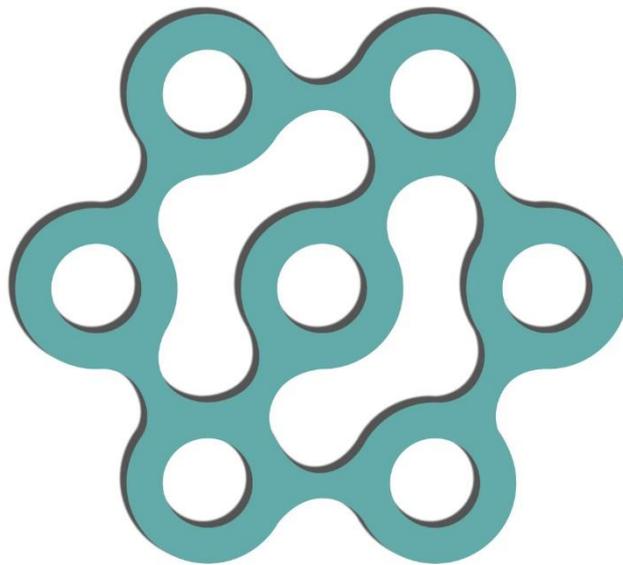


ELEVA Leaders Small & Mid Cap Europe

ESG Annual Report

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



As 31 December 2022

Foreword

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 Leaders Small & Mid Cap Europe as a fund classified Article 8.

An ESG annual report is available at the ELEVA Capital level. ESG annual reports are available for all article 8, article 9 and funds with more than € 500 million of assets under management. These documents complement ELEVA Capital's Transparency Code which describes ELEVA Capital's ESG approach, proprietary methodologies, and the resources dedicated to responsible investment.

The ESG Annual Report of ELEVA Capital and the Transparency Code are available in the dedicated responsible approach section of our website: <https://www.elevacapital.com/en/our-responsible-approach#for-further-information>

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



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1. ELEVA Leaders Small & Mid Cap Europe

ELEVA Leaders Small & Mid Cap Europe is an SRI fund (article 8 SFDR) investing in European listed companies with unique business models, or with significant global market share, or companies with a technological or geographical specific exposure and which aim to deliver profitable growth over the long term. The fund invests mainly in small and mid-cap companies.

As of 31 December 2022, ELEVA Leaders Small & Mid Cap Europe held the SRI French State Label.

	Strategies	Main asset class	Exclusions in place**	AuM at 31/12/2022 in million EUR	Share of total AuM	SFDR Categorisation	Labels	Link to related fund
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/eleva-leaders-small-mid-cap-europe

