ELEVA Leaders Small & Mid-Cap Europe Fund

Sustainability-related website disclosure, Article 10 (SFDR)

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A. Summary

ELEVA Leaders Small & Mid-Cap Europe fund (the "Sub-Fund") is a 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.
The Sub-Fund invests at least 72% of its net assets in assets that have been determined as "eligible" as per the ESG process in place (hence in investments that are aligned with the promoted environmental and social characteristics). For the sake of clarity, the minimum of 72% corresponds to 90% of 80% : 90% being the minimum weight of issuers analysed and scored on ESG criteria with the ELEVA methodology prior to the investment on the invested pocket and 80% being the minimum of the invested pocket (i.e maximum 20% of cash).

B. No sustainable investment objective

This financial product promotes environmental or social characteristics but does not have as its objective a sustainable investment.
Among the investments aligned with the E/S characteristics, the Sub-Fund invest at least 20% of its net assets in assets that have been determine as "eligible" as per the sustainable investments process in place, in the meaning of art. 2(17) SFDR. In particular the Sub-Fund will invest a minimum of 5% in sustainable investments with environmental objectives such as energy efficiency, renewable energies, sustainable mobility, smart building, sustainable infrastructure, etc. The Sub-Fund will invest a minimum of 5% in sustainable investments with the social objectives such as health and wellbeing, …

a. How the indicators for adverse impacts are taken into account

Indicators for adverse impacts on sustainability factors are taken into account, at the product level, in 3 different ways: through a set of exclusions, through several criteria analysed in the ESG analysis and by using binding ESG KPIs.

The Sub-Fund takes into consideration 14 principal adverse impact indicators and 2 optional ones (investments in companies without carbon emission reduction initiatives and investment in companies without workplace accident prevention policies).
• PAI 2, 10 and 14 are taken into consideration in a quantitative way, with maximum exposure or thresholds in place (through Strict Exclusion or through the binding ESG key performance indicators)
• PAI 1, 3, 4, 5, 6, 11, 13 and the 2 optional ones are taken into consideration in a qualitative way, mainly through the criteria analysed through ESG analysis.
• PAI 7, 8, 9, and 12 are only taken into consideration when the data is available (available data for these PAI is scarce). However, engagement on these topics may be conducted with companies to help improve disclosure.

b. How a sustainable investment is assessed as aligned with the OECD guidelines and the UN Guiding Principles

The companies that have violated ILO (International Labour Organisation) Conventions, or one of the UN guiding principles on Business and Human Rights, or one of the UN Global Compact principles, or of the OECD Guidelines for Multinational Enterprises are excluded in this Sub-Fund.

C. Environmental or social characteristics of the financial product

ELEVA Leaders Small & Mid-Cap Europe fund holds a SRI label in France and promotes a combination of environmental, social and governance ("ESG") characteristics. This Sub-Fund integrates binding ESG criteria in its investment management process. The main non-financial objective of Eleva Leaders Small & Mid-Cap Europe Fund is to invest in companies with good ESG practices (i.e. best in universe) or companies that are on an improving path regarding ESG practices (i.e. best efforts) while excluding companies that would not have a minimum absolute ESG rating (40/100). The Sub-Fund also seeks to help companies to improve their ESG practices by engaging in dialogue with them on a regular basis and by sharing with them areas of improvement on specific ESG topics.

The Sub-Fund seeks to invest in companies having a good behaviour towards their key stakeholders (Shareholders, Employees, Suppliers, Civil Society and the Planet). For instance, the Sub-Fund seeks to invest in companies with good corporate governance practices (e.g. Boards with gender and cognitive diversity and a sufficient level of independence), with good environmental and social practices (e.g. signatories of the UN Global Compact) and implementing carbon reduction measures (e.g. the Sub-Fund has an ESG KPI on carbon footprint). While the Sub-Fund is managed with reference to the benchmark STOXX Europe Small 200 (the "Benchmark"), the Benchmark has not been designated for the purpose of attaining the ESG characteristics promoted by the Sub-Fund but for performance comparison and risk measurement purposes). In addition, Eleva Capital S.A.S. (the "Management Company") is not constrained by the benchmark in its investment decisions; it is free to select securities which are part, or not, of the Benchmark. The Sub-Fund's holdings and the weightings of securities in the portfolio will consequently deviate from the composition of the Benchmark.

