

sycomore

Europe Happy@Work

Sustainability Performance and Shareholder Engagement Report

This report describes the fund's investment process, its sustainability performance and its shareholder engagement in 2024, as required by the SRI label created and supported by the French Ministry of Economics and Finance.



The FCP fund comes with no guarantee of earnings or performance and carries a risk of loss of principal. Before investing, please see the Key Information Document for the UCITS, available on our website: www.sycomore-am.com. Report pertaining to 2024. To learn more about Sycomore AM's sustainability approach, please see our related policies and strategies on our [website](#) and read the sustainability report published by the asset management company, as required by Article 29 of France's Energy and Climate Law. The indicators are based on companies' most recently published data (2023 or 2024 in most cases). The ESG performance reported in this document is that of companies in which the fund owned shares at 31 December 2024 and does not represent the fund's direct contribution to this performance. SRI labels help retail investors to identify responsible and sustainable investment strategies. These labels serve as a guide for investors but are no guarantee on the capital invested and do not certify the quality of investment management strategies implemented within the fund. ¹ Sustainable Finance Disclosures Regulation – Under the SFDR, an "Article 9" fund is a fund that has a sustainable investment objective.

Contents

01

Investment philosophy

1. Our definition of a sustainable investment p. 4
2. Our ESG screening and selection criteria p. 5

02

Sustainability performance

1. Sustainable investments p. 6
 2. SPICE performance p. 7
 3. Contribution to SDGs p. 8
 4. Sustainability indicators p. 9
- Human capital** p. 9
- Gender equality
 - Employee training
 - Shared value
 - Employee stock ownership
 - Growth in staff
- Social** p. 11
- Human rights policies
 - Societal Contribution of products and services
- Environment** p. 13
- Net Environmental Contribution
 - Carbon footprint and intensity
 - Exposure to fossil fuels

03

Engagement and voting

1. Our engagement initiatives p. 15
- Focus on our latest initiatives** p. 16
- Responsible restructuring
 - Gender equality: 30% Club France and Germany
2. Our voting at shareholder meetings p. 19

04

Appendices p. 20

01 The fund's investment philosophy

With no limitations in terms of sector or style, the objective of **Sycomore Europe Happy@Work** is to invest in companies that emphasise the value of their human capital as a key driver of long-term performance and an essential pillar of sustainability.

The fund seeks to have a positive impact on social issues such as those covered by the United Nations' Sustainable Development Goals. It has several objectives:



It aims to **outperform the EuroStoxx Total Return benchmark index** (with dividends reinvested) over an investment horizon of five years.



It pledges to **remain exclusively invested in sustainable companies**, as defined by the SFDR, at all times (i.e. 100% of sustainable investments with a social objective in the fund).

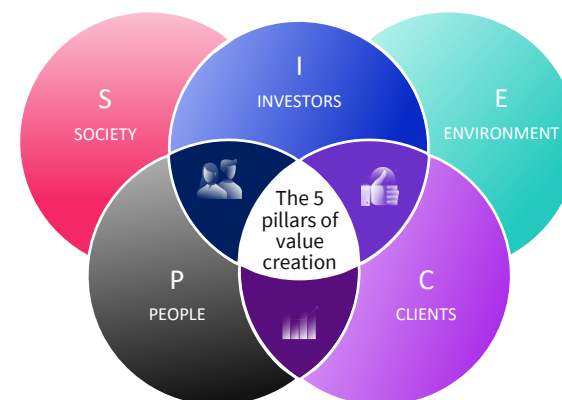


It aims to **outperform its benchmark** at all times in terms of gender equality on the executive committee and hours of training per employee per year.



As of January 2025, it aims to **outperform its benchmark index in terms of hours of training per employee** per year and **Scope 1, 2 and 3 carbon intensity**.

Eligible companies are subjected to a rigorous selection process based on a **fundamental analysis using Environmental, Social and Governance (ESG) criteria** and our **SPICE** model². The analysis applies the European Commission's concept of double materiality: as such, it covers risks that are material to the company's business value, as well as the negative social or environmental impacts of its business activities on its stakeholders.



The fund's sustainability objective is to **seek positive social impacts** by supporting portfolio companies. This takes place at three levels:

- 1. Intentionality:** The stock selection and portfolio construction processes draw on social criteria developed to assess how a company manages its human capital. Both the selection criteria and the indicators to be outperformed directly reflect the intention of the fund.
- 2. Additionality:** Our responsible investment approach focuses on promoting best practices in human capital management. We do that through shareholder engagement, thereby urging companies to improve their performance.
- 3. Measurement:** We measure the social impacts of our investments to assess their alignment with the fund intention and to position them against the benchmark index. We present the contribution of portfolio companies to the UN's Sustainable Development Goals with a focus on social factors, along with specific human capital sustainability indicators which we have developed internally, such as changes in staff numbers over three years and the distribution of value created by companies.

² SPICE stands for Society & Suppliers, People, Investors, Clients and Environment. For details on the information taken into account in our SPICE fundamental analysis model, see our [ESG Integration Policy](#).

1.1

Our definition of a sustainable investment

In anticipation of the entry into force of the SFDR's Regulatory Technical Standards (RTS) on 1 January 2023, Sycomore AM introduced a **common definition of a sustainable investment** to be used for every investment universe. The definition aligns with the one provided in the SFDR³ and has three main components:

1 Identifying investments that make a positive contribution to the environmental and social issues listed in the definition.

- Since 2015, Sycomore AM has rolled out **two metrics** assessing the ability of a company's **products and services** to meet environmental and societal challenges, such as access to renewable energy, effective management of resources, and access to healthcare: the **Net Environmental Contribution** and the **Societal Contribution** of products and services.
- In partnership with The Good Economy, we have also developed a metric called **The Good Jobs Rating**, which assesses a company's ability, across its value chain, to create **long-term, high-quality jobs that are accessible to all**, especially in regions where the people need them most.
- Lastly, our **human capital assessment**, Happy@Work, has been in use since 2015 to identify the companies that provide a particularly **favourable environment for employee development**.