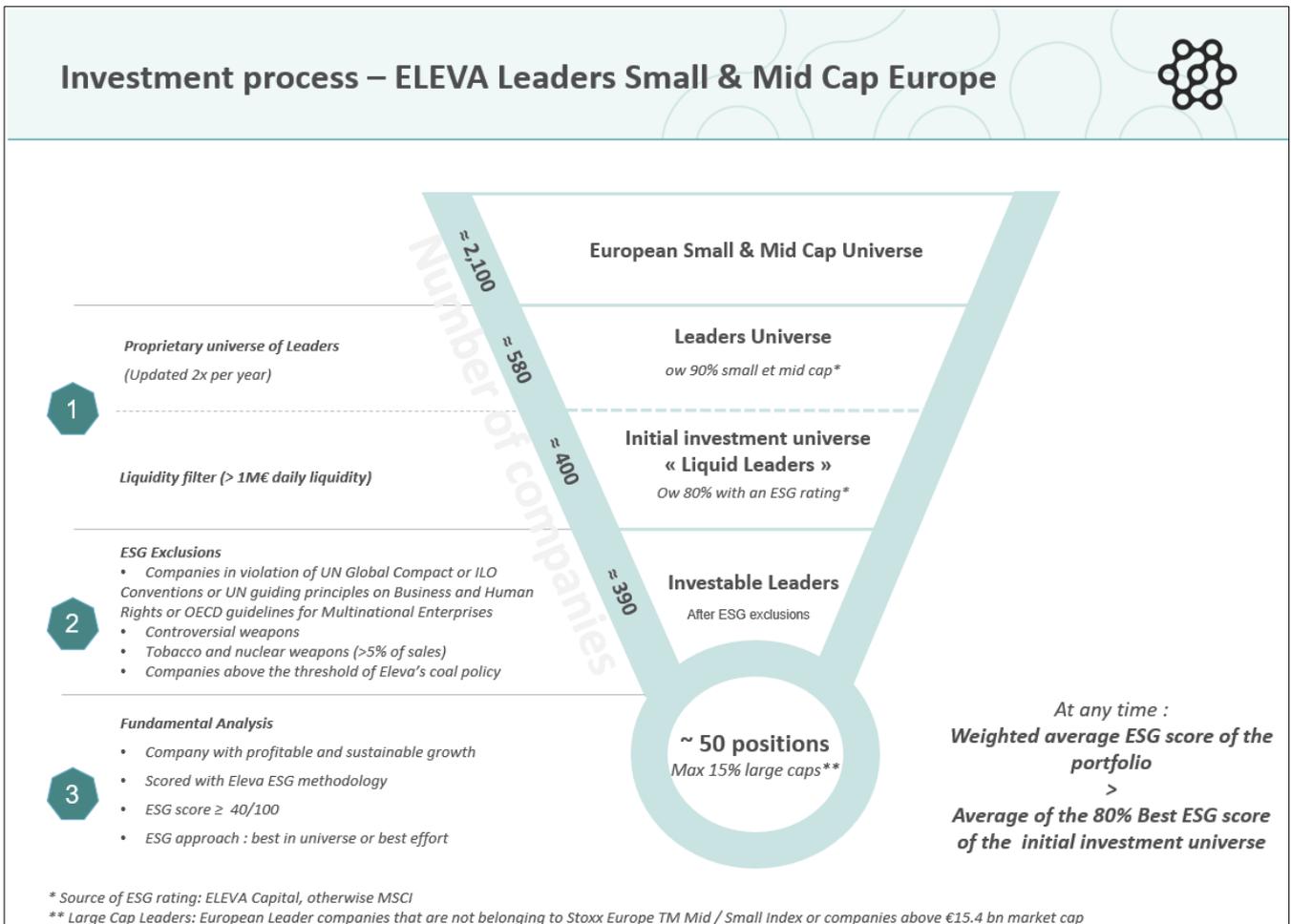
* See our Coal policy: <https://www.elevacapital.com/en/our-responsible-approach#for-further-information>

** 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>



Investment process

The investment process counts 3 steps, 2 being based on non-financial criteria.



1. **Exclusions.** The fund applies to its initial investment universe the following set of exclusions:

Norm based	Sector based	
Voluntary basis	Regulatory Reasons	Voluntary basis
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 	Controversial weapons*, (including chemical, biological and depleted uranium-based weapons) (threshold : 0% of sales) 	Tobacco Nuclear weapons (threshold : 5% of sales) Coal** 



* Cluster munitions and anti-personnel mines, in line with Oslo and Ottawa treaties

**Regarding the coal revenues thresholds, check our coal policy available here:
<https://www.elevacapital.com/en/our-responsible-approach#for-further-information>

2. **Positive ESG Screening.** Companies are internally analysed based on their behaviour towards their 5 stakeholders (shareholders, employees, suppliers, civil society, the planet) and scored on ESG criteria (from 0 to 100). To be eligible, a minimum ESG score of 40/100 is required. The analysis includes, among others, the quality of the management team, the climate change performances or the management of the supply chain.

