

**Template pre-contractual disclosure for the financial products referred to in Article 9, paragraphs 1 to 4a, of Regulation (EU) 2019/2088 and Article 5, first paragraph, of Regulation (EU) 2020/852**

**Product name:** ELEVA Sustainable Impact Europe Fund

**Legal entity identifier:** 2138001PQ9NN545H2U64

## Sustainable investment objective

### Does this financial product have a sustainable investment objective?

**Yes**    **No**

It will make a minimum of **sustainable investments with an environmental objective: 30%**

- in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy

It will make a minimum of **sustainable investments with a social objective: 30%**

It **promotes Environmental/Social (E/S) characteristics** and while it does not have as its objective a sustainable investment, it will have a minimum proportion of \_\_\_% of sustainable investments

- with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy
- with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy
- with a social objective

It promotes E/S characteristics, but **will not make any sustainable investments**

**Sustainable investment** means an investment in an economic activity that contributes to an environmental or social objective, provided that the investment does not significantly harm any environmental or social objective and that the investee companies follow good governance practices.

The **EU Taxonomy** is a classification system laid down in Regulation (EU) 2020/852, establishing a list of **environmentally sustainable economic activities**. That Regulation does not include a list of socially sustainable economic activities. Sustainable investments with an environmental objective might be aligned with the Taxonomy or not.



### What is the sustainable investment objective of this financial product?

ELEVA Sustainable Impact Europe Fund (the “**Sub-Fund**”) holds a SRI label in France. It systematically and simultaneously integrates binding environmental, social and governance (“**ESG**”) characteristics in its investment management process and intend to invest in companies generating, through the products and/or services they sell, a positive contribution on social and/or environmental issues. Indeed, the main non-financial objective of the Sub-Fund is to invest in companies generating, through the products and/or services they sell, a positive contribution on social and/or environmental issues such as health and wellbeing, energy efficiency, renewable energies, sustainable mobility, smart building, sustainable infrastructure, etc.

While the Sub-Fund is managed with reference to the benchmark STOXX Europe 600 (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.

The investor's attention is drawn to the fact that an investment in the Sub-Fund does not generate a direct impact on the environment and society, but that the Sub-Fund seeks to select and invest in companies that meet the precise criteria defined in the investment policy.

**Sustainability indicators** measure how the sustainable objectives of this financial product are attained.

● **What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?**

The sustainability indicators used by the Sub-Fund are (i) **ESG scoring**, (ii) two ESG key performance indicators - **carbon intensity, and exposure to the UN Global Compact signatories** - and (iii) **positive contribution to social and/or environmental issues**, as further explained below.

The Sub-Fund's investment process counts 4 steps (the first 3 being based on non-financial criteria: *step 1: Strict exclusion, step 2: Positive ESG screening, step 3: Impact*).

(i) **ESG Scoring**: In the context of step 2 (positive ESG screening), the Management Company 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.

To be selected, each company has to have a minimum ESG score of 60/100. This minimum ESG score plays the role of "do no significant harm" test (pass if  $\geq 60/100$  or fail if  $<60/100$ )

(ii) **ESG KPIs**: the Sub-Fund must show a better performance than its initial investment universe on the following two ESG key performance indicators:

7. **Carbon intensity** i.e. the weighted average of companies' carbon intensity (in tons of CO2 equivalent / million euros of sales)
8. **exposure to the UN Global Compact signatories** (sum of the weights of the UN Global Compact signatories).

(iii) **Positive contribution**: At step 3 (impact), the positive contribution of each company is measured through the proportion of revenues of products and/or services which **positively contribute** to one or more of the United Nations Sustainable Development Goals (the "UN SDGs"). To be selected and qualify as a sustainable investment each company has to generate at least 20% of its revenues with those types of products and services (pass or fail). In addition, at the Sub-Fund level, the weighted average revenue contribution to the UN Sustainable Development Goals, has to be above 40%.

**Principal adverse impacts** are the most significant negative impacts of investment decisions on sustainability factors relating to environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters.

### **How do sustainable investments not cause significant harm to any environmental or social sustainable investment objective?**

In order to ensure that sustainable investments do not cause significant harm to any environmental or social sustainable investment objective, the Sub-Fund applies several rules:

- Exclusion (please refer to the question « What investment strategy does this financial product follow? »)
- Minimum ESG score of 60/100, which screens out companies with bad ESG practices and/or significant controversies. As explained in the following question, the ESG score captures many indicators for adverse impacts.
- Positive contribution through the proportion of revenues: the positive contribution of each company is measured by calculating the proportion of revenue generated with products or services that contribute positively to one or more UN SDGs. To be eligible for the portfolio, a company must generate at least 20% of its revenue from this type of products or services. This is a net turnover threshold; thus, we deduct from this percentage the portion of turnover possibly achieved with products having potentially residual negative impacts (i.e. if not already excluded through the exclusion criteria). This indicator is expressed as a percentage and corresponds directly to the percentage of net sales, calculated as mentioned above.

