 – E&S resolution: Schneider Electric's Climate Transition Plan
- Case study 3 – Shareholder proposal: Oracle on Gender Pay Gap
- Case study 4 – Pre-AGM ESG engagement: Wavestone on Board composition
- Case study 5 – Individual engagement: UniCredit
- Case study 6 – Controversy engagement: Technip Energies Russian exit controversy

Investment decisions and potential divestments:

Beyond our Exclusion policy and the ESG constraints that apply to our portfolios, divestment is considered on a case-by-case as the ultimate escalation measure in the situation of high ESG risk and unproductive engagement. Our approach vis-à-vis controversies is presented in section 3.6 of our ESG Policy / Transparency Code, available on our website.

5. European Taxonomy and exposure to the fossil fuel sector

5.1 Taxonomy alignment of ELEVA Capital's portfolio

The European Taxonomy is a classification system establishing an official list of environmentally sustainable economic activities. It aims to help investors identify what is environmentally sustainable (either already green, transitioning, or enabling) or not. With these EU green rules, the European Commission's main objectives are to create a common standard across Europe, fight against greenwashing, and redirect capital to those activities thus accelerating the ecological transition.

The first batches of technical criteria have been published by the European Commission and have started to roll out, defining industry by industry which activities contribute to the following 6 environmental objectives:

- 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 list of activities covered by the delegated acts of the Taxonomy Regulation.

An economic activity is considered **'aligned'** with one of the above environmental objectives if: (1) it contributes substantially to at least one of the 6 objectives in accordance with the technical criteria established by the official rule book; (2) it Does No Significant Harm to any of the other 5 objectives (DNSH); and (3) the company is compliant with Minimum Social Safeguards (MSS) in terms of human and labour rights.

Thanks to corporate reporting and a more mature market, we are able to report for the first time the Taxonomy alignment of our investments as of 29 December 2023:

		ELEVA Capital		STOXX Europe 600 NR
Taxonomy indicator		% excluding sovereign investments	Equivalent amount in million EUR	
Revenue	Eligibility	14.7%	1,622	10.8%
	Alignment	3.1%	345	3.0%
Capital Expenditures	Eligibility	26.2%	2,888	18.5%
	Alignment	6.9%	758	6.2%
Operational Expenditures	Eligibility	16.7%	1,833	11.6%
	Alignment	5.8	639	4.7%

Source: ELEVA Capital based on MSCI data, long book for long/short strategies

Taxonomy-aligned investments presented in the table above had a positive contribution to climate change mitigation and/or adaptation. They are only based on reported company data. More statistics are presented in the SFDR periodic reporting annexed to the 2023 ELEVA Capital Annual Report.

5.2 Fossil fuel sector exposure of ELEVA Capital's portfolio

In parallel to its Taxonomy alignment, ELEVA Capital measured its exposure to the fossil fuel sector as of 29 December 2023. We assessed our portfolio exposure to companies with activities including extraction, processing, storage, and transportation of petroleum products, natural gas, and thermal coal. As a baseline for comparison, we calculated the same metric for the STOXX Europe 600 NR. Two different calculations have been performed to assess ELEVA Capital's exposure to fossil fuels:

- **Portfolio exposure to fossil fuel-related activities (weighted average):** The assessment is made at the economic activity level for each investee company which means only revenues linked to fossil fuel-related activities are accounted for. This calculation is similar to the one performed for the Taxonomy alignment.

	Exposure to fossil fuel-related activities		Coverage rate
	% of total weight	Equivalent amount in million EUR	
ELEVA Capital	4.4%	479	100.0%
STOXX Europe 600 NR	6.2%		99.9%

Source: ELEVA Capital based on MSCI data derived from publicly available information, long book for long/short strategies

- **Portfolio exposure to the fossil fuel sector (binary):** The assessment is done at the company level. We sum up the weightings of all companies involved in the fossil fuel sector. This calculation corresponds to the methodology of the fourth Principal Adverse sustainability Indicator 'Exposure to companies active in the fossil fuel sector' (PAI 4) but as of 29 December 2023:

	Exposure to the fossil fuel sector		Coverage rate
	% of total weight	Equivalent amount in million EUR	
ELEVA Capital	11.4%	1,351	98.7%
STOXX Europe 600 NR	11.6%		99.4%

Source: ELEVA Capital based on MSCI data derived from publicly available information, long book for long/short strategies

Using this binary calculation methodology, ELEVA Capital's investments in fossil fuel companies present a high Taxonomy alignment, especially in terms of Capital Expenditures, illustrating that companies exposed to fossil fuels are transitioning.

Taxonomy indicator		ELEVA Capital's investments in fossil fuel companies	STOXX Europe 600 NR (fossil fuel companies)
Taxonomy alignment	Revenue	8.9%	8.4%
	Capital Expenditures	29.9%	23.0%
	Operational Expenditures	21.4%	15.7%

Source: ELEVA Capital based on MSCI data derived from publicly available information, long book for long/short strategies

6. Strategy to align with the Paris Agreement

Our commitment to fighting climate change and managing 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

ELEVA Capital's Coal policy is available in full on our website and more details on our ELEVA exclusion policy can be found in our ESG Policy / Transparency Code, section 3.5. Both documents are available here.

Coal policy:

In 2021, ELEVA Capital adopted a **Coal policy** aimed at progressively reducing the exposure to thermal coal in its portfolios, with the objective to reach zero. 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 comprises strict exclusions with thresholds in absolute and relative terms, which become increasingly restrictive towards 2030 in OECD countries and 2040 in non-OECD countries. 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 and/or to remain in line with science-based evidence and market consensus. Since the creation of the Coal Policy in December 2021, the thresholds have been amended once to reinforce their stringency in May 2024. We have anticipated by 8 months the thresholds which would have normally applied from 2025. We also have further strengthened the relative thermal coal-based power generation threshold. Lastly, following the launch of funds investing outside Europe, we have introduced a specific deadline for non-OECD countries to better recognise their transition pace, in line with science-based evidence and market consensus.