Transparency is at the heart of our responsible investor approach. For further information on ELEVA Leaders Small & Mid Cap Europe:

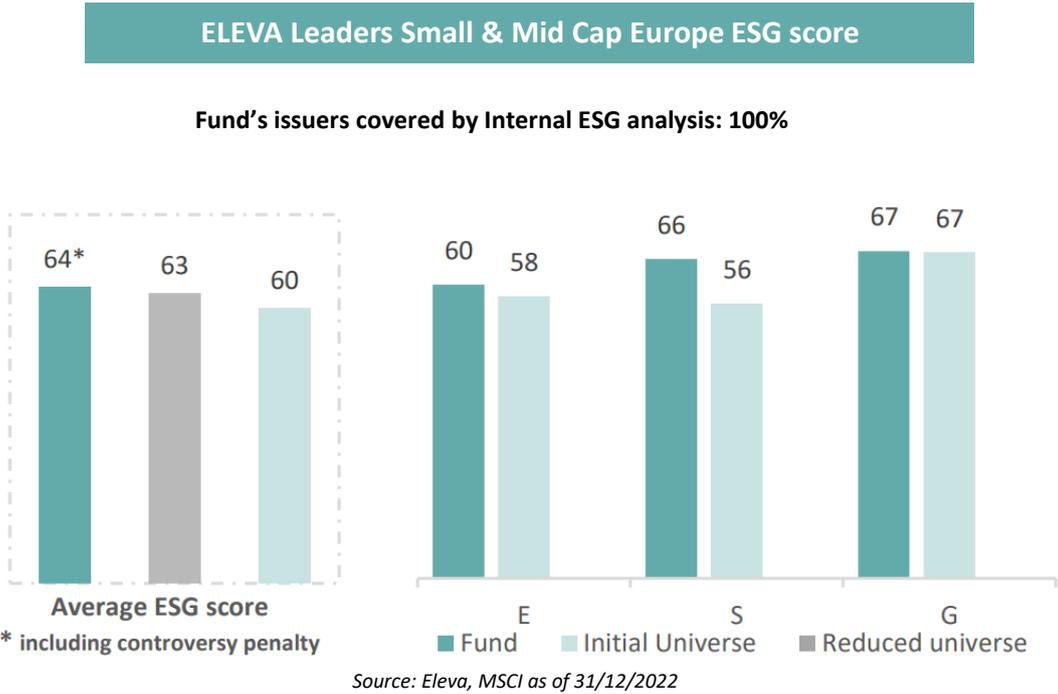
- ELEVA Capital Transparency Code, available on our website, in the Responsible Investment section: <https://www.elevacapital.com/en/our-responsible-approach#for-further-information>
- Prospectus, available on the fund's dedicated website: <https://www.elevacapital.com/en/funds/eleva-leaders-small-mid-cap-europe>



2. Sustainability performances

ELEVA Capital has developed a proprietary ESG analysis methodology based on the analysis of companies' relationships with all their stakeholders: shareholders, employees, suppliers, the planet and civil society. Any issuer present in the fund is intended to be analysed and rated on ESG criteria. However, and in accordance with the specifications of the SRI label, 10% of the fund's outstanding amount may be invested in unrated assets or issuers. The use of this 10% tolerance is very limited. For example, it may be used, on a temporary basis, to participate in IPO or block placements. In these cases, the management team has a maximum of a month to rate the company. A minimum ESG score of 40/100 is necessary for a company to be considered as an investment. The fund's weighted average ESG score may in no case be lower than the average ESG score of the initial investment universe after elimination of the 20% worst companies.