### **How have the indicators for adverse impacts on sustainability factors been taken into account?**

Indicators for adverse impacts on sustainability factors are taken into account, at the product level, through the set of exclusion, through the criteria analysed in the ESG analysis and through the binding ESG KPIs (please refer to the question “What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?”). Please also refer to the question “Does this financial product consider principal adverse impacts on sustainability factors?” for more details.

Principal adverse impact are not taken into consideration at the entity level.

### **How are the sustainable investments aligned with the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights?**

In line with the criteria required for the Belgian label “Towards Sustainability”, 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.



### **Does this financial product consider principal adverse impacts on sustainability factors?**

**✘** Yes, 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 3, 4, 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, 2, 5, 6, 11, 13 and the 2 optional ones are taken into consideration in a qualitative way, mainly through the criteria analysed in Step 3 - ESG analysis.
- PAI 7, 8, 9, 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.

The information on principal adverse impacts will be available in the annual report of ELEVA UCITS Fund.

No



## What investment strategy does this financial product follow?

The Sub-Fund invests primarily in European equities (i.e. European Economic Area, UK, Switzerland). The Sub-Fund's investment process [counts 4 steps](#) being based on a combination of non financial and financial criteria.

**Step 1/** Strict Exclusion: the Management Company excludes companies from the initial investment universe which have significant negative impacts on specific ESG factors as follows:

- Norms-based screening: companies having 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
- Negative sectors screening: companies deriving more than 5% of their revenues in the following activities:
  - Fossil fuels (including extraction, refining, trading and distribution of conventional and non conventional oil & gas, thermal coal extraction, electricity production from oil, natural gas, coal or nuclear, activities related to nuclear power production)
  - Tobacco (production and distribution)
  - Alcohol (production and distribution)
  - Weapons (the threshold is 0% for controversial weapons, in line with Ottawa and Oslo treaties)
  - Adult entertainment
  - Gambling.

### **Step 2/** Positive ESG screening

The Eleva Sustainable Impact Europe Fund reduces its ESG investable universe compared to its initial investment universe by at least 25% (i.e. an elimination of the 25% worst issuers). The Sub-Fund defines a binding minimum ESG score, that each company in the Sub-Fund's portfolio must as a minimum reach. The minimum score is 60/100 and this ensures that at least 25% of the initial investment universe is excluded further to the screening under steps 1 and 2. If at some point in time, the threshold of 60/100 is not sufficient to ensure a 25% reduction of the investment universe, this minimum ESG score could be revised upwards.

In the event that a company sees its internal ESG score drop below the minimum required by the Management Company for Eleva Sustainable Impact Europe Fund, the position on the issuer will be sold no later than 3 months after the score has been downgraded in the best interest of the Shareholders.

The Sub-Fund must show a better performance than its initial investment universe on the following two ESG key performance indicators: weighted average of companies' carbon intensity (in tons of CO<sub>2</sub> equivalent / million euros of sales) and exposure to UN Global Compact signatories (sum of the weights of the UN Global Compact signatories). In the event of non-compliance with this commitment, the Management Company has two Business Days to comply. The data coverage percentage has to reach at least 90% for the former and 70% for the latter.

**Step 3/** Impact on social and/or environmental issues: the Eleva Sustainable Impact Europe Fund seeks to invest in companies whose products/services are deemed to make a positive contribution on social and/or environmental issues. These issues have been defined by the Management Company using a proprietary tool based on the UN SDGs framework.

The UN SDGs framework encompasses, among others: health & wellbeing, energy efficiency, renewable energy, sustainable mobility, smart building, sustainable infrastructure, etc.

The positive contribution of each company is measured through the proportion of revenues of products and/or services which positively contribute to one or more of the UN SDGs. A minimum proportion of 20% of revenues in such products and/or services is required for a company to be eligible in the portfolio.

As a conclusion, 100% of the initial investment universe is screened according to this three-steps approach.

The data sources used under steps from 1 to 3 (as relevant for each step) are mainly companies' public information, direct engagement with companies, brokers' research, financial press as well as a single external ESG data providers.

**The investment strategy** guides investment decisions based on factors such as investment objectives and risk tolerance.

**Good governance** practices include sound management structures, employee relations, remuneration of staff and tax compliance.

**Step 4/** Financial criteria: the final selection relies on financial criteria. Companies are finally assessed through fundamental financial analysis, liquidity and valuation metrics.

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.