D. Investment strategy

a. Investment strategy used to meet the environmental or social characteristics

The Sub-Fund implements several sustainable approaches under steps 2 and 3, as defined by the Global Sustainable Investment Alliance: exclusionary screening, norm-based screening, positive ESG screening (i.e. "best in universe" or "best efforts").
The Sub-Fund predominantly invests its net assets in the equity of small and mid-cap corporate issuers with their registered office in Europe (i.e. European Economic Area, UK, Switzerland). The Sub-Fund can invest, within a limit of 15% of its total assets, in shares of companies qualifying as large caps. The Sub-Fund's investment process counts **3 steps** being based on a combination of non-financial and financial criteria.

Step 1/ Liquidity filter and ESG rating: within the proprietary "Leaders" universe, Sub-Fund excludes companies that do not have sufficient liquidity. The resulting "Liquid Leaders Universe" (i.e. the initial investment universe of the Sub-Fund) comprises approximately 400 companies of which more than 80% have an ESG score (i.e. an ESG score established internally by the Management Company and, where not available, an ESG score from a single external data provider).

Step 2/ Strict Exclusion: the Management Company excludes companies from the initial investment universe which have significant negative impacts on specific ESG factors in accordance with the section "Investment Objectives and Policies" of the Prospectus.

Step 3/ Fundamental analysis: the Management Company does a fundamental analysis of each company which is considered for investment on the basis of both financial and non-financial criteria.

b. Policy to assess good governance practices

Assessing company's governance practices is an integral part of the Management Company proprietary ESG Scoring methodology. Governance criteria (essentially located in the pillars Shareholders and Civil society) account for 30% to 40% of the ESG score, depending on a company's sector. As a reminder each investee company is scored on ESG criteria with the Management Company ESG scoring methodology.

For more details on our ESG methodology, please refer to ELEVA Capital Transparency code available in our website: https://www.elevacapital.com/lu/our-responsible-approach#for-further-information

E. Proportion of investments

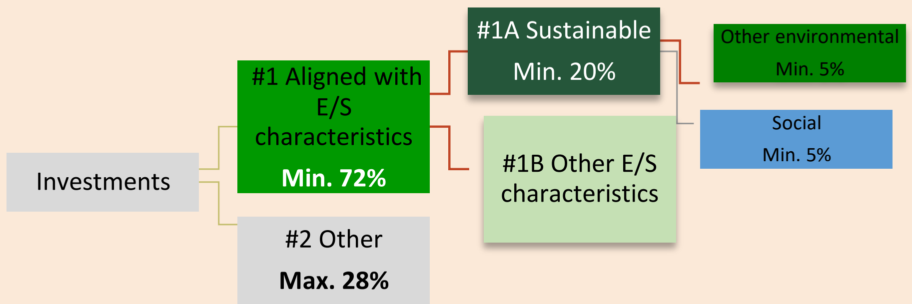
#1 Aligned with E/S characteristics: the Sub-Fund invests at least 72% of its net assets in assets that have been determined as "eligible" as per the ESG process in place (hence in investments that are aligned with the promoted environmental and social characteristics). For the sake of clarity, the minimum of 72% corresponds to 90% of 80%: 90% being the minimum weight of issuers analysed and scored on ESG criteria with the Eleva methodology prior to the investment on the invested pocket and 80% being the minimum of the invested pocket (i.e maximum 20% of cash).

#1A Sustainable: among the investments aligned with the E/S characteristics, the Sub-Fund invest at least 20% of its net assets in assets that have been determine as “eligible” as per the sustainable investments process in place, in the meaning of art. 2(17) SFDR. In particular the Sub-Fund will invest a minimum of 5% in sustainable investments with environmental objectives such as energy efficiency, renewable energies, sustainable mobility, smart building, sustainable infrastructure, etc. The Sub-Fund will invest a minimum of 5% in sustainable investments with the social objectives such as health and wellbeing, …

#1B Other E/S characteristics: these investments include investments that are not sustainable in the meaning of art. 2(17) SFDR but have fullfilled the promoted environmental anche social characteristics by applying the Sub-Fund’s ESG methodology in investment decision making (norm and sector based exclusions, ESG scoring and that have been screened through the PAI assessment).

#2 Other: As a result, up to 28% of the Sub-Fund investments may not be aligned with the E/S characteristics:
- Cash (meaning bank deposit at sight, such as cash held in current accounts with a bank accessible at any time) – up to 20%;
- financial derivatives instruments;
- companies with no ESG score done internally such as IPOs (initial public offering) or, among others, money market instruments, Debt securities and UCITS – up to 10%.