As of 31 December 2022, the average ESG score of the portfolio is 64/100. This compares to the 63/100 ESG score of its reduced investment universe. The weighted scores of the fund on E, S and G criteria higher or equal to those of its initial investment universe:



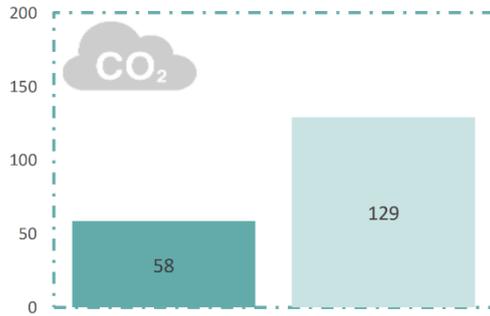
Moreover, the fund must show a better performance than its initial investment universe on the following two ESG key performance indicators :

- Carbon footprint (in tons of CO2 equivalent (scope 1+2) / million euros invested)
- Growth in the number of employees.

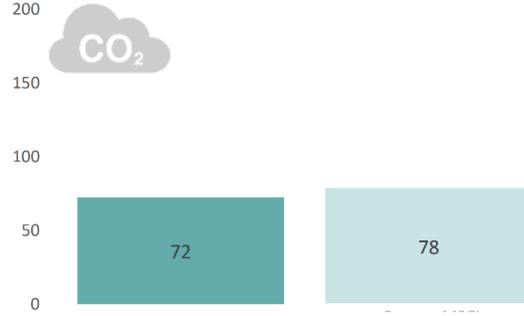


CARBON PERFORMANCE

Carbon footprint
(in tons of CO₂ equivalent per million € invested)



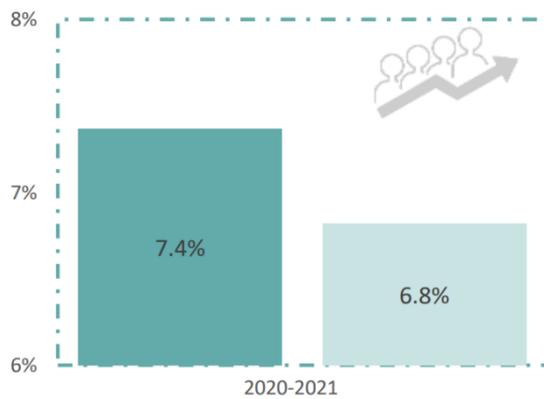
Average carbon intensity
(in tons of CO₂ equivalent per million € of sales)



Source: MSCI as of 31/12/2022

HUMAN CAPITAL

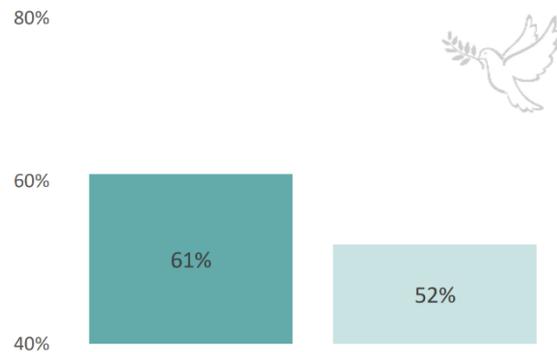
Growth in the number of employees



Source: ELEVA Capital as of 31/12/2022

UN GLOBAL COMPACT SIGNATORIES

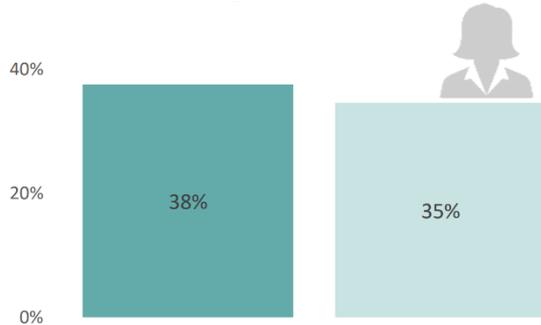
Signatories of the United Nations Global Compact



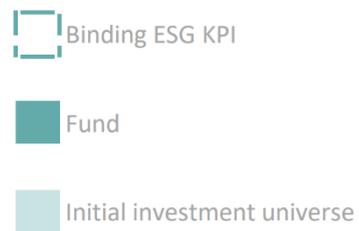
Source: Global Compact as of 31/12/2022

BOARD GENDER DIVERSITY

Percentage of women on board



Source: MSCI, ELEVA Capital as of 31/12/2022



As of 31 December 2022, the fund's average carbon footprint was 58 tons of CO2 equivalent / million euros invested which is lower than its initial investment universe (129 tons of CO2 equivalent / million euros invested). Growth in the number of employees between 2021 and 2020 reached 7.4% for the fund (vs 6.8% for the investment universe).