The ELEVA **Coal policy** also applies to the ELEVA Sustainable Impact Europe fund, even though this fund has a stricter exclusion policy when it comes to coal and fossil fuels more generally.

Fossil fuels:

As of 2023, ELEVA Sustainable Impact Europe is the only fund managed by ELEVA Capital which excludes companies involved in the fossil fuel sector. In line with the criteria of the Towards Sustainability label in Belgium (QS standards), this exclusion covers thermal coal, conventional and unconventional oil & gas, as well as fossil fuel power generation.

Following the revision of the French SRI label, ELEVA Capital contemplates the introduction of an **Oil & Gas exclusion** for the funds that will be labelled with the V3 version. ELEVA Capital is committed to offering SRI-labelled products for our clients expressing an interest. More information should be announced in 2024.

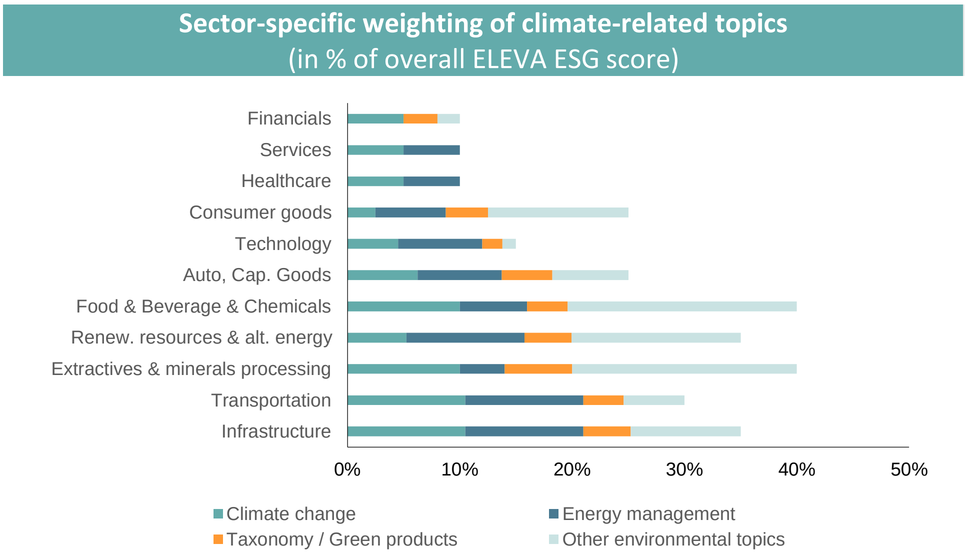
6.2 Climate change risks and opportunities in ESG analysis

ELEVA Capital has developed a proprietary methodology aiming to assess a company's behaviour towards its key stakeholders (Shareholders, Planet, Employees, Suppliers, Civil Society). For each sector, our proprietary materiality matrix sets the weighting of each of these pillars and of their associated criteria. This analysis materialises in an ESG score, ranging from 0 to 100. For the long book of the SFDR Article 8 and 9 funds managed by ELEVA Capital, the ESG analysis is systematic and **a minimum ESG score is required, meaning that the ESG score directly influences the stock selection process.**

Climate change is a criterion within the 'Planet' pillar. To reflect the climate urgency, the 'Climate change' criterion is always analysed and its weights in the overall ESG score varies depending on its materiality. Within the 'Planet' pillar and in the logic of double materiality, the 'Climate change' 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); and
- 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.

The current weight of the environmental topics including the climate-related ones is presented below:



Source: ELEVA Capital based on proprietary data

However, other environmental criteria covered in our ESG analysis methodology, and especially 'Energy management', are equally relevant when it comes to monitor climate risks and opportunities.

Although highly focused on ESG risk analysis, our ESG analysis methodology also helps to identify ESG opportunities. Within the 'Planet' pillar, the 'Taxonomy / Green 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. This criterion will hopefully converge with the green rules of 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 in our ESG Policy / Transparency Code, sections 2.4. and 3.4., available here.

6.3 Climate change in portfolio construction

In line with the Task Force on Climate-Related Financial Disclosures (TCFD), greenhouse gas emissions and their carbon equivalence have been used as one of the most explicit measures of climate change-related risks in investment management.

Despite noticeable progress, the availability, quality, and homogeneity of emissions reporting remain challenging for the investment community. The methodological uncertainties about aggregation are also debated by market practitioners. However, the remaining pitfalls and debates should not be used as an excuse for inaction. As a result, we use carbon emissions (among other tools) to analyse our portfolios' exposure to climate change risks and inform our investment decisions.

In accordance with our commitment to fight against climate change, each SFDR Article 8 and 9 funds managed by ELEVA Capital (i.e. 91% of total assets under management) are committed to outperforming their initial investment universe on a binding climate KPI: either carbon footprint or carbon intensity. The tables below show how funds have performed compared to their respective initial investment universe as of 29 December 2023:

Carbon footprint (Scope 1+2, in tons of CO_2 equivalent per million € invested):

	Fund			Initial investment universe	
	Binding ESG KPI?	Fund performance	Coverage rate	Universe performance	Coverage rate
ELEVA European Selection	Binding	94	100%	200	99%
ELEVA Euroland Selection	Binding	105	100%	200	99%
ELEVA Leaders Small & Mid-Cap Europe	Binding	30	100%	112	99%
ELEVA Absolute Return Europe (Long book)	Binding	89	100%	200	99%
ELEVA Sustainable Impact Europe	Non-Binding	53	99%	266	87%

Source: ELEVA Capital based on MSCI data derived from publicly available information, long book for long/short strategies

Carbon intensity (Scope 1+2, in tons of CO_2 equivalent per million € of sales):

	Fund			Initial investment universe	
	Binding ESG KPI?	Fund performance	Coverage rate	Universe performance	Coverage rate
ELEVA European Selection	Non-Binding	135	100%	105	99%
ELEVA Euroland Selection	Non-Binding	130	100%	106	99%
ELEVA Leaders Small & Mid-Cap Europe	Non-Binding	42	100%	85	99%
ELEVA Absolute Return Europe (Long book)	Non-Binding	139	100%	105	99%
ELEVA Sustainable Impact Europe	Binding	98	99%	108	87%

Source: ELEVA Capital based on MSCI data derived from publicly available information, long book for long/short strategies

More information on how climate change criteria are considered in portfolio construction and on the calculation formulas used for these binding KPIs are available on our website, in sections 4.2 and 6.2 of our ESG Policy / Transparency Code.