For the sake of clarity, the above listed invesment, in aggregate, will never exceed the total of 28% aforementioned.
These investments may be held for technical purposes and/or on a temporary basis and/or pending available information to score them on ESG criteria (e.g. IPOs).
The Sub-Fund does not consider any minimum environmental or social safeguards on these remaining investments “#2 Other”.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

#2Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

The category **#1 Aligned with E/S characteristics** covers:
- The sub-category **#1A Sustainable** covers sustainable investments with environmental or social objectives.
- The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

F. Monitoring of environmental or social characteristics

The Sub-Fund's strategy in relation to the ESG characteristics is an integral part of the Sub-Fund's investment strategy, which is continuously monitored via the risk control and related systems in place. In addition to ongoing monitoring, pre-trade controls are also performed.

G. Methodologies for environmental or social characteristics

The Sub-Fund's investment process counts 3 steps being based on a combination of non-financial and financial criteria. The sustainability indicator used in the context of the non-financial part of the process is the ESG scoring (i.e. an ESG score established internally by the Management Company and, where not available, an ESG score from a single external data provider).

The Management Company indeed uses a proprietary tool to internally analyse and score the companies on ESG criteria from 0 (worst score) to 100 (best score). The analysed ESG criteria include, among others:

• Shareholders (i.e. Governance criteria): quality of management team (track record, alignment of interest with shareholders, etc.), quality of the board of directors (board efficiency, gender diversity, checks and balances, etc.), quality of the relationship with shareholders (quality of risk management and controls, financial communication, respect of minority shareholders, etc.);

• Employees (i.e. Social criteria): quality of human resources ("HR") management (HR policies, management of human capital, gender pay gap, etc.), employer brand equity (reputation as an employer, etc.), employees retention (employee training, turnover, etc.), safety & security (policy on accident prevention, history of accidents and risk management, etc.);

• Suppliers (i.e. a combination of Environmental, Social and Governance criteria): level of risk in the supply chain (complexity of supply chain, disruption risks, etc.), supply chain risk management and control (controls, audits, engagement on Corporate Social Responsibility issues, etc.);

• Civil Society (i.e. a combination of Social and Governance criteria): customers (products quality, customer satisfaction, etc.), state (fiscal behaviour, business ethics, process to monitor the compliance with UN Global Compact principles etc.), local communities (philanthropic approach, etc.);

• Planet (i.e. Environmental criteria): climate change (risks and policies, targets on carbon emissions reduction, performance on GHG emissions and intensity), energy management (risks and policies, share or non-renewable energy consumption/production, targets, performance on energy consumption), water (risks and policies, targets, performance), biodiversity and other (risks and policies, targets, performance), environmental impact of products (taxonomy-aligned products, exposure to fossil fuels, eco-design, circular economy etc.).

The scoring methodology includes penalties for controversies, if any.

The Sub-Fund must also show a better performance than its initial investment universe on the following two ESG key performance indicators:

• Carbon footprint (in tons of CO2 equivalent/million euros invested) and

• Weighted average of employees growth rates.

For more details on the calculation methodology for these indicators, please refer to ELEVA Capital Transparency Code available on our website: https://www.elevacapital.com/lu/our-responsible-approach#for-further-information

H. Data sources and processing

The ESG process (ESG rating, voting, engagement) relies on several data sources:

• Corporate public documentation remains our main data source, either directly (annual reports, CSR reports, etc.) or indirectly (access via Bloomberg or via raw data collected by our ESG data provider).

• Meetings with companies and site visits also allow us to refine our analyses.

• Information produced by non-governmental organisations (NGOs) such as:
  - o The CDP (corporate ratings and responses) on topics of climate change, water and forest management.
  - o The Access to Medicine Index allows us to measure the involvement of pharmaceutical companies in the accessibility of their products to the poorest populations.
  - o Urgewald's Global Coal Exit List (GCEL), used as part of our coal policy and the resulting exclusion list.

• Databases that allow us to verify companies' engagement with CSR initiatives, for example:
  - o Alignment with UN Global Compact
  - o Commitment to the Science-Based Target Initiative

• Brokers' ESG research, whether thematic, sectoral, or on issuers in particular

• MSCI's ESG research, which we use primarily for:
  - o Establishing our exclusion lists
  - o Monitoring controversies
  - o Access to raw data from companies that feed into our internal ESG analysis model
  - o Reporting (carbon footprints, ESG impact indicators, etc.).