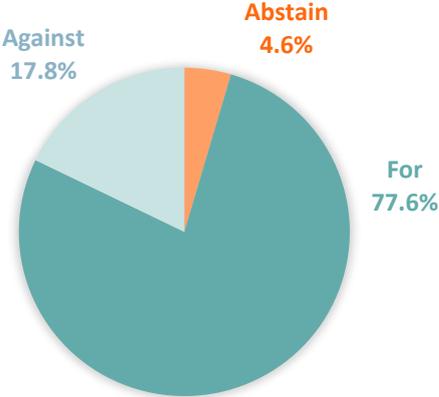


3. Voting and engagement

3.1 Voting review in 2022

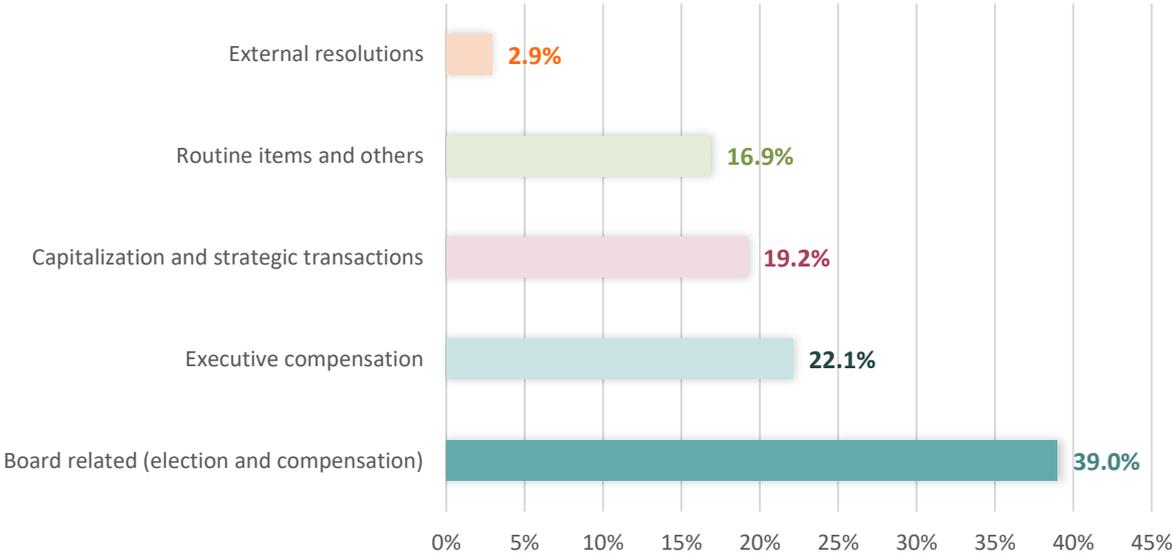
ELEVA Capital is committed to exercising its voting rights for all the equities held in its portfolios. In 2022, ELEVA Capital voted at 61 AGMs for which ELEVA Leaders Small & Mid Cap Europe held voting rights, i.e. a 100% exercise rate. During these annual meetings, we voted on 1 030 resolutions (64 were non-voting items) – an average of 17 resolutions per annual general meeting. We voted “AGAINST” in 172 of the 966 voting resolutions, corresponding to a 17.8% opposition rate.

BREAKDOWN OF VOTING DECISIONS



The resolutions that drew the most opposition from the fund were Board related (39.0% of total opposition votes) and about executive compensation (22.1% of total opposition votes).