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 individual 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. 11% of the areas of improvement we shared with companies in 2023 related to climate change (vs. 7% in 2022).
- **Climate change in collaborative engagement activity:** To complement the systematic individual engagements, ELEVA Capital joined the Climate Action 100+ initiative in 2023 in order to utilise collaborative engagement as an additional lever to encourage companies to address climate change.

Our Voting and Engagement policy is available here.

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.

Implied Temperature Rise (ITR):

As a starting point to build a comprehensive climate strategy with a clear alignment with the Paris Agreement and time-bound objectives, ELEVA Capital subscribed to a dedicated MSCI dataset in 2022 to measure the implied temperature rise of its portfolios. This tool helps us to appraise the actual baseline 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 (ITR)** has decreased substantially since 2021 but the results prove to be difficult to compare, notably due to methodological changes from the data provider MSCI.

	Implied temperature rise (ITR)			Coverage rate		
	2021	2022	2023	2021	2022	2023
ELEVA Capital	2.79	2.36	2.01	96%	98%	100%
STOXX Europe 600 NR	2.45	2.17	2.09	97%	99%	100%

Source: ELEVA Capital based on MSCI methodology and data, long book for long/short strategies

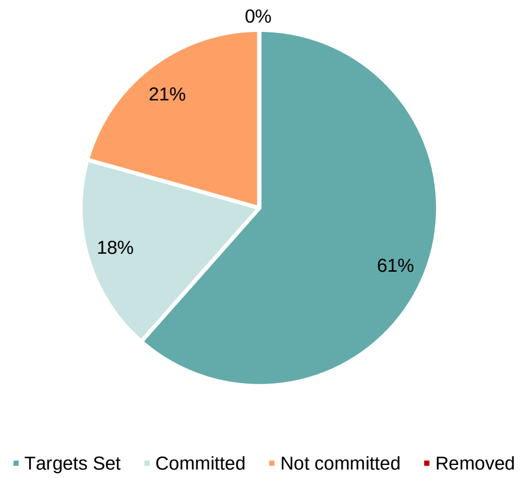
This ITR metric gives a picture of ELEVA Capital's equity portfolio positioning on the way towards the alignment with the Paris Agreement to limit global warming to well below 2°C. However, due to the biases of the MSCI methodology combined with the high variability of carbon data, setting temperature targets in the medium term proves difficult.

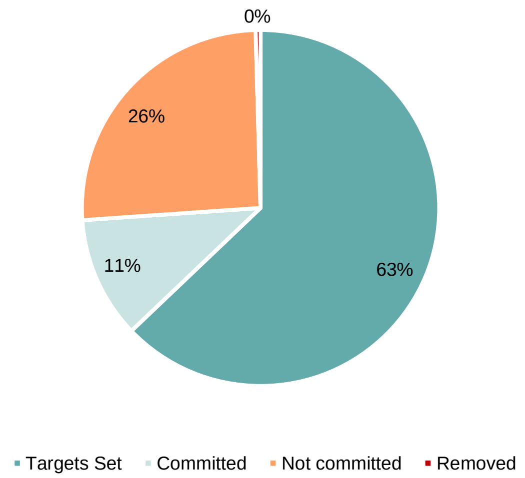
Science-Based Target initiative (SBTi):

An alternative metric is the share of investments in companies with SBTi-validated climate targets or which are committed to an SBTi validation. The Science Based Targets initiative (SBTi) has become a reference in frameworks and tools for companies to set science-based net-zero targets and this metric has the advantage of simplicity.

As of 29 December 2023, 61% of the investments made by ELEVA Capital were in companies with a climate target validated by the SBTi and 18% in companies committed to an SBTi validation, compared to 63% and 11% respectively for the STOXX Europe 600 NR.

ELEVA Capital portfolio's SBTi status (% of each SBTi status)	**STOXX Europe 600 NR's SBTi status** (% of each SBTi status)





Source: ELEVA Capital based on SBTi data, in weight. Near-Term, Long-Term and Net-Zero validations are considered.

Setting a binding climate target:

We studied the implications of setting a binding climate target with a triple objective: (1) meet the regulatory requirements, and (2) respond to our client's expectations, while (3) adopting a fundamental and unbiased methodology.

We notably contemplated introducing a climate objective based on this Science-Based Target initiative methodology. However, we decided to pause this project considering the statement released in April 2024 by the SBTi Board of Trustees and the controversy that followed about the use of environmental attribute certificates (EACs) for abatement purposes against Scope 3 emissions reduction targets. We also regret that many industries critical for the transition are not covered yet by the SBTi methodology such as the oil & gas and mining sectors.

Following our investigations and many discussions with data providers, brokers, corporates, and experts, we concluded that the currently available methodologies do not allow us to satisfy this triple objective and that **we will continue to explore the best solutions before setting binding objectives for our portfolios.**

7. Strategy for alignment with long-term biodiversity goals

In the continuity of our climate strategy, ELEVA Capital is committed to addressing biodiversity loss and managing the related natural capital risks of our investments. We recognise the significant progress made in December 2022 at the COP 15 UN Biodiversity Conference which led to the international agreement to protect 30% of land and oceans by 2030 as well as the adoption of the Kunming-Montreal Global Biodiversity Framework (GBF). We can now use the GBF goal and targets to orient our efforts and take concrete steps in the investment process of our funds. In this context, we have taken the first steps and hope that science-based initiatives such as the Taskforce on Nature-related Financial Disclosures (TNFD) or the Science Based Targets for Nature (SBTN) will drive market developments and that more mature methodologies will emerge.