An investment is identified as having a positive contribution if it meets the minimum score for **at least one of the four metrics**.

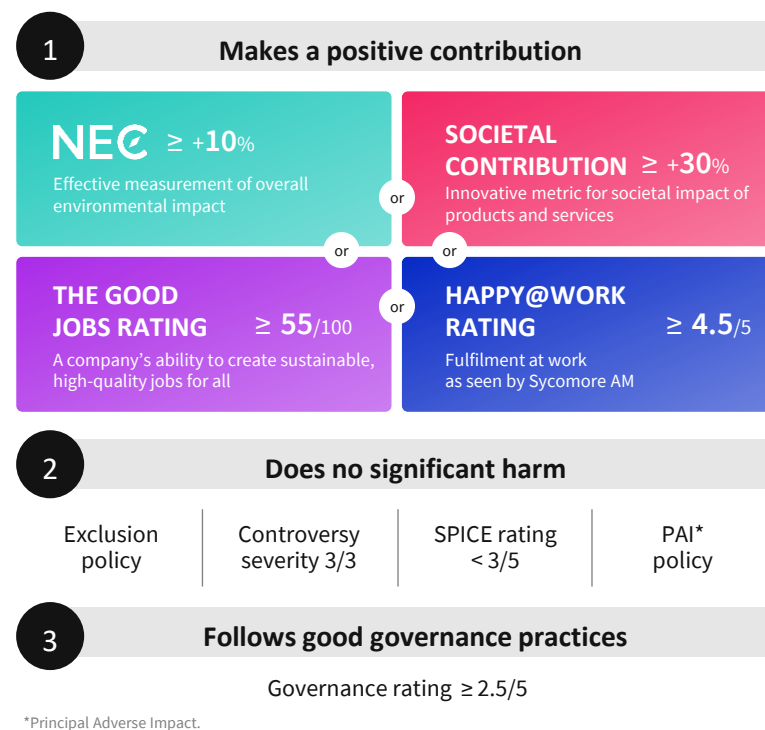
2 Avoiding investments that may cause significant adverse impacts

We rely on our existing **exclusion** and **controversy management policies**, our **SPICE** fundamental analysis model based on **ESG** criteria and our **Principal Adverse Impact** policy published in 2023.

3 Ensuring the implementation of good governance practices

An investment must meet a minimum score before it can be accepted as sustainable.

This definition can be summarised as follows:



Selectivity

Fewer than 50% of the large European indexes, such as EuroStoxx, are considered "sustainable" by these criteria. This level of selectivity aligns with the average for French asset management companies, according to a **survey** conducted by the Association Française de Gestion in February 2023⁴.

³ The SFDR defines a "sustainable investment" as follows: "An investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance."

⁴ This level of selectivity aligns with the average for the French asset management companies that participated in the survey conducted by the Association Française de Gestion in February 2023.

1.2

Our ESG screening and selection criteria



Exclusion of significant sustainability risks or adverse sustainability impacts

The screening criteria aim to exclude companies with significant sustainability risks or adverse sustainability impacts, based on the European Commission's concept of double materiality. A company is therefore ineligible for the fund in the following circumstances:

- If it deals in activities excluded by our SRI Exclusion Policy for its controversial social or environmental impacts
- If its **governance practices** are deemed insufficient according to our exclusion policy
- If it has been excluded according to our PAI policy
- If its **SPICE** rating is less than or equal to 3/5.



Inclusion of positive social contributions

Companies are screened for their alignment with the fund's objective to seek impacts based on the **three selection criteria** listed below:

- The **Happy@Work** environment, as measured by a rating of $\geq 4.5/5$. Our analysis is geared to identify companies that stand out for their strong corporate culture and **their employees' commitment** to their collective success. Our approach to stakeholder P, **People**, is structured around five pillars to form the acronym SACRE, which stands for **Sense, Autonomy, Competencies, Relationships and Equality**.

How does a company manage its human capital, from the top down? Is human capital one of its strategic priorities? Does the company create an environment that fosters self-motivation and employee fulfilment on a daily basis, in addition to well-being?

- The company's societal contribution as an **employer**, as measured by a **Good Jobs Rating of $\geq 55/100$**
- **Business models** with a significantly positive **Societal Contribution of products and services (SC)**, as measured by an SC of $\geq +30\%$.

Of the three indicators above, the fund focuses primarily on the Happy@Work rating, which must be at least 3.5/5.

Sycovalo universe*

ESG screening

SPICE rating
 $\leq 3/5$

and

SRI Exclusion Policy

Controversy severity 3/3

and

Governance rating $\leq 2.5/5$

ESG selection

Socially sustainable investment

Screening based on human capital

Happy@Work rating $\geq 3.5/5$

Sycomore Europe Happy@Work

100% social enterprises in the portfolio

* Set of more than 3,000 stocks analysed by our team of financial and non-financial analysts.

02 The fund's sustainability performance

The fund's sustainability performance is assessed by several indicators. Some of these are used as **selection criteria in investment decisions** and/or for setting **targets for benchmark outperformance**. Other indicators presented here are not linked to the fund's selection criteria. Their values can fluctuate upwards or downwards from one year to the next, depending on the companies in the portfolio.

OBJECTIVES

Provide an overall view of the fund's ESG positioning

Assess achievement of positive contribution targets and measure ESG performance

INDICATORS TRACKED

human capital S E	Share of sustainable investments	95%
	Weighted SPICE rating	3.8/5
	Exposure to SDGs	4 (38%); 10 (25%); 5 (19%)
	Women on executive committees	29%
	Employee training	33h/year
	Shared value	50%
	Employee stock ownership	70%
	Growth in staff *	12%
	Human rights policy	100%
	Societal Contribution	+29%
	Net Environmental Contribution	+4%
	Carbon footprint	295 tCO ₂ e/€M
	Carbon intensity	682 tCO ₂ e/€M
	Exposure to fossil fuels	0.3%

Some of these performance indicators were developed by Sycomore AM (Societal Contribution of products and services, The Good Jobs Rating), while others are raw indicators from external sources and companies' annual reports (growth in staff, women on the executive committee, human rights policy, etc.). The NEC was co-developed by Sycomore AM and is currently developed by the NEC Initiative.