BREAKDOWN OF VOTES AGAINST BY THEME



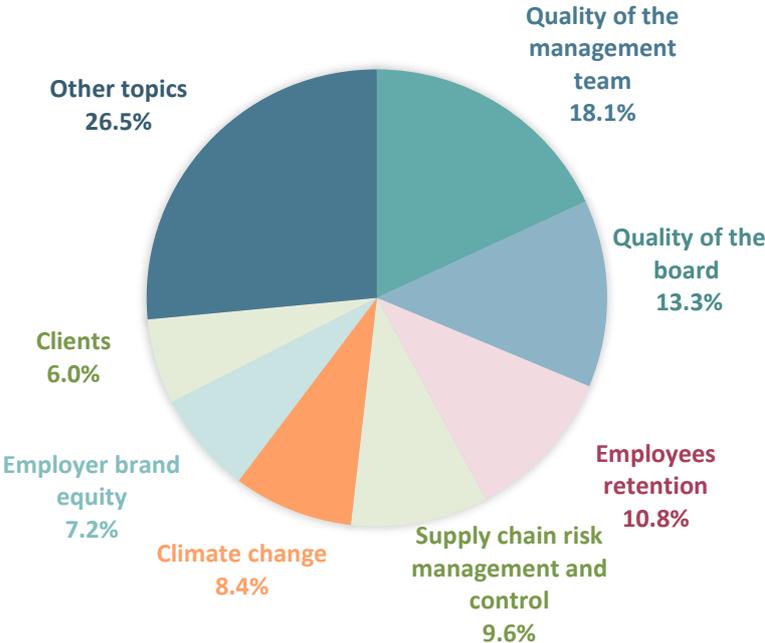
Regarding the environmental and social specific resolutions, ELEVA Leaders Small & Mid Cap Europe supported 1 Say-on-Climate resolution and 1 approval of non-financial report.

All voting decisions for the AGMs of the ELEVA Leaders Small & Mid Cap Europe fund are disclosed in its Voting report (<https://www.elevacapital.com/en/funds/eleva-leaders-small-mid-cap-europe>).

3.2 Engagement review in 2022

As of 31 December 2022, ELEVA Leaders Small & Mid Cap Europe engaged with 98% of the companies held in portfolio (56 companies). The remaining have been engaged in 2023. Among the 56 companies, 28 have been engaged in 2022, sharing with them 83 areas of improvement.

BREAKDOWN OF ENGAGEMENT BY THEME



We monitor these commitments to assess their 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 2022, for the first time, we updated the ESG analysis of companies scored 2 years earlier and still held in the portfolios. In this context, we assessed the achievement of engagement topics sent in 2020 for 4 companies of ELEVA Leaders Small & Mid Cap Europe, representing a total of 12 engagement areas:

- 5 have been achieved
- 1 partially achieved
- 6 not achieved.

Naturally, the successful or partially successful status of an action cannot be fully attributed to our sole engagement, as many other shareholders may have conducted similar engagement.



4. European Taxonomy and exposure to the fossil fuel sector

4.1 Taxonomy alignment

The data available today to calculate the Environmental Taxonomy alignment is mainly provided by data providers, such as MSCI, and is mainly based on estimates done by these providers.

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

For more details on taxonomy definition, please refer to the ESG Annual Report of ELEVA Capital, available here: <https://www.elevacapital.com/lu/our-responsible-approach#for-further-information>

4.2 Fossil fuel sector exposure

In parallel to the Taxonomy alignment, we assessed ELEVA Leaders Small & Mid Cap Europe exposure to companies with activities including extraction, processing, storage, and transportation of petroleum products, natural gas, and thermal coal according to the SFDR calculation methodology for the PAI “Exposure to companies active in the fossil fuel sector”.

As a baseline for comparison, we calculated the same metric for the investment universe as of 31/12/2022.