7.1 Biodiversity consideration in ELEVA Capital's exclusion policy

Any major biodiversity controversy can result in a controversy penalty impacting the ELEVA ESG score which directly influences the stock selection process. Companies involved in the worst biodiversity controversies could even be excluded in the event of an MSCI 'Red' flag. However, as of 2023, ELEVA Capital had no biodiversity-dedicated exclusion policies. Considering the importance of biodiversity and recent market developments, we contemplated the formalisation of biodiversity-related exclusion policies.

- **Palm oil:** The palm oil industry is a significant contributor to biodiversity loss and deforestation, not to mention the issues related to local communities, human health, etc. As of 2023, none of the companies flagged by MSCI as having direct exposure to palm oil were invested by ELEVA Capital. However, we decided to strengthen the control process and formalise a palm oil exclusion policy at the level of ELEVA Capital that will apply from 1st July 2024.
- **Deforestation:** We also investigated the possibility of a Deforestation exclusion policy more broadly, but we could not identify any satisfactory data field that could be used. We hope the development of asset-location and geospatial data will help ESG rating agencies provide more granular methodologies which will reflect the real performance of companies rather than simply the sector and geography exposures.

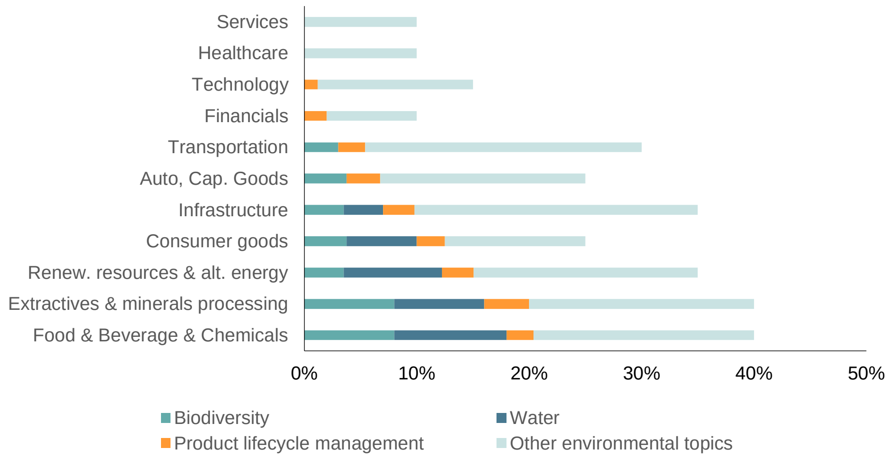
More details on our ELEVA exclusion policy can be found in our ESG Policy / Transparency Code, section 3.5, available here.

7.2 Biodiversity risks and opportunities in ESG analysis

ELEVA Capital has developed a proprietary methodology aiming to assess a company's behaviour towards its key stakeholders (Shareholders, Planet, Employees, Suppliers, Civil Society). For each sector, our proprietary materiality matrix sets the weighting of each of these pillars and of their associated criteria. This analysis materialises in an ESG score, ranging from 0 to 100. For the long book of the SFDR Article 8 and 9 funds managed by ELEVA Capital, the ESG analysis is systematic and **a minimum ESG score is required, meaning that the ESG score directly influences the stock selection process.**

Biodiversity is a criterion within the 'Planet' pillar. 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, etc. In 2021, we increased the number of sectors for which biodiversity criteria are assessed. The current weight of the environmental topics including the biodiversity-related ones is presented below:

Sector-specific weighting of biodiversity-related topics
(in % of overall ELEVA ESG score)



Source: ELEVA Capital based on proprietary data

Within the 'Planet' pillar and in the logic of double materiality, the 'Biodiversity' criterion focuses on:

- 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, direct and indirect exposures to challenging biodiversity commodities, etc.);
- the credibility of these targets and the concrete actions they take to reach them;
- the performances in terms of toxic emissions, waste generation, or negative impacts on biodiversity visible through the existence of controversies.

Other environmental criteria covered in our ESG analysis methodology, especially 'Water' as well as 'Product lifecycle management', are equally relevant when it comes to monitoring biodiversity risks and opportunities.

Although highly focused on ESG risk analysis, our ESG analysis methodology also helps to identify ESG opportunities. Within the 'Planet' pillar, the 'Taxonomy / Green products' sub-criterion allows us to analyse whether the company's products have positive or negative impacts on the environment in general and notably on biodiversity. This criterion will hopefully converge with the green rules of the European Taxonomy including the specific objective 'Protection and restoration of biodiversity and ecosystems' and other objectives corresponding to biodiversity pressures ('Pollution prevention and control', 'Climate change mitigation', and 'Protection and sustainable use of water and marine resources').

More information on how biodiversity risks and opportunities are taken into account in ESG analysis and stock selection can be found in our ESG Policy / Transparency Code, available here.

7.3 Impact & Dependency screening

In line with the LEAP (Locate, Evaluate, Assess and Prepare) approach developed by the Taskforce on Nature-related Financial Disclosures (TNFD), we started to **Locate** and **Evaluate** the material nature-related impacts and dependencies of the investments made by ELEVA Capital. Given the lack of a widely accepted standard, we adopted a humble approach based on the ENCORE mapping on which we will continue to build.

Principal Adverse sustainability Impact (SFDR PAI): Under the SFDR regulation, several PAI indicators can be used to assess biodiversity impacts at the portfolio level. Within the mandatory PAI metrics, the PAI 7 ('Activities negatively affecting biodiversity-sensitive areas') is particularly relevant. However, we decided not to report this indicator for 2023 considering the important issues related to data quality and/or availability (based on MSCI data, none of our investments were considered as exposed). The methodological adjustments introduced by MSCI in 2024 will hopefully provide a more robust and usable dataset.