* Growth rate over the past three financial years. For more information on reporting methodologies and data sources, see our [reporting protocol](#).

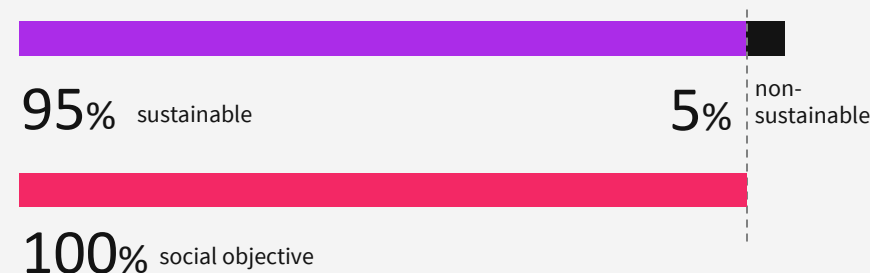
2.1 Sustainable investments

At the end of 2024, the share of the Sycomore Europe Happy@Work fund's net assets in **sustainable investments**⁵ was **95%**. The **invested portion of the fund was made up of 100% sustainable investments**, in line with the minimum of 100% set out in the prospectus as of 1 January 2023.

The fund's non-sustainable investments included cash and foreign currency hedges.

In line with the fund's social objective, **100% of investments** qualified as **sustainable** for their contributions to **social issues** and especially **human capital**.

BREAKDOWN OF SUSTAINABLE INVESTMENTS IN THE FUND AT 31 DECEMBER 2024⁶



Fund exposure of 95% at 31 December 2024

⁵ For more information on our definition of a sustainable investment, see our [ESG Integration Policy](#). ⁶ For more information on our response to SFDR reporting obligations, see the [appendix](#) to the relevant fund management report.

2.2 SPICE performance

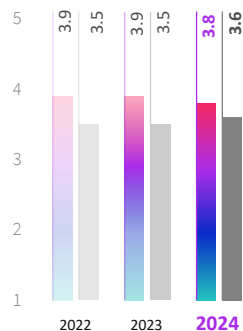
“The value created by a company is **sustainable** only if it is **shared among all of its stakeholders**: this belief guides our responsible investment approach.”

Because we seek sustainable performance for our clients, our fund manager-analysts examine not only a company's finances but also how the company interacts with all its stakeholders, to evaluate the robustness of its business model and governance, as well as its environmental and social impacts. Our **proprietary fundamental analysis model**, called SPICE⁷, enables us to measure the sustainability performance of our investments.

At the end of 2024, the weighted SPICE rating of investments held in the Sycamore Europe Happy@Work fund (3.8/5) **was unchanged** from 2023 and **higher than the rating for the EuroStoxx TR index** (3.6/5). The top-rated companies in the portfolio were **Legrand and Schneider Electric** (electrical devices and fixtures), **ASML** (semiconducteurs), **Hermès** (luxury goods) and **Dassault Systèmes** (software).

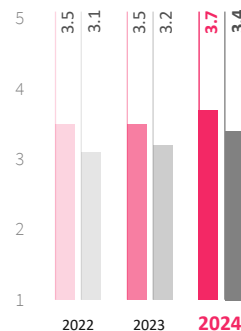
CHANGES IN THE FUND'S SPICE RATINGS COMPARED TO ITS INDEX

SPICE



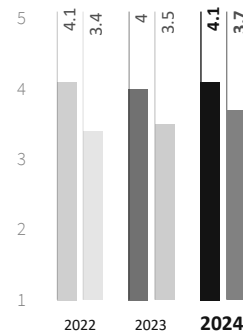
SOCIETY

Societal Contribution of products and services, job creation, corporate citizenship, human rights, control of subcontracting chains



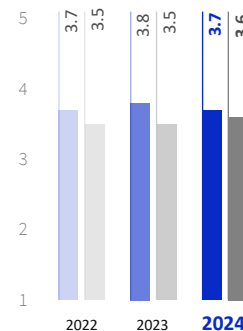
PEOPLE

Efforts to cultivate employee fulfilment and a workplace that promotes talent development, measurements of engagement, diversity and equity



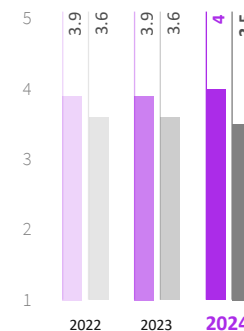
INVESTORS

Robust business model, ability to create value from the opportunities presented by a more sustainable and inclusive economy, good governance, alignment of all stakeholder interests



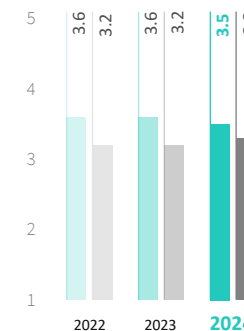
CLIENTS

Relevant, coherent sales strategy, inherent risks in products and services, digital responsibility



ENVIRONMENT

Integration of environmental issues in strategy, direct and indirect environmental impacts, transition risks, physical risks



 Sycamore Europe Happy@Work

 EuroStoxx Total Return

2024 coverage ratio (weight in the fund): 100% / 2023 coverage ratio (weight in the index): 99%

⁷ The SPICE rating is the weighted sum of the underlying S, P, I, C and E ratings with the following default weighting: 15%*S + 15%*P + 40%*I (with 50% of the I rating for the business model and 50% for Governance) + 10%*C + 20%*E. This weighting varies according to the company's business sector.

