Information related to SFDR regulation and AMF 2020-03 doctrine

The Regulation (EU) 2019/2088, known as the Sustainable Finance Disclosure Regulation (hereinafter SFDR) was introduced by the European Commission as part of the European Commission's Action Plan on Sustainable Finance.

It aims to harmonize the rules within the European Union regarding the integration and publication of information on sustainability for financial products. This information should allow investors to compare the characteristics and extra-financial performance of the various financial products offered.

1. Main notions of the regulation and its consequences on sustainability disclosure

SFDR introduces three important notions:

- A sustainability risk: it consists in an environmental, social or governance event or condition that, if it occurs, could cause a negative material impact on the value of an investment;
- A sustainability factor: it means environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters;
- An adverse sustainability impact: it is defined as the negative effects that investment decisions, whether significant or likely to be, could have on sustainability factors or contribute to or be directly linked to such effects.

Thanks to these concepts, the European Commission distinguishes three categories of UCIs according to their level of integration of sustainability risks:

- Article 6: the product does not factor in ESG aspects (or very lightly);
- Article 8: the product promotes environmental or social characteristics or a combination of these characteristics, provided that the companies in which the investments are made follow good governance practices;
- Article 9: the product has a sustainability objective.

Additionally, fund managers with at least 500 employees are requested to report on the 14 mandatory Principal Adverse Impact (PAI) metrics for investee companies covering environmental and social issues.

2. Integrating sustainability risks and taking into account adverse impacts in the management of funds

ELEVA Capital takes into account sustainability risks and the principal adverse impact of its investment decisions and sustainability factors through its ESG policy, applied by its equity long-only funds and the long book of the Absolute Return strategy.

In a nutshell, the sustainable investment process includes 4 levers of action:

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 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 risk 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**

In particular, our ESG Scoring Methodology built around the principle of double materiality is fully aligned with the mindset of the EU Commission pushing to consider both the impact of sustainability risks on investment and the impact of investments on sustainability factors.

More details on this process are available in ELEVA Capital's Transparency Code here : https://www.elevacapital.com/en/our-responsible-approach#for-further-information

3. Categorisation according to SFDR and AMF regulations

ELEVA Capital applies several requirements to its investment decisions that justify the categorisation of our funds according to European and French regulations.

1) The ELEVA Capital exclusion policy applies to all funds. The following practices and sectors are excluded :
   - Companies having violated 1 or more UN Global Compact Principles;
   - Controversial weapons;
   - Nuclear weapons;
   - Tobacco;
   - Coal (see our Coal Policy).

   More details on the exclusion policy and the theresholds are available in ELEVA Capital's Transparency Code here : https://www.elevacapital.com/en/our-responsible-approach#for-further-information

2) A minimum ESG Score is required for each company invested in ELEVA Capital's long only strategies. The threshold is different for each strategy. More information on the ESG scoring methodology and minimum thresholds are available in ELEVA Capital's Transparency Code here: https://www.elevacapital.com/en/our-responsible-approach#for-further-information

Through these two requriements, we ensure at least a 20% reduction rate of the investable universe compared to the fund's initial investment universe for all equity long only funds at ELEVA Capital. As such, they qualify as "Article 8" according to SFDR regulation.

ELEVA Sustainable Impact Europe has an additionnal impact filter whose objective is to select only companies whose products and/or services provide solutions to the Sustainable Development Goals (SDGs) which classifies it "Article 9" under the framework of SFDR. This fund has also a more restrictive exclusion policy which can be consulted in ELEVA Capital's transparency code here: https://www.elevacapital.com/en/our-responsible-approach#for-further-information

All the ELEVA Capital's long only funds hold the French SRI Label.

The French regulator (AMF) doctrine related to products integrating non-financial consideratons (Doctrine 2020-03) requires that asset managers marketing funds in France to comply with specific disclosure obligations, depending on the category they belong:

- Category 3: funds which do not take into account (or lightly) non-financial criteria should strictly limit the communication around extra-financial criteria to their prospectus;
- Category 2: funds which take extra-financial criteria into account without taking a significant commitment to use them may communicate about them without making them a central element of communication (limited communication);
- Category 1: funds which significantly commit to take into account extra-financial criteria can make them a central element of communication.

The following table summarises the categorisation of ELEVA Capital products according to both SFDR regulation and AMF doctrine DOC-2020-03.

	SFDR			AMF Regulation		
	Art 6	Art 8	Art 9	Cat 3	Cat 2	Cat 1
ELEVA European Selection		●				●
ELEVA Euroland Selection		●				●
ELEVA Leaders SMC Europe		●				●
ELEVA Sustainable Impact Europe			●			●
ELEVA Absolute Return Europe		●			●	
ELEVA Global Bonds Opportunities	●			●		
ELEVA Euro Bonds Strategies	●			●		

4. Integration of sustainability risks into the remuneration policy remuneration

In accordance with the article 5 of the Regulation (EU) 2019/2088 (SFDR), ELEVA Capital aims to take sustainability risks into account in its employee remuneration policy.

The integration of sustainability factors into the remuneration policy is formalised in the Remuneration Policy published in our website.