We hope the development of asset-location data will help ESG data providers improve their PAI 7 methodologies. Other PAI metrics are also relevant when it comes to monitoring biodiversity risks and opportunities. This is especially the case of PAI 8 ('Emissions to water'), and PAI 9 ('Hazardous waste and radioactive waste ratio'). When data availability allows it, we do report the performance of our Article 8 and 9 funds against these PAI metrics in the SFDR periodic reporting of our funds and in their ESG Annual Report.

Aggregated footprinting tools: Several ESG data providers have launched aggregated biodiversity footprinting tools, notably the MSA (Mean Species Abundance) and PDF (Potentially Disappeared Fraction of species) methodologies.

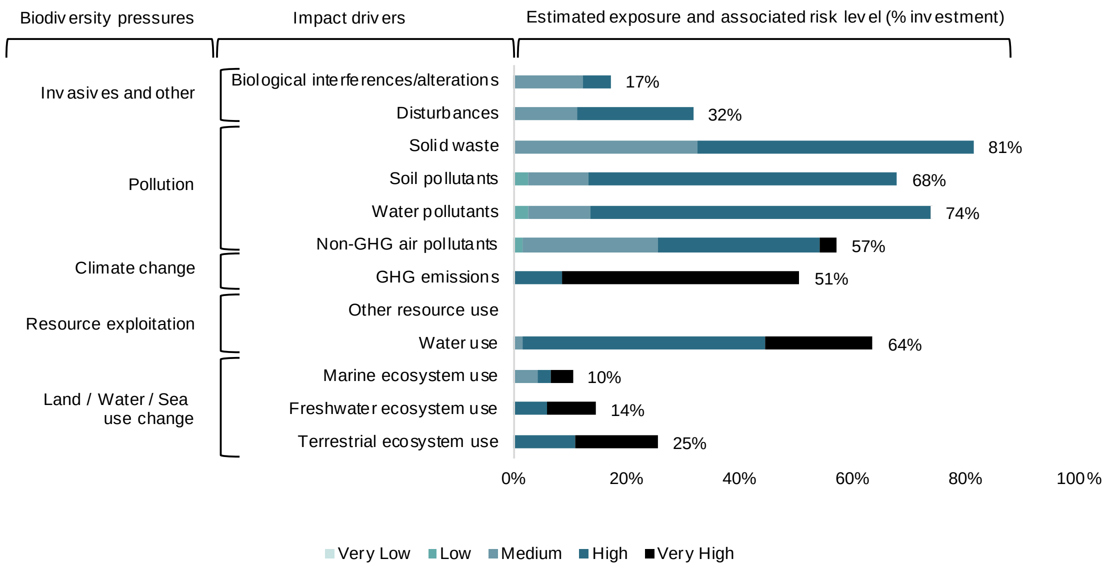
While the apparent simplicity of these aggregate metrics is undeniable, we are still reluctant to use them considering their methodological pitfalls, sector and geographical biases, as well as the fact the proxies do not reflect the actual performance and efforts of the companies. More fundamentally and given the multi-dimension of biodiversity, we believe it is not possible to create one metric that is meaningful and that can be used to inform investment decisions.

The TNFD itself has warned financial institutions of the dangers of using aggregated footprinting tools which are not considered core by the expert group but rather an additional voluntary metric: "The Taskforce continues to assess the use case and decision-usefulness of these emerging indicators. They are still maturing, and there are concerns about the level of aggregation and approximation involved in the methodologies, the lack of location-specificity and the currency of some of the underlying data."

Consequently, we **will continue to monitor the interest of aggregated biodiversity impact measurement** and, depending on market developments and recommendations from the biodiversity experts (e.g. TNFD, IPBES, SBTN), we will re-consider reporting on the potential impacts of our portfolio at the next reporting iterations.

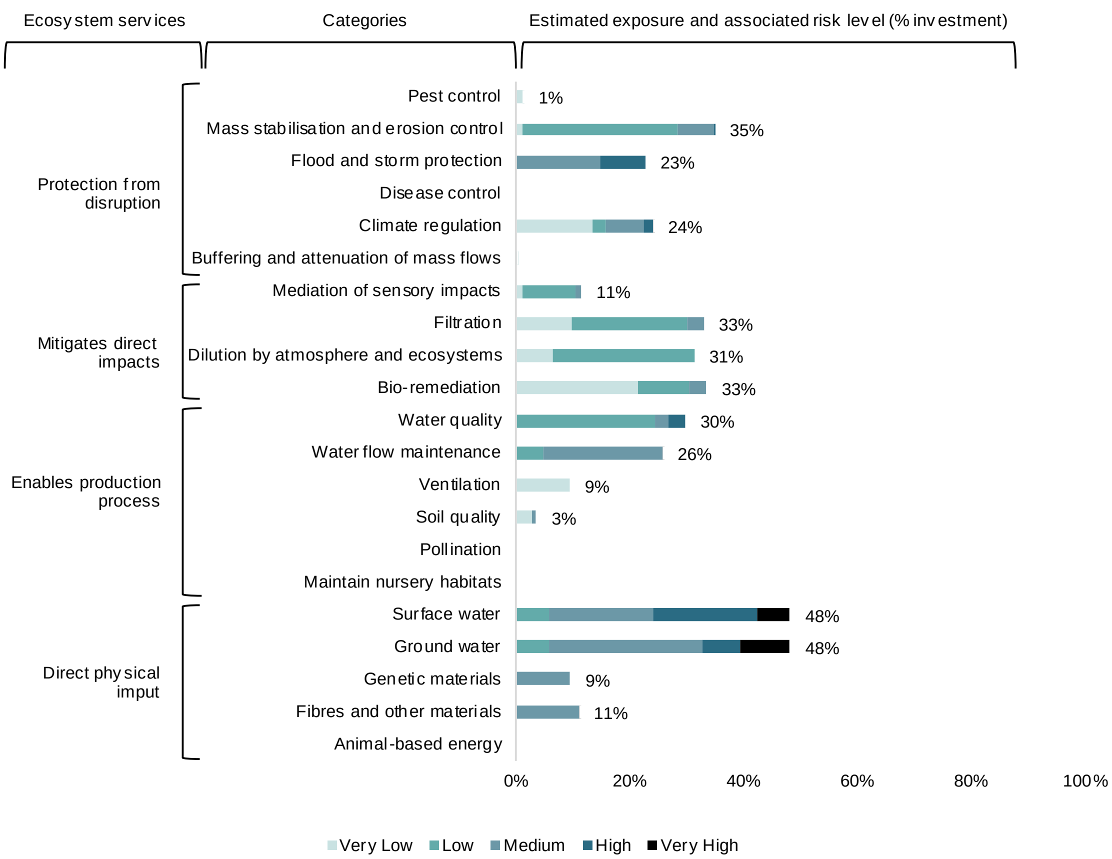
Risk exposure based on ENCORE mapping: In this fast-evolving context and considering the recommendations from the French Environmental Agency (ADEME) and TNFD, we decided to assess the portion of the portfolio exposed to the issue of biodiversity. Because ENCORE emerged as a scientific and market standard – notably recognised by the TNFD for sector guidance materiality mapping – **we used the ENCORE data to map the material biodiversity impacts and dependencies of the ELEVA Capital portfolio.**