2.3

Contribution to Sustainable Development Goals

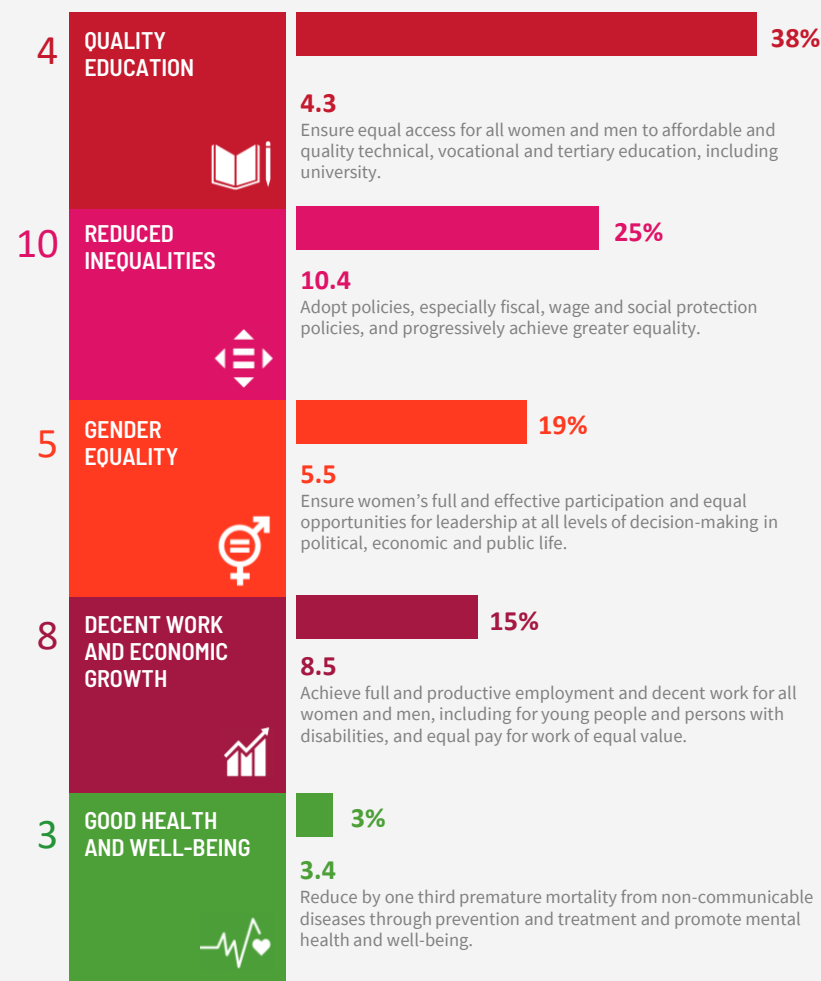
In addition to generating long-term financial performance, the core objective of Sycomore Europe Happy@Work is to **promote the value of human capital through the companies in which it invests**.

To more accurately define this contribution, we refer to the **17 Sustainable Development Goals (SDGs)** adopted by the United Nations in 2015, which have become **worldwide guidelines** for public and private sector organisations.



Five of these SDGs, presented in the table opposite, **cover issues involving people, to which companies can contribute as employers**. The contribution to these SDGs is important in the selection process applied to the portfolio and is an integral part of Sycomore AM's Human Capital Strategy. It is determined using indicators identified as useful in measuring a company's contribution to issues associated with these five SDGs.

By identifying the SDGs to which portfolio companies contribute, we can **demonstrate the effectiveness of our stock selection process in meeting the fund's intention: to generate positive impacts on labour-related issues**.



2.4

Sustainability indicators

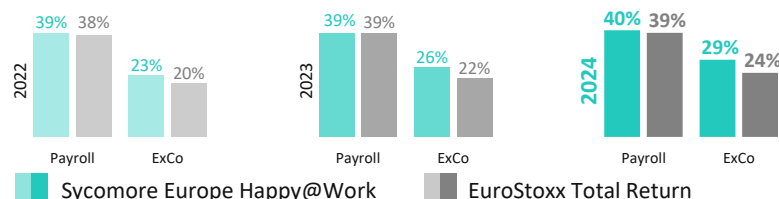
Human capital

Gender equality

Diversity is a **key success factor of corporate governance** and decision-making. McKinsey Global Institute found that if each company achieved the level of gender equality of the most advanced country in its region, this would add **\$12 trillion** to global GDP by 2025⁸. We therefore chose to consider the percentage of women on the executive committee and in the total headcount as an indicator of a company's ability to promote diversity and equal opportunity.

In 2024, women held **29%** of executive committee seats at companies in the fund, which **continues to outperform the index for this indicator** (24%) and has therefore achieved its outperformance target*. Women made up **40%** of total headcount, **slightly higher than the benchmark**. Women hold more than 40% of the management board seats at **eight** companies, including **Schneider Electric, Siemens Healthineers and Allianz**. Other companies show significant gaps between the representation of women in total staff versus on boards. This is true in the semiconductor industry, at **ASML** (women make up 0% of the executive committee vs. 27% of headcount), and in insurance, at **Munich Re** (women make up 11% of the executive committee vs. 53% of headcount). We have been engaging with companies featured in our investment universe for several years now to promote best practices in gender equality and support for female talent at all company levels. We do all this as a **co-founding member of the 30% Club France**. We also participated in the launch of the **30% Club Germany** at the end of 2023 and began engagement initiatives with the Club in 2024, namely with Munich Re.

WOMEN ON THE PAYROLL AND ON THE EXECUTIVE COMMITTEE (ExCo)



* As of 1 January 2025, this performance indicator is replaced with carbon intensity, in line with the updated French SRI label.

2024 coverage ratio (weight in the fund and in the index): 96% for the executive committee and 100% for the payroll

⁸ McKinsey Global Institute, "The Power of Parity: how advancing women's equality can add \$12 trillion to global growth", 2015.