	In %	Coverage rate
ELEVA Leaders Small & Mid Cap Europe exposure to the fossil fuel sector	2.9%	90.1%
Investment universe exposure to the fossil fuel sector	4.8%	98.9%

Source: MSCI (derived from publicly available information)



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

5.1 Climate change consideration

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 followed by all our equity funds.

All details of our current practices related to climate change are disclosed in the ESG Annual Report of ELEVA Capital available here: <https://www.elevacapital.com/en/our-responsible-approach#for-further-information>

5.2 Next steps

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 in 2022 to an MSCI dataset 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 Leaders Small & Mid Cap Europe 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 the initial investment universe temperature metric.

	In Celsius degrees		Coverage rate	
	2021	2022	2021	2022
ELEVA Leaders Small & Mid Cap Europe Implied temperature rise	2.21	1.97	94.3%	100%
Investment universe Implied temperature rise	2.73	2.53	96.6%	99.5%

Source: MSCI

This metric gives us a picture on the fund’s positioning on the way towards the alignment with the Paris Agreement to limit global warming to well below 2 degrees Celsius. The significant moves between 2021 and 2022 show the low level of maturity of such indicators which methodology should continue to evolve to be less dependent on external factors such as inflation. In this context, setting temperature targets in the short term remains challenging.

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



6. Strategy for alignment with long-term biodiversity goals

As an Article 8 fund, ELEVA Leaders Small & Mid Cap Europe is included in ELEVA Capital's general approach on the biodiversity topic.

The latter is developed in the ESG Annual Report of ELEVA Capital available here:
<https://www.elevacapital.com/en/our-responsible-approach#for-further-information>



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

As an Article 8 fund, ELEVA Leaders Small & Mid Cap Europe follows ELEVA Capital's approach on ESG risks management.

Thus, 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.

More information is given in the ESG Annual Report of ELEVA Capital available here: <https://www.elevacapital.com/en/our-responsible-approach#for-further-information>



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

This section is published using the tools and information available at the time of writing of this report. Metrics are calculated according to PAI SFDR Methodology at ELEVA Leaders Small & Mid Cap Europe portfolio level. Reweighting has not been applied when data is missing, so we disclose simultaneously the coverage rate of each indicator. For indicators with a coverage rate below 50%, we decided to not publish the metric. The data used is from MSCI.

Financial market participant: ELEVA Leaders Small & Mid Cap Europe - Legal entity identifier: 213800VVEQ4W3X4EP562
Summary ELEVA Leaders Small & Mid Cap Europe considers principal adverse impacts of its investment decisions on sustainability factors. The present statement is the consolidated statement on principal adverse impacts on sustainability factors of ELEVA Leaders Small & Mid Cap Europe. This statement on principal adverse impacts on sustainability factors covers the reference period from 1 January to 31 December 2022.

Description of the principal adverse impacts on sustainability factors

Indicators applicable to investments in investee companies					
Adverse sustainability indicator		Metric	Impact FY2022	Coverage rate	Actions taken, and actions planned and targets set for the next reference period
CLIMATE AND OTHER ENVIRONMENT-RELATED INDICATORS					
Greenhouse gas emissions	1. GHG emissions	Scope 1 GHG emissions in tons of CO ₂ equivalent	7,034.4	90.1%	This metric is analysed in the planet pillar of our ESG scoring methodology
		Scope 2 GHG emissions in tons of CO ₂ equivalent	2,538.6	90.1%	This metric is analysed in the planet pillar of our ESG scoring methodology
		Scope 3 GHG emissions in tons of CO ₂ equivalent	55,758.1	90.1%	This metric is analysed in the planet pillar of our ESG scoring methodology