– **Biodiversity impacts:** As of 29 December 2023, 74% of our investments were invested in sub-industries that have very high or high potential impact on at least one of the drivers of nature loss.



Source: ELEVA Capital based on ENCORE data, 94% of eligible investments covered, long book for long/short strategies

– **Ecosystem dependencies:** As of 29 December 2023, 28% of our investments were invested in sub-industries that have very high or high potential dependency on at least one ecosystem service.



Source: ELEVA Capital based on ENCORE data, 53% of eligible investments covered, long book for long/short strategies

7.4 Biodiversity in voting and engagement activity

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

- **Biodiversity 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. Planet Tracker found that only 37 proposals on issues related to biodiversity have been submitted to shareholder approval over 2010-2022 i.e. 3 per year on average. ELEVA Capital has not encountered any biodiversity resolution in 2023 but we would be in favour of proposals encouraging greater transparency on pollution, water, and other biodiversity-related issues. In such an eventuality, we would leverage the conclusions of our ESG analysis to inform our vote instructions.
- **Biodiversity in individual 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. 4% of the areas of improvement we shared with companies in 2023 related to biodiversity (vs. 2% in 2022). Seeing the rise of biodiversity in the agenda of responsible and sustainable investors, our intention is to start issuing specific engagement actions with our portfolio companies.
- **Biodiversity in collaborative engagement activity:** To complement its systematic individual engagements, ELEVA Capital formally asked to join the Nature Action 100 initiative in 2024 with the objective to utilise collaborative engagement as an additional lever to encourage companies to address biodiversity loss.

Our Voting and Engagement policy is available here.

7.5 Next steps on ELEVA Capital's biodiversity strategy

Biodiversity remains a nascent topic for companies and investors alike. As mentioned above, the current methodologies are not fully satisfactory and relevant data is still scarce.

We contemplated introducing a biodiversity objective based on an aggregated impact indicator. We studied the implications of setting a binding biodiversity target with a triple objective: (1) meet the regulatory requirements, and (2) respond to our client's expectations, while (3) adopting a fundamental and unbiased methodology. Following our investigations and many discussions with data providers, brokers, corporates, and experts, we concluded that the currently available methodologies do not allow us to satisfy this triple objective and that we will continue to explore the best solutions before setting binding objectives for our portfolios.

It is perhaps too early to expect a quantitative indicator that reflects the real impact of localised corporate assets and the multidimensionality of biodiversity, but we do not believe it should be used as an excuse for inaction. ELEVA Capital will continue to monitor market developments and recommendations from the biodiversity experts (e.g. TNFD, IPBES, SBTN, Finance for Biodiversity Foundation) and will contemplate setting a quantitative biodiversity target at the next reporting iterations. We will also embed biodiversity and nature considerations across the investment process in a more systematic way.

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

At this stage, the ESG risks are too complex to quantify precisely their potential financial impact but sustainability risks – notably on climate and biodiversity – are identified, monitored, and managed through the ESG scoring of investee companies. The ELEVA Exclusions also play a role in mitigating our ESG risk exposure and complementary measures apply to labelled funds. More information can be found in our ESG Policy / Transparency Code available on our website, as well as in section 6 'Strategy to align with the temperature targets of the Paris Agreement' and section 7 'Strategy for alignment with long-term biodiversity goals' of this report.

General ESG risks addressed through ESG scoring for SFDR Article 8 and 9 funds: The ELEVA Capital's proprietary methodology considers the most material ESG risks depending on the sector. 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 severity of the controversies. As a result, our ESG score reflects the sustainability risks a company is exposed to and the extent to which these risks are managed. The lower the ESG score, the higher the risk. As a reminder, the ESG analysis is systematic for the long book of the SFDR Article 8 and 9 funds managed by ELEVA Capital. These funds have a minimum ESG score threshold which prevents them from investing in the riskiest companies from an ESG perspective.

Complementary risk mitigation measures for labelled funds: In addition, our funds with the V2 version of the French SRI label (ELEVA Euroland Selection, ELEVA European Selection, and ELEVA Leaders Small & Mid Cap Europe) applied an ESG selectivity rate of at least 20% and ELEVA Sustainable Impact Europe applied an investment universe reduction rate of at least 25%. Risk mitigation will be further reinforced for funds which will be labelled with the V3 version of the French SRI label, with an increased rate that will reach 30%.

Climate-specific risks: In particular, within the 'Planet' pillar and in the logic of double materiality, the 'Climate Change' 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); and
- 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.

Beyond ESG analysis, we disclose in this report the share of investments exposed to fossil fuel, carbon footprint and intensity which can help assess the level of climate risk. We also considered a more quantitative approach in terms of risk assessment at the portfolio level using a Climate Value-at-Risk model (cVaR) but concluded the current methodologies are not robust enough yet.