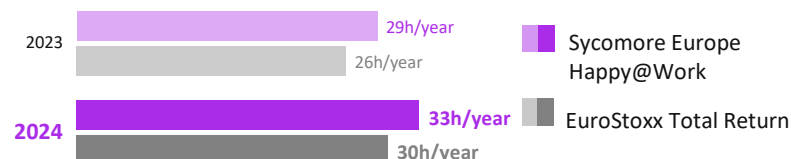
Employee training

As work environments change and new ways of working appear, we focus on the value of human capital. **We assess training and career development policies and the number of hours of formal training provided per employee per year.** This indicator measures **employee upskilling**, which is central to the fund's objective.

In 2024, the fund reported an average of **33 hours of formal training delivered to each employee**, compared to 30 hours for the benchmark. The fund therefore met its outperformance target.

- **The highest number of training hours** is offered in **the most innovative sectors**, where employee skills are developed and updated, such as the semiconductors industry, with **ASML** (50 hours), and healthcare, with **Eli Lilly** (80 hours) and **Roche** (34 hours). Sectors undergoing transformation also provide high amounts of training, such as **energy producers and distributors**, with **Iberdrola** (74 hours) and in **finance**, with **Intesa Sanpaolo** (55 hours) and **Allianz** (50 hours).
- In addition, **some companies in the portfolio report little to no data on this indicator**. Engagement initiatives are conducted on a case-by-case basis. Companies are encouraged to **improve their transparency** and the quality of their data in this area, as well as increase the resources allocated to training, following the example of **Arverne** since 2023.
- The increase in the average number of training hours for the fund in 2024 is mainly due to new positions taken in the finance and healthcare sectors with large-scale training programmes. It is also the result of the decrease in the **share of small companies in the portfolio**, which tend to **provide informal training that is often not reported** in this metric.

AVERAGE NUMBER OF TRAINING HOURS PER EMPLOYEE



Note: Data source changed from Bloomberg to MSCI in 2024.

2024 coverage ratio (weight in the fund): 97%

2024 coverage ratio (weight in the index): 90%

2.4 Sustainability indicators

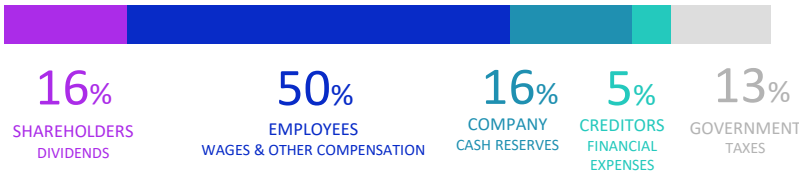
Shared value

For the Sycomore Europe Happy@Work fund, in keeping with its investment philosophy, we publish specific information on how value was shared in 2024. To measure this breakdown, **we looked at the percentage of value distributed to each stakeholder**. We pay careful attention to the **share received by employees**, as this is a key factor in a company’s sustainability performance.

In 2024, 50% of the value created by portfolio companies was redistributed to employees **compared to 48%** for companies included in the EuroStoxx TR index.

BREAKDOWN OF VALUE BETWEEN STAKEHOLDERS

Sycomore Europe Happy@Work



EuroStoxx Total Return



2024 coverage ratio (weight in the fund): 85% / 2024 coverage ratio (weight in the index): 96%

Employee stock ownership

We also consider employee stock ownership an **effective way for companies to foster long-term employee engagement and enable them to share in the company’s success**. We monitor this indicator as part of the investment process for Sycomore Europe Happy@Work and use it to **assess equity within the firm being analysed**.

In 2024, 70% of portfolio companies had an employee stock ownership plan in place. Among the companies for which this information was collected, employees owned an average of almost 2.6% of the share capital. At **Saint-Gobain** (materials/construction), employees hold **8.0%** of the capital. Coming in second is the insurance company **AXA**, whose employees own **4.2%** of its share capital.



70%

COMPANIES PARTLY OWNED
BY EMPLOYEES

2.6%

AVERAGE EMPLOYEE STOCK
OWNERSHIP RATIO

2.4

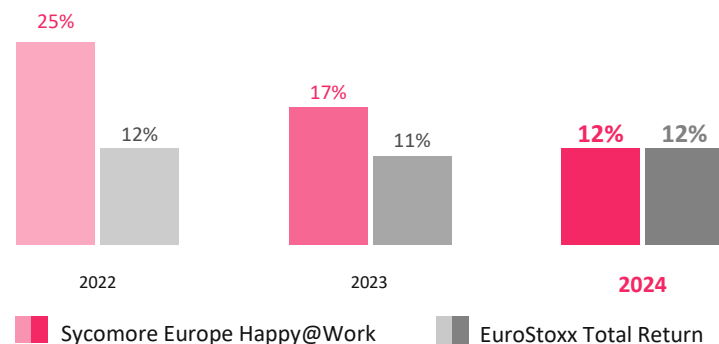
Sustainability indicators

Growth in staff

We assess a company's ability to create jobs based on the positive or negative change in total staff numbers over the past three financial years. The indicator shown below includes changes in staff numbers following acquisitions and disposals.

In 2024, the growth in staff numbers at portfolio companies was the same as that of the index (12% over three years for both the fund and the index). This indicator decreased from 2023 (17%), which is primarily attributable to the divestment of firms where hiring was brisk, such as **Novo Nordisk** (healthcare, 42%), **EDPR** (renewable energy, 55%) and **Christian Dior** (luxury goods, 44%). This overshadows the strong growth in staff at some companies already in the portfolio, such as **Nvidia** (90%), and new investee companies, including **Intuitive Surgical** (68%) and **Moncler** (64%). The portfolio also included firms where the workforce was reduced or levelled off following reorganisations, such as **Michelin** (tyre manufacturing), **Intesa San Paolo** (banking) and **SAP** (software). In 2024, we began engaging with these companies to encourage them to take a responsible management approach to the restructuring process (see page 16). The fund is invested in large groups, where growth in staff over the past three years has been very weak or even negative: **AXA**, **Danone** and **Deutsche Telekom**.