● **What are the binding elements of the investment strategy used to select the investments to attain the sustainable investment objective?**

The binding elements of the investment strategy used are the below (systematically implemented prior to the investment):

- Strict Exclusion of companies from the initial investment universe which have significant negative impacts on specific ESG (norm based and sector based).
- The Sub-Fund reduces its ESG investable universe compared to its initial investment universe by at least 25% (i.e. an elimination of the 25% worst issuers). The Sub-Fund defines a binding minimum ESG score, that each company in the Sub-Fund's portfolio must as a minimum reach. The minimum score is 60/100 and this ensures that at least 25% of the initial investment universe is excluded further to the screening under steps 1 and 2. If at some point in time, the threshold of 60/100 is not sufficient to ensure a 25% reduction of the investment universe, this minimum ESG score could be revised upwards.
- The Sub-Fund must show a better performance than its initial investment universe on the following two ESG key performance indicators: weighted average of companies' carbon intensity (in tons of CO2 equivalent / million euros of sales) and exposure to UN Global Compact signatories (sum of the weights of the UN Global Compact signatories).
- For a company to enter the portfolio and to qualify as a sustainable investment, a minimum revenue contribution of 20% to one or more UN SDGs is required (pass or fail). In addition, at the portfolio level, the Sub-Fund has an objective to have a weighted average contribution to the SDGs of at least 40%.
- 100% of the initial investment universe is screened according to the steps described under the preceding question.
- Minimum of sustainable investments with environmental objective and/or social objective (as further explain under the question "What is the asset allocation and the minimum share of sustainable investments?").

● **What is the policy to assess good governance practices of the investee companies?**

Assessing company's governance practices is an integral part of the Management Company's proprietary ESG Scoring methodology (see the answer to question "What sustainability indicators are used to measure the attainment of the sustainable investment objective of this financial product?"). 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's ESG scoring methodology.

## What is the asset allocation and the minimum share of sustainable investments?

The Sub-Fund predominantly invests its net assets in the equity of corporate issuers with their registered office in Europe, which the Management Company considers having a positive contribution on social and/or environmental issues. To evaluate this contribution, the Management Company uses a proprietary methodology built around the UN SDGs and measures companies' revenues contributions to those Goals.

**#1 Sustainable:** minimum 80% of the Sub-Fund is invested in sustainable investments, with a **minimum of sustainable investments with an environmental objective of 30%** (i.e. in economic activities that do not necessarily qualify as environmentally sustainable under the EU Taxonomy) and a **minimum of sustainable investment with a social objective of 30%**. The sum of those two is always equal to at least 80%.

To qualify as sustainable investments (pass or fail), a company must generate at least 20% of its revenues with products and services contributing to one or more United Nations Sustainable Development Goals (UN SDGs) while at the same time not doing significant harm any environmental or social objective and following good



**Asset allocation** describes the share of investments in specific assets.

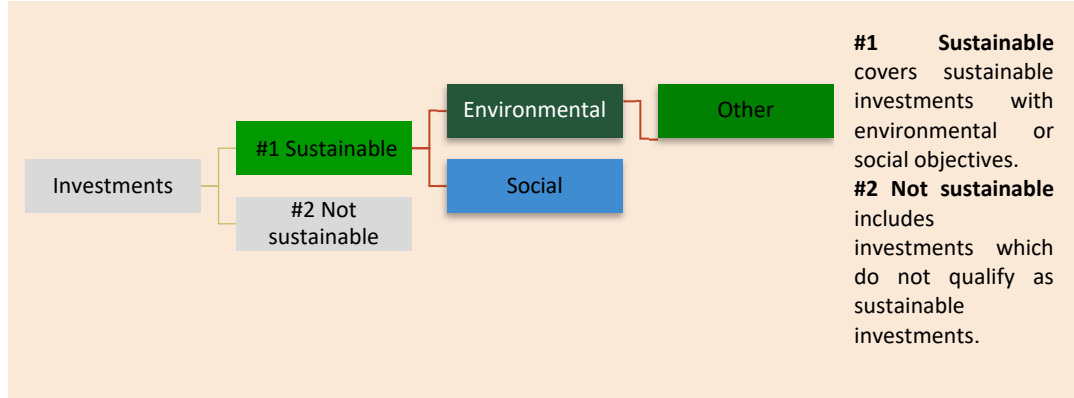
Taxonomy-aligned activities are expressed as a share of:

- **turnover** reflecting the share of revenue from green activities of investee companies
- **capital expenditure** (CapEx) showing the green investments made by investee companies, e.g. for a transition to a green economy.
- **operational expenditure** (OpEx) reflecting green operational activities of investee companies.

governance practices (captured through a set of Exclusions and a minimal ESG score of 60/100). The objective, at the Sub-Fund level, is to have a weighted average revenue contribution to the SDGs of at least 40%.