Biodiversity-specific risks: When it comes to risks related to biodiversity, within the 'Planet' pillar and in the logic of double materiality, the 'Biodiversity' criterion focuses on:

- 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;
- the performances in terms of toxic emissions, waste generation, or negative impacts on biodiversity visible through the existence of controversies.

Beyond ESG analysis, we disclose in this report the share of investments significantly exposed to nature loss as well as the level of dependency on ecosystem services.

9. Statement on Principal Adverse sustainability Impacts indicators (SFDR PAI)

Financial market participant: ELEVA Capital
Summary – ELEVA Capital does not consider the principal adverse impacts of its investment decisions on sustainability factors at the entity level within the meaning of Article 4 of the SFDR regulation. – ELEVA Capital considers the principal adverse impacts at the product-level for its SFDR Article 8 and 9 open-end funds within the meaning of Article 7 of the SFDR regulation. PAI reporting for these funds is available in the SFDR periodical reporting annexed to the ELEVA Capital Annual Report 2023, as well as the dedicated ESG Annual Reports which are available on the funds' respective websites.

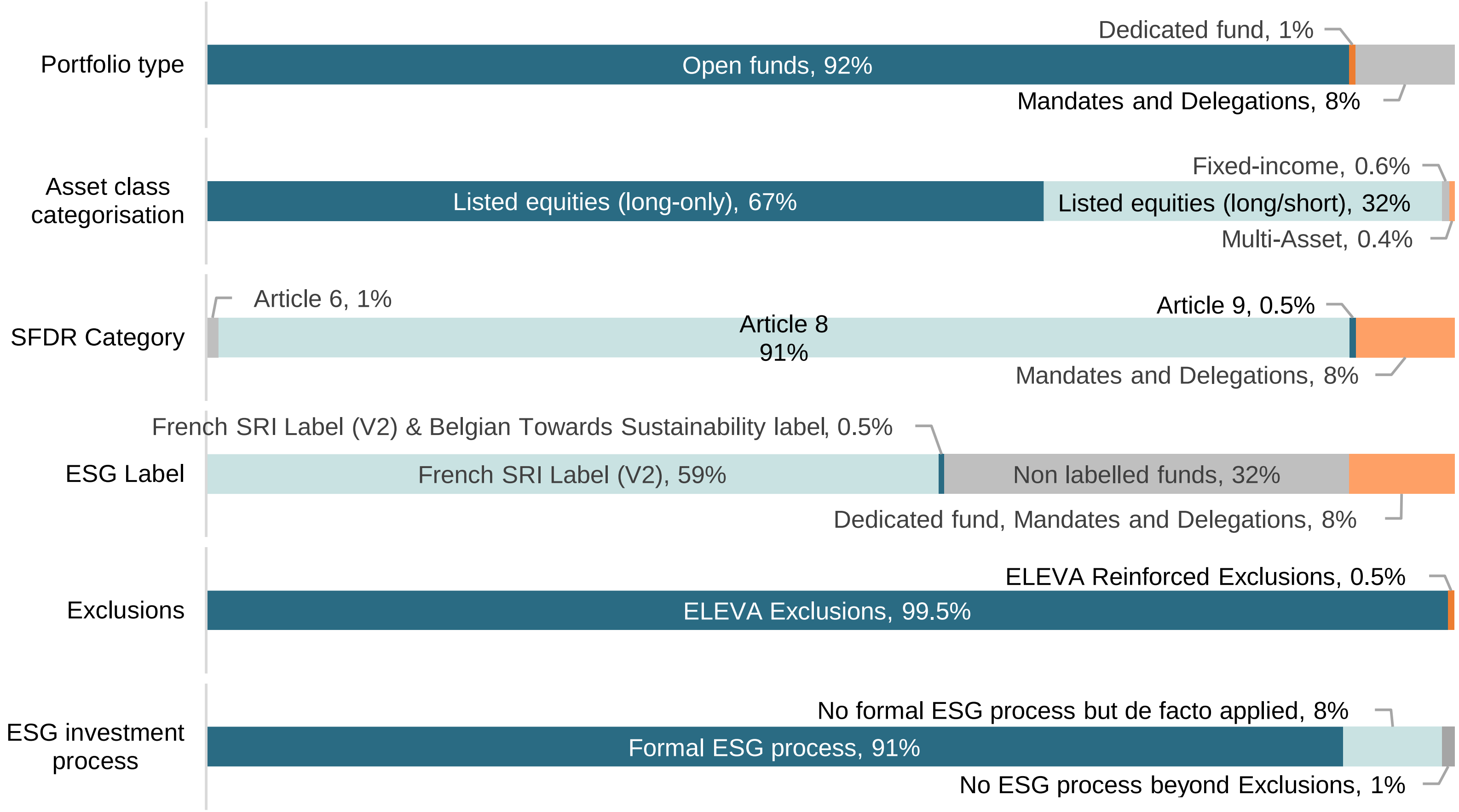
10. Continuous improvement plan and concordance table

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	More information in the ESG Policy / 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, code, initiative or label	Adherence to responsible business conduct codes and internationally recognised standards	Section 1.5			
Internal resources	Human resources		Section 2.1			
	Financial and technical resources		Section 2.2			
	Internal capacity building		Section 2.3			
Governance	ESG governance structure		Section 3.1			
	Remuneration policy		Section 3.2			
	ESG at governance level		Section 3.3			
Voting and engagement	Perimeter	Brief summaries of engagement policies	Section 4.1	More information in the Voting and Engagement policy available on ELEVA Capital website		
	Voting and engagement policy		Section 4.2			
	Policy application review		Section 4.3	More information in the Voting and Engagement report available on ELEVA Capital website		
	Investment decisions					