CHANGES IN STAFF NUMBERS OVER THREE YEARS



2024 coverage ratio (weight in the fund): 100% / 2024 coverage ratio (weight in the index): 99%

Social

Human rights policy

Human rights encompass the rights of employees and, more broadly, those of local communities and members of civil society affected by a company's operations or activities. Sycomore AM has implemented a dedicated human rights policy since 2020. In line with the United Nations Guiding Principles (UNGPs), we assess a company's respect for human rights by considering, in addition to the existence of a human rights policy, its human rights due diligence processes, the salient risks, and its remedy framework. Since there is no holistic indicator covering all these aspects, we have selected an indicator provided by **Bloomberg**, which identifies companies that communicate on the implementation of a human rights policy.

In 2024, the percentage of portfolio companies with a formal human rights policy was unchanged from 2023 at 100%, which was also in line with the benchmark (100%). In 2022, through the **French Sustainable Investment Forum (FIR)**, we helped to build a set of criteria for use in quickly analysing a company's exposure to forced labour and child labour. We continued this work in 2023 and 2024 including an engagement phase with several companies.

PERCENTAGE OF COMPANIES WITH A HUMAN RIGHTS POLICY



Sycomore Europe Happy@Work

EuroStoxx Total Return

2024 coverage ratio (weight in the fund): 100% / 2024 coverage ratio (weight in the index): 100%

2.4

Sustainability indicators

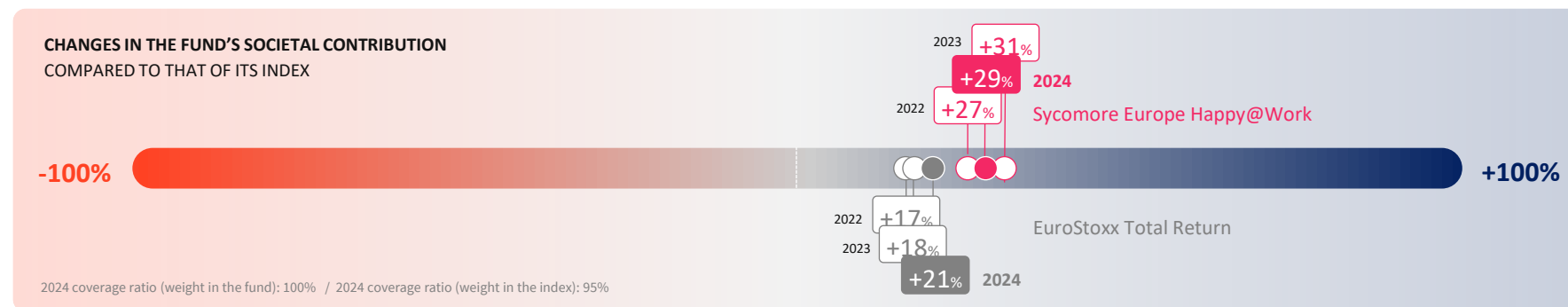
Societal Contribution of Products and Services

We measure our investments' impact on major societal issues using the Societal Contribution (SC). The SC is a **quantitative metric**, assessed on a scale of **-100%** to **+100%**, that aggregates the positive and negative contributions of a company's activities and weights these contributions relative to revenue. It focuses on **two indicators**:

- Products and/or services **for vulnerable populations**
- Products and/or services that **help to improve quality of life, safety and well-being**

The SC is evaluated using **sector frameworks** defined by our SRI analysts, mainly drawing on the social issues covered by the UN's Sustainable Development Goals⁹.

At the end of 2024, the Societal Contribution of products and services for portfolio companies stood at **+29%** compared with **+21%** for the fund's benchmark index. It was therefore **slightly lower than in 2023** (+31%). This decrease mainly reflects the fund's lower exposure to the healthcare sector, which has a highly positive SC. The divestment of companies such as **Novo Nordisk** (+63%), **Novartis** (+72%) and **Astra Zeneca** (+76%) was not offset by the addition of **Eli Lilly** (+67%) and **Intuitive Surgical** (+75%) to the portfolio. Furthermore, divestments in renewable energy, such as **EDPR** (+53%) and **ERG** (+51%) were not completely balanced out by the fund's higher exposure to other sectors with a positive but generally lower SC, such as insurance with **ASR** (+33%) and **Allianz** (+22%) and technology in the broad sense with **Infineon** (+32%) and **Dassault Systèmes** (+42%).



Neutral societal contribution

The Societal Contribution of products and services of **L'Oréal** (SC **+8%**) is slightly positive because its diversified offering includes personal care products (improved quality of life) and is partially exposed to developing countries (vulnerable populations). **Accenture** (SC **+8%**) is also slightly positive due to its exposure to certain sectors assessed as positive for improving quality of life, such as healthcare, insurance and telecommunications.

L'ORÉAL

accenture

Highly positive societal contribution

The main companies in the fund with a positive SC are in the healthcare/pharmaceutical sector, as their activities contribute positively to quality of life through health and safety, such as **Intuitive Surgical** (SC **+75%**). Also, **Deutsche Telekom** (SC **+50%**) contributes to access to inclusion and economic progress through access to telecommunications..

INTUITIVE
SURGICAL®T Deutsche
Telekom

⁹ For more information, see our [Social Charter](#).