	Total GHG emissions in tons of CO ₂ equivalent	65,331.2	89.0%	This metric is analysed in the planet pillar of our ESG scoring methodology
2. Carbon footprint	Carbon footprint in tons of CO ₂ equivalent per million EUR invested	207.1	89.0%	Binding indicator for ELEVA Leaders Small & Mid Cap Europe fund (Scope 1&2 emissions)
3. GHG intensity of investee companies	GHG intensity of investee companies in tons of CO ₂ equivalent per million EUR of sales	503.0	89.0%	
4. Exposure to companies active in the fossil fuel sector	Share of investments in companies active in the fossil fuel sector	2.9%	90.1%	This metric is analysed in the planet pillar of our ESG scoring methodology
5. Share of non-renewable energy consumption and production	Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	83.3%	73.5%	
6. Energy consumption intensity per high impact sector	Energy consumption in GWh per million EUR of revenue of investee companies, per high impact climate sector	Energy consumption intensity (NACE Code A) NA Energy consumption intensity (NACE Code B) 0.26 Energy consumption intensity (NACE Code C) 0.46 Energy consumption intensity (NACE Code D) 1.10	82.8%	This metric is analysed in the planet pillar of our ESG scoring methodology for all sectors except Financials



			Energy consumption intensity (NACE Code E) NA Energy consumption intensity (NACE Code F) NA Energy consumption intensity (NACE Code G) 0.04 Energy consumption intensity (NACE Code H) 0.08 Energy consumption intensity (NACE Code L) 0.01		
Biodiversity	7. Activities negatively affecting biodiversity-sensitive areas	Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	-	0%	As the coverage rate is below 50%, we decided to not publish the metric
Water	8. Emission to water	Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	-	0%	As the coverage rate is below 50%, we decided to not publish the metric
Waste	9. Hazardous waste and radioactive waste ratio	Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	-	35.0%	As the coverage rate is below 50%, we decided to not publish the metric



INDICATORS FOR SOCIAL AND EMPLOYEE, RESPECT FOR HUMAN RIGHTS, ANTI-CORRUPTION AND ANTI-BRIBERY MATTERS					
Social and employee matters	10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	90.1%	Binding indicator at ELEVA Capital level as it is part of the overall exclusion list
	11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	41.5%	88.0%	
	12. Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	-	21.7%	As the coverage rate is below 50%, we decided to not publish the metric
	13. Board gender diversity	Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	40.6%	89.0%	This metric is analysed in the Shareholders pillar of our ESG scoring methodology



	14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	90.1%	Binding indicator at ELEVA Capital level as it is part of the overall exclusion policy
OTHER INDICATORS FOR PRINCIPAL ADVERSE IMPACTS ON SUSTAINABILITY FACTORS					
Emissions	4. Investments in companies without carbon emission reduction initiatives	Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	22.1%	89.0%	
Social and employee matters	1. Investments in companies without workplace accident prevention policies	Share of investments in investee companies without a workplace accident prevention policy	19.0%	88.8%	



9. 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
Adverse impacts		Description of the principal adverse sustainability impacts and indicators	Section 8			
Alignment with Paris Agreement	Quantitative objective until 2030		Section 5.2	No quantitative objective set because of significant variability of carbon budget data within the methodology used	Discussion with our data provider and scanning other methodologies for carbon emissions monitoring in line with Paris Agreement	2025 at the latest
	Quantitative results		Section 5.2			
	Methodology Changes in the investment strategy: coal policy		Section 5.2 Section 5.1			
Alignment with long-term biodiversity goals	Respect of the objectives of the Convention on Biological Diversity		Section 6	No indicator has been adopted by the fund to assess biodiversity footprint because of the lack of relevant methodology	Scanning new methodologies and indicators available in the market based, for instance, on the TNFD	2025 at the latest
	Impacts reduction analysis		Section 6			
	Biodiversity footprint indicator		Section 6			
Risk management	Identification, assessment and prioritization process and management of risks		Section 7			
	Climate risks		Section 7			
	Biodiversity loss risks		Section 7			

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).





ELEVA
CAPITAL

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