**#2 Not Sustainable:** The Sub-Fund may invest, in aggregate, up to 20%, in cash and derivatives for hedging purposes only.

For more information regarding the investment categorised as “#2 Not Sustainable” (i.e. the aim of their use and the safeguards in place), please refer to the element available under the question “What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguard?”.



● **How does the use of derivatives attain the sustainable investment objective?**  
 In managing the Sub-Fund, the Management Company may invest on an ancillary basis in financial derivative instruments such as index or sector futures for hedging purposes only. This must not have the consequence of significantly or lastingly distorting the Sub-Fund’s ESG policy (i.e. temporary use). Derivative on agricultural commodities are not allowed.

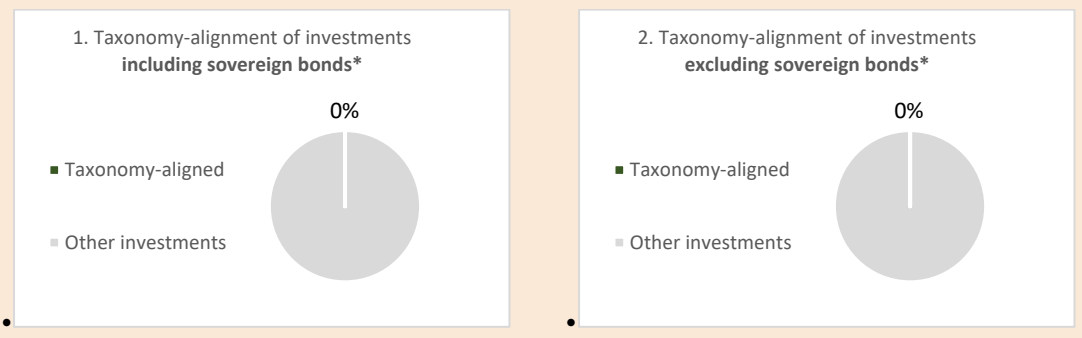
**Enabling activities** directly enable other activities to make a substantial contribution to an environmental objective. **Transitional activities** are activities for which low-carbon alternatives are not yet available and have greenhouse gas emission levels corresponding to the best performance.



**To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?**

Not applicable

The two graphs below show in green the minimum percentage of investments that are aligned with the EU Taxonomy. As there is no appropriate methodology to determine the taxonomy-alignment of sovereign bonds\*, the first graph shows the Taxonomy alignment in relation to all the investments of the financial product including sovereign bonds, while the second graph shows the Taxonomy alignment only in relation to the investments of the financial product other than sovereign bonds.



●\* For the purpose of these graphs, ‘sovereign bonds’ consist of all sovereign exposures

● **What is the minimum share of investments in transitional and enabling activities?**  
 Not applicable





are environmentally sustainable investments that **do not take into account the criteria** for environmentally sustainable economic activities under the EU Taxonomy.



### What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

The Sub-Fund has committed to a minimum proportion of sustainable investments with an environmental objective that are not aligned with EU taxonomy (ex ante) of 30%. The sum of the proportion of sustainable investments with an environmental objective that are not aligned with EU taxonomy and the proportion of sustainable investments with a social objective is always equal to at least 80%.



### What is the minimum share of sustainable investments with a social objective?

The Sub-Fund has committed to a minimum proportion of socially sustainable investments (ex ante) of 30%. The sum of the proportion of sustainable investments with an environmental objective that are not aligned with EU taxonomy and the proportion of sustainable investments with a social objective is always equal to at least 80%.



### What investments are included under “#2 Not sustainable”, what is their purpose and are there any minimum environmental or social safeguards?

The Sub-Fund might invest, in aggregate, up to 20% of the Sub-Fund’s Net Asset Value in:

- Cash (meaning bank deposit at sight, such as cash held in current accounts with a bank accessible at any time) that may be held for technical purposes and/or on a temporary basis.
- Financial derivatives instruments, for hedging purposes on a temporary basis.

The Sub-Fund does not consider any minimum environmental or social safeguards on these investments “#2 Not Sustainable”.



### Is a specific index designated as a reference benchmark to meet the sustainable investment objective? *Not applicable*

**Reference benchmarks** are indexes to measure whether the financial product attains the sustainable investment objective.

- **How does the reference benchmark take into account sustainability factors in a way that is continuously aligned with the sustainable investment objective?**  
*Not applicable*
- **How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?**  
*Not applicable*
- **How does the designated index differ from a relevant broad market index?**  
*Not applicable*
- **Where can the methodology used for the calculation of the designated index be found?**  
*Not applicable*



### Where can I find more product specific information online?

More product-specific information can be found on the website:

<https://www.elevacapital.com/en/our-responsible-approach> and  
<https://www.elevacapital.com/lu/funds/eleva-sustainable-impact-europe/>