2.4

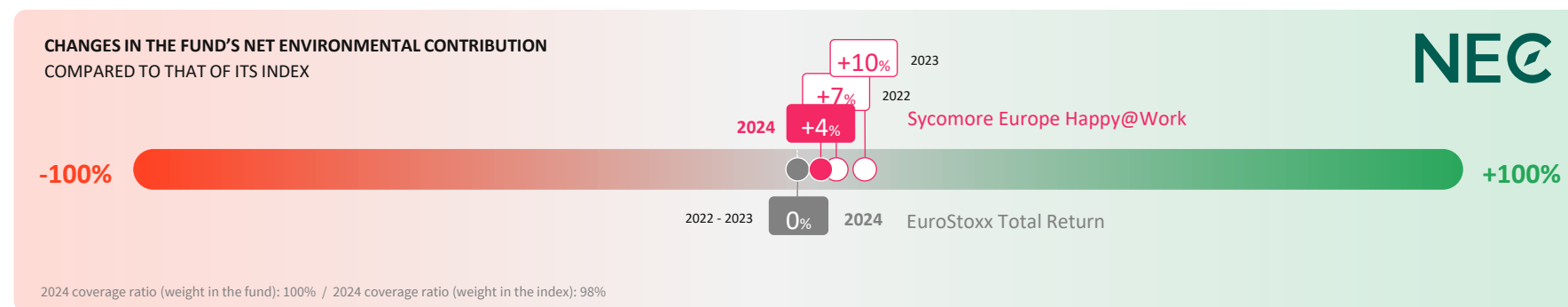
Sustainability indicators

Environment

Net Environmental Contribution

We assess our investments' contribution to the ecological transition using the Net Environmental Contribution (NEC). **The NEC measures how a company's products and services help drive the ecological transition.** It ranges on a scale from **-100%** for activities that are highly destructive of natural capital to **+100%** for activities with a highly positive net environmental impact. In the middle of the scale, **0%** represents the average environmental impact of the world economy¹⁰. **It should be noted that a company's Net Environmental Contribution is not a selection criterion for the fund to invest.**

At the end of 2024, the NEC of the Sycomore Europe Happy@Work fund was **+4%**¹¹ compared to 0% for the Eurostoxx TR index, down from 2023 (+10%). The divestment in 2023 of stocks with a highly positive NEC, such as renewable energy suppliers **EDP Renovaveis** (+95%) and **ERG** (+94%), was not balanced with the fund's new exposure to companies in other sectors with lower environmental contributions, such as technology in the broadest sense, with **Infineon** (+17%) and **Dassault Systèmes** (+5%), and insurance, with **ASR** (0%) and **Allianz** (-1%).



Negative environmental contribution

The environmental contribution of **Brunello Cucinelli** (NEC -2%) is due to the high consumption of resources in the luxury goods sector. **Michelin's** negative environmental contribution (NEC -18%) stems from the end use of the products it sells (mainly cars and trucks).



Average environmental contribution

Companies operating in sectors that are less exposed to the ecological transition, such as the tech industry with **ServiceNow** (NEC +2%) and healthcare with **Siemens Healthineers** (NEC 0%), had an NEC close to 0%, as their activities make nearly no material environmental contribution (0% represents the average impact of the economy).



Highly positive environmental contribution

Companies such as **Iberdrola** (NEC +35%) and **Prysmian** (NEC +31%), which both contribute to electrification – through production and networks for the first and cable manufacturing and cable systems for the second – have a very positive environmental contribution.



¹⁰ For more information on the Net Environmental Contribution and underlying methodologies, please visit the [NEC Initiative](#) website. ¹¹ NEC 1.1 calculated by Sycomore AM based on company-sourced data from 2023 and 2024.

2.4

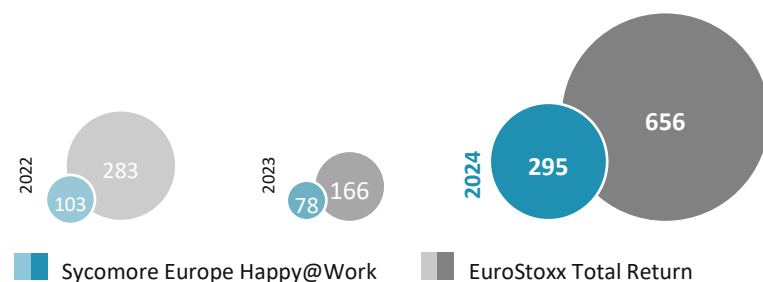
Sustainability indicators

Carbon footprint

Since 2015, it has been our choice to publish the carbon footprint of our funds, exclusively for information purposes. This indicator does not directly influence our investment decisions. While being aware of a company's carbon footprint helps to measure and prioritise its reduction efforts, **the use of an aggregate carbon footprint has many limitations**, as explained in our [Natural Capital Strategy](#).

At the end of 2024, the weighted average carbon footprint of Sycomore Europe Happy@Work was **295 tonnes of CO₂ equivalent per million euros of enterprise value including cash (EVIC)**, compared to **656 tCO₂e/€M** of enterprise value for its benchmark index. The biggest contributors to this footprint were carbon-intensive manufacturing companies, including **Saint-Gobain** (building renovation and insulation solutions) and **Prysmian** (cables needed to develop electrification), despite the positive contribution of their products and services to the ecological transition. In contrast, companies such as **Biomérieux** and **AXA** have a low carbon intensity.

As of January 2025, the fund aims to maintain its Scope 1, 2 and 3 (upstream and downstream) carbon intensity below that of the benchmark. At the end of 2024, the fund's carbon intensity stood at 682 tCO₂e/€M compared with 955 tCO₂e/€M for the benchmark.

EMISSIONS IN TONNES OF CO₂ EQUIVALENT

2022 and 2023 source: Trucost/S&P Global covering GHG Protocol Scopes 1, 2 and upstream 3.
 2024 source: source changed to MSCI and downstream Scope 3 added.
 2024 coverage ratio (weight in the fund): 99% / 2024 coverage ratio (weight in the index): 99%

Exposure to fossil fuels

The share of the Sycomore Europe Happy@Work fund's assets in companies active in the fossil fuel industry, within the meaning of the SFDR, was **0.3%** at the end of 2024 (vs. 0.6% at the end of 2023), **representing €1.2 million**. This exposure comes from investments in **GTT** and **Iberdrola**, due to their remaining fossil fuel activities. However, the companies are implementing transition plans aligned with a 1.5°C scenario.



03 Engagement and voting

Shareholder engagement is about driving companies to make **structural improvements to their sustainability practices**, by articulating areas for improvement through constructive dialogue and long-term monitoring.

This is a key feature of putting our mission into action and, above all, achieving our **overarching goal of measuring and increasing the social and environmental contributions of our investments**.