Theme	Article 29 of the Energy-Climate law	SFDR Regulation	Corresponding section of this report	Comments	Improvement Plan	Target date
Adverse impacts		Identification and prioritisation of principal adverse sustainability impacts	Section 9			
		Description of the principal adverse sustainability impacts and indicators		Indicators are not published at the asset management company level because ELEVA Capital does not commit to take the PAI into account under SFDR Article 4		
European taxonomy and fossil fuels	Taxonomy alignment		Section 5.1	Taxonomy figures disclosed for the first time in this ESG Annual Report 2023 and in the relevant funds' SFDR periodic reporting		
	Fossil fuel sector exposure		Section 5.2			
Alignment with Paris Agreement	Quantitative objective until 2030		Section 6.5	No quantitative objective set at this stage due to the lack of viable methodology	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		Section 6.5			
	Changes in the investment strategy		Section 6.1 & 6.4	Coal policy update and upcoming application of the French SRI label V3. More information in the 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 biodiversity footprint indicator selected at this stage, and no quantitative objective due to the lack of viable methodology	Scan new methodologies and indicators proposed in the market, for instance, by the TNFD and SBTN	2025 at the latest
	Impacts reduction analysis					
	Biodiversity footprint indicator					
Risk management	Identification, assessment and priorisation process and management of risks		Section 8	More information in the ESG Policy / Transparency Code available on ELEVA Capital website		
	Climate risks		Section 6.2 & 8			
	Biodiversity loss risks		Section 7 & 8			

Annexes

Annexe A – ESG Breakdown of ELEVA Capital portfolios as of December 2023



Source: ELEVA Capital, more information in the ESG Policy / Transparency Code, available on our [website]

Annexe B – ESG implementation in ELEVA Capital SFDR Article 8 and 9 funds as of June 2024

	Article 8		Article 9
	ELEVA Euroland Selection ELEVA European Selection ELEVA Leaders Small & Mid Cap Europe	ELEVA Absolute Return Europe ELEVA Absolute Return Dynamic ELEVA Global Multi Opportunities	ELEVA Sustainable Impact Europe
Exclusions (normative & sectorial)	**Violation of the UN Global Compact | Tobacco | Controversial weapons | Nuclear weapons | Coal[1] | GAFI blacklist**		
			All weapons | Alcohol | Pornography | Fossil fuel | Gambling (Towards Sustainability label compliant)
ESG Analysis	**All companies ESG-scored with ELEVA Capital methodology**		
	Min 40/100 ESG score	**Min 40/100 ESG score (long book)** and Min 30/100 for non-European companies **Short book: Max 80/100 ESG score**	**Min 60/100 ESG score** and **Min 50/100 Governance score**
	+ average ESG score of the fund > average score of the 80% best companies of the universe	**+ average ESG score of the fund** (long-invested pocket only) **> average score of the universe**	**Ensuring > 25% reduction of the investment universe**
Binding ESG KPI	**Carbon footprint** and **% UNGC (European / Euroland)** or **% growth of employees (Leaders)**	**Carbon footprint** and **% UNGC** (long invested pocket excluding sovereigns)	**Carbon intensity** and **% UNGC**
Sustainable Investments[2]	**Min. 20% of sustainable investments including 5% E and 5% S**		**Min. 80% of sustainable investments** (i.e. 100% excluding cash) **including 30% E and 30% S** **and Min. 40% at portfolio level**
Vote & Engagement	**Vote at 100% AGM**		
	Systematic engagement post-ESG analysis		

Source: ELEVA Capital, more information in the ESG Policy / Transparency Code, available on our website. ELEVA Absolute Return Dynamic was launched under SFDR Article 8 in mid-December 2023 and ELEVA Global Multi Opportunities was officially categorised under SFDR Article 8 in January 2024. (1) Further details in our Coal policy and in our ESG Policy / Transparency Code

Annexe C – ELEVA Exclusion Policy applicable as of June 2024

Article 6	Article 8	Article 9
ELEVA Euro Bonds Strategies **ELEVA Global Bonds Opportunities** **ELEVA European Multi Opportunities**	**ELEVA Euroland Selection** **ELEVA European Selection** **ELEVA Leaders Small & Mid Cap Europe** **ELEVA Absolute Return Europe** **ELEVA Absolute Return Dynamic** **ELEVA Global Multi Opportunities**	**ELEVA Sustainable Impact Europe** (also applicable to ELEVA Capital's definition of Sustainable Investments)

NORM BASED

Violation of 1 or more UN Global Compact Principles or ILO conventions or UN guiding principles on Business and Human Rights or OECD guidelines for Multinational Enterprises + FATF Blacklist for sovereign investments

SECTOR BASED

Unconventional weapons (i.e Controversial weapons)

In line with Oslo Accords & Ottawa Treaty. All companies involved in the manufacture, distribution, sale and storage of anti personnel mines and cluster bombs, chemical, biological and depleted uranium weapons. (0% threshold)

Articles 6 and 8	Article 9
Nuclear weapons (5% threshold)	Conventional weapons (5% threshold) and nuclear weapons (0%)

Tobacco (5% threshold)

Articles 6 and 8		Article 9	
Thermal Coal[1]	Production (mining, distribution): excludes companies with capacity expansion programs (Urgewald), production >10Mt and/or 5% of revenues with coal Power generation: excludes companies with capacity expansion program (Urgewald), coal-fired power >5GW and/or 10% of revenues with coal	Fossil Fuels (5% threshold)	Thermal coal: exploration, mining, extraction, transportation, distribution or refining of thermal coal or equipment/service providers. Compliant with TS Belgian label Oil & Gas: conventional & unconventional inc. tar/oil sand, shale oil, shale gas or equipment/service providers. Compliant with TS Belgian label Power Generation: generation of power/heat from non-renewable sources or equipment/service providers. Compliant with TS Belgian label

Article 9 only:

- Alcohol (5% threshold)
- Adult entertainment (5% threshold)
- Gambling (5% threshold)

Source: ELEVA Capital, more information in the ESG Policy / Transparency Code, available on our website. ELEVA Absolute Return Dynamic was launched under SFDR Article 8 in mid-December 2023 and ELEVA Global Multi Opportunities was officially categorised under SFDR Article 8 in January 2024. (1) Further details in our Coal policy and in our ESG Policy / Transparency Code.

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 61 rue des Belles Feuilles 75116 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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