

## **Reporting Article 29 Lonvia Capital**

### **1) Summary presentation of the entity's general approach to environmental, social and corporate governance criteria, in particular in its investment policy and strategy**

LONVIA Capital is an independent management company, founded by Cyrille Carrière and François Badelon, which applies a long-term investment philosophy.

LONVIA Capital pursues an investment strategy aimed at companies whose activity contributes to the United Nations Sustainable Development Goals (SDGs) and meets the requirements of SFDR Article 9 as follows:

#### **Sectoral and regulatory exclusion policy**

Before acquiring an asset, LONVIA CAPITAL relies on a policy of sector and regulatory exclusions, which it integrates directly into the investment decision. This exclusion policy applies to all funds managed by LONVIA CAPITAL and aims to exclude any investment in companies belonging to the following sectors:

- Controversial weapons: Lonvia Capital excludes any direct investment in shares or bonds of companies whose business is related to controversial weapons.
- Coal: Lonvia Capital excludes companies that derive more than 10% of their revenues from thermal coal mining and more than 10% of their revenues from coal-fired power generation.
- Tobacco: This exclusion applies to the company's entire value chain: producers, distributors and suppliers.
- Breach of the United Nations Global Compact.

#### **ESG risk analysis**

Environmental, social and corporate governance ("ESG") and sustainability factors can have a significant impact on the value of companies and their selected securities.

Investments in small-cap companies also expose CIUs to specific sustainable development risks related to generally lower levels of information and resources devoted to sustainability activities compared to large companies. As such, they may pose an additional challenge for LONVIA CAPITAL in identifying, managing and mitigating sustainable development risks for CIUs.

#### **Main environmental risks**

Risques	Sous-risques	Probabilité	Horizon	Impact
<b>Risques physiques</b>	<ul style="list-style-type: none"> <li>- Risques en matière de pollution,</li> <li>- Risques de transition liés aux réglementations en matière d'énergie,</li> <li>- Risques liés à la dégradation de la qualité de l'eau</li> <li>- Risques en matière d'amiante,</li> <li>- Risques d'inondation,</li> <li>- Risques de montée des eaux,</li> <li>- Risques d'accélération de la perte de biodiversité</li> </ul>	Faible	Moyen terme	Modéré
<b>Risques de transition</b>	<ul style="list-style-type: none"> <li>- Risques de transition liés aux réglementations en matière d'énergie ou de changement climatique,</li> </ul>	Moyen	Moyen terme	Modéré
<b>Risques de responsabilité</b>	<ul style="list-style-type: none"> <li>- Risqués liés à des activités présentant un risque de contentieux,</li> </ul>	Moyen	Moyen terme	Modéré

### Main social and corporate governance risks

Risques	Sous-risques	Probabilité	Horizon	Impact
<b>Risques sociaux</b>	<ul style="list-style-type: none"> <li>- Risques liés au manque de diversité et d'égalité des chances pour tous</li> <li>- Risques liés au manque de participation des salariés dans les processus de décisions</li> <li>- Risqués liés au manque de formation continue et de développement professionnel</li> <li>- Risques liés à un environnement non multi-générationnel</li> <li>- Risques liés à un manque d'équilibre vie professionnelle- vie privée</li> <li>- Risques liés aux pandémies et au travail à distance,</li> </ul>	Moyen	Moyen terme	Modéré
<b>Risques de gouvernance</b>	<ul style="list-style-type: none"> <li>- Risques liés à la structure de gouvernance,</li> <li>- Risques liés à la rémunération des dirigeants,</li> <li>- Risques liés aux conventions réglementées,</li> <li>- Risques en matière de corruption,</li> </ul>	Faible	Moyen terme	Modéré

After applying the first sectoral and regulatory exclusion filter, a second ESG filter is applied to the new investment universe to take into account the ESG risk of the companies comprising the benchmark index. In a second step, to take ESG risk into account, the Sustainability score is first applied to exclude issuers with a score above 50/100 on a scale of 0 to 100 (0 representing no ESG risk and 100 representing the maximum ESG risk). Sustainability's ESG rating takes into account both the company's ESG risk exposure and the quality of its related risk management.

Based on this internal analysis, analyst-managers can revise the ESG risk rating of companies upwards or downwards (using an impact rating) based on additional internal information, thereby updating the Sustainability rating.

### Environmental and social impact analysis by means of an impact rating

LONVIA CAPITAL's management team conducts an internal social and environmental impact assessment by quantifying companies' contribution to 4 SDG impact themes: "Climate and environment", "empowerment", "innovative technologies", "health and well-being". In fact, each impact theme responds to one or more UN SDGs. This analysis results in an impact rating, which is used to select the securities in the portfolio. Thus, LONVIA CAPITAL's management team relies on the

Sustainalytics ESG risk rating (after the impact rating) and financial analysis (business model analysis and valuation), using a best-in-universe approach.

The **minimum ESG risk rating** of companies is 30/100 after impact rating imputation. Exceptionally, the management team may deviate from this rule upon presentation of an "investment case" to the internal committee. The argument presented will demonstrate a strong potential for progress on these issues and the manager will apply a reinforced commitment to shareholders. The addition of the security to the portfolio must be approved by the committee.

**2) Content, frequency and means used by the entity to inform subscribers, members, contributors, beneficiaries or customers of the criteria regarding the investment policy and strategy's environmental, social and corporate governance quality objectives;**

In accordance with its regulatory obligations, Lonvia Capital publishes sustainability information on its website via the following reports:

- Pre-contractual annex
- Annex to the regular report
- Information on the website
- Annual SRI Report
- MIFID II
- Article 29 Report

In addition, Lonvia Capital has created the following documents to inform its stakeholders of its commitments and processes:

- ESG Policy
- Shareholder engagement and voting policy
- Transparency code
- Sustainability and ESG risk policy

**3) List of financial products mentioned in accordance with Articles 8 and 9 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 and the overall percentage of assets under management that take into account environmental, social and corporate governance quality criteria, as a proportion of the total amount of assets managed by the entity;**

As at 31 December 2022, all funds managed by Lonvia Capital were classified as Article 9 under SFDR. As a result, 100% of the assets managed take into account environmental, social and corporate governance criteria.

	Lonvia Avenir Small Cap Europe	Lonvia Avenir Mid-Cap Euro	Lonvia Avenir Mid-Cap Europe
SFDR classification	Article 9	Article 9	Article 9
Assets under management at 31/12/2022	28,351,589	24,834,913	250,475,230
Asset classes	Listed equities	Listed equities	Listed equities

**4) Adherence of the institution, or of certain financial products, to a policy, code, initiative, or label regarding the consideration of environmental, social and corporate governance quality criteria, as well as a summary description of those criteria, in accordance with Article 4(2)(d) of the above Regulation.**

Since 2021, LONVIA Capital has structured its ESG investment approach by measuring the positive impact of portfolio companies on social and environmental issues through proprietary analysis, obtaining the SRI Label for each of its three funds.

Lonvia Capital has also been a signatory to the UN PRI since November 2020.