I. Limitations to methodologies and data

The main methodological limits associated to the ESG process are:

• The availability of data to conduct ESG analysis.

• The quality of the data used in the assessment of ESG quality.

• The comparability of data, as not all companies publish the same indicators.

• The use of proprietary methodologies, which relies on the experience and skills of the asset manager’s staff.

• The use of an external ESG data provider which may raise the following issues:
  - o Issues related to missing or incomplete information from some companies (for example relating to their capacity to manage their ESG risks) which have been used as input of data providers’ scoring model; this problem may be mitigated by those providers through the use of alternative data sources, external to the company, to feed their scoring models;
  - o Issues linked to the quantity and quality of ESG data to be processed by ESG data providers (significant flow of information to be integrated continuously into their ESG scoring model):

this problem may be mitigated through the use of technologies like artificial intelligence and the numerous analysts who work to transform raw data into relevant information;
o Issues linked to the identification of relevant factors for the ESG analysis conducted in accordance with the ESG data provider framework. This is usually set beforehands as each sector (and sometimes each company) has its own set of indicators deemed material by the ESG data provider and its own weightings: ESG data providers may use a quantitative approach validated by each sector specialist and investor feedback to determine the most relevant ESG factors for a given sector (or for a particular company if applicable).

J. Due diligence

ELEVA Capital has implemented a due diligence controls plan to ensure that the financial product is managed in accordance with the corresponding ESG rules.

• **Internal control:**

- **First level control**

  - **Monitoring compliance with exclusion rules**: the Risk team implements the exclusion list, which are sent on a monthly basis by our ESG data provider, which to date is MSCI. Pre-trade control is set up as well as post-trade control.

  - **Monitoring compliance with minimum ESG ratings and the universe reduction rate**: the Risk team also monitors the existence of a pre-investment ESG score and compliance with the minimum ESG score. Compliance with the initial investment universe reduction rule is also verified. This is monitored through pre-trade checks and post-trade controls.

  - **Monitoring compliance with the minimum share of investments with E/S characteristics**: the Sub-Fund invests at least 72% of its net assets in assets that have been determined as “eligible” as per the ESG process in place (hence in investments that are aligned with the promoted environmental and social characteristics). This minimum is monitored daily by the Risk Team.

  - **Monitoring performance compliance on binding ESG performance indicators**: the Sub-Fund is required to comply with two binding ESG performance indicators, in accordance with the specifications of the French SRI label. These indicators are reported in the Sub-fund's monthly report.

- **Second level control**: The compliance department ensures a second level control that is integrated into the internal control system of the annual internal control plan. In addition, periodic monitoring of this process will occur at least once every three years. Periodic checks will be outsourced.

• **External control**: Having the SRI label in France, the Sub-fund is subject to external control by an accredited certification body. ELEVA Capital retained the EY auditor for the labelling of the Sub-Fund. This audit process includes an initial on site audit and then every 3 years, and annual part based audits. Elements controlled by the label certification entity include the existence and implementation of a binding ESG selection process leading to the reduction of the investment universe, the Sub-fund's ESG reporting and performance.

K. Engagement policies

Systematic engagement with investee companies is an integral part of our responsible investment policy. As active shareholders, we are committed to helping companies progress on their sustainability journey. We believe that companies improving their ESG credentials will better manage their risks.
Further information in relation to engagement policy carried out by ELEVA Capital can be found in Voting and Engagement policy available on our website https://www.elevacapital.com/lu/our-responsible-approach#for-further-information

Disclaimer

ELEVA Capital is subjected to the Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector (SFDR).
Regulation (EU) 2019/2088 was supplemented by Delegated Regulation (EU) 2022/1288 of 6 April 2022 which specifies the provisions of the Article 10 of SFDR to be made in terms of publication of information on sustainability, for submitted funds.
This present document is issued to disclose sustainability-related information on this product, in relation to the Article 10 of SFDR. Please refer to the prospectus of the fund and to the KID before making any final investment decisions.

ELEVA Capital SAS
32, rue de Monceau 75008 Paris - Capital 8 – Immeuble Murat Sud
with registered capital of 670 000€
RCS PARIS 829 373 075 – TVA INTRACOM FR 76 829 373 075
Tel : +33 (0)1 40 69 28 70
Portfolio management company authorised by the Autorité des Marchés Financiers under number GP-17000015
ELEVA Capital SAS