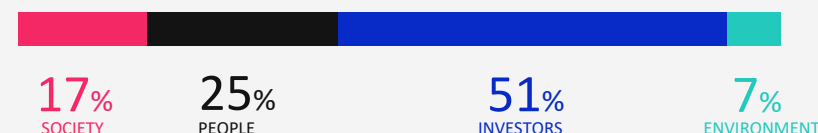
“ We invest to develop an economy that is more sustainable and more inclusive and to generate positive impacts for each of our stakeholders. **Our mission is to give a human dimension to investment.**”

Details on our shareholder engagement are provided in our [ESG Integration Policy](#). It is based on individual dialogue with company executives throughout the year, or with the board of directors ahead of shareholder meetings, as well as collaborative initiatives. For more information on the coalitions in which Sycomore AM is a member, see Sycomore AM's [Sustainability and Shareholder Engagement report](#).

Once we formally set the areas of engagement, **we monitor company progress** and can employ escalation tools to **increase our chances of successful action**.

3.1 Our engagement initiatives

In 2024, we formally engaged with **15 portfolio companies** (25 in 2023), having identified **71 new areas for improvement** during the year (92 in 2023). Nearly **77% of these initiatives** involved **individual dialogue**, while the **remaining 23%** were part of **collaborative initiatives**. Of the areas discussed with companies, 48% pertained to transparency, 35% to strategy, and the remainder concerned non-financial performance.



Out of the shareholder engagement initiatives taken in 2024, 25% concerned **human capital management** within portfolio companies (18 initiatives, versus 27 in 2023). Most of the dialogue aimed to improve **gender equality** at all levels of the organisation, including our membership in the 30% Club France and Germany. On this issue, we co-led discussions with STMicroelectronics and Hermès for France and launched initiatives as lead with Munich Re and Deutsche Telekom for Germany. For more information on the 30% Club France, see the [2024 annual report](#).

Another 51% of initiatives directly concerned **corporate governance** (pillar I of the SPICE analysis). The main issues raised included executive compensation, especially the transparency of compensation reports and the alignment of compensation criteria with the interests of all stakeholders, and the structure, procedures and practices of the board of directors.

In 2024, 5 initiatives covered **environmental issues**, and more specifically companies' climate strategies and the overall management of their environmental impacts. For example, we asked Danone to be more transparent about the resources and CapEx implemented to reach its Scope 3 reduction target for 2030.

The list of companies in the Sycomore Europe Happy@Work portfolio with which we engaged in dialogue in 2024 is available in the [appendix](#).

3.1

Our engagement initiatives

Controversies and engagement

Areas for improvement were highlighted during dialogue initiated with certain companies to discuss controversies: for example, **L'Oréal** following a BBC documentary reporting that child labour was being used to pick jasmine used in perfumes. In our opinion, the company responded swiftly and transparently, showing a thorough understanding of the risk factors and potential solutions that it could bring. We also stepped up our engagement efforts about health and safety with **Spie**, which reported six deaths in 2024, of which two employees.

This dialogue generally provided reassurance regarding the measures being taken to reduce the risks brought to light by these controversies. It was also an opportunity to delve more deeply into material ESG issues for these companies and to encourage them to be more transparent about the steps they are taking to limit the negative impacts associated with these risks.

Progress monitoring

26
engagement
initiatives
assessed in 2024

54%

improvements observed
following the 26 initiatives

62%

of engagement initiatives
still in progress

We also monitored the advancement of **17 portfolio companies on 26 areas for improvement submitted in 2022**. On 54% of these points, we noted partial **progress or achievement** of the target.

At **ServiceNow**, women now make up 36% of its board of directors, up from 25% in 2022. **Rexel** expanded its employee satisfaction surveys to all countries where the group operates. **Nvidia** has improved its governance. In 2024, 100% of its audit committee members were independent (40% in 2022), 80% for appointments committee members (40% in 2022), and women are better represented on the board of directors.

OUR ENGAGEMENT FOR
RESPONSIBLE RESTRUCTURING

As a responsible investor committed to issues surrounding human capital, Sycomore AM carefully examines company practices in **dealing with reorganisations and potential reductions in staff**. Although restructuring may be necessary for companies to remain competitive and ensure their long-term success, they also have a responsibility to manage these changes and their impacts on employees with care.

Our aim was to **better understand the companies' reasoning and method for the redundancies. We also urged them to take a more responsible approach to any reorganisations**. Non-responsible restructuring is considered controversial. For example, we do not support plans that are put in place simply in reaction to an economic downturn.

We check that these restructuring plans include **social dialogue and good communication with all employees**. We advise companies to set up a compensation system (sometimes over and beyond regulatory requirements), health cover, training, and assistance with career development and internal mobility. We also believe it is important to make sure the company continues to provide an engaging work environment for the employees who remain.



3.1

Our engagement initiatives

OUR ENGAGEMENT FOR RESPONSIBLE RESTRUCTURING: A FEW EXAMPLES

We started or continued several engagement initiatives on this issue in 2024 with investee companies.

FOCUS ON SAP (SOFTWARE)



We continued our engagement with SAP, which began in 2023 and continued through the various layoffs that have been announced to adapt the company's strategy to its new competitive environment, featuring migrations to the cloud, sustainability-related products and services, and AI. We understand that this reorganisation is being carried out in a **long-term perspective** and encourage the company to support this shift by **conducting skills assessments and providing training to employees and fully communicating** on these. We are pleased to note the transparency surrounding the types of employee terminations, of which about two-thirds result from voluntary departures and early retirement packages. We consider that SAP can improve on this transparency by publishing the number of employees that have found employment elsewhere in the company. In 2024, we identified other topics of engagement with SAP: **the deterioration of employee satisfaction and successive leadership changes**. Given these identified risks, we adjusted our portfolio's exposure to SAP during the year. In 2025, we will continue to engage with the company on human rights and governance issues.



FOCUS ON INTESA SAN PAOLO (BANKING)



The banking sector, particularly institutions with “physical” branches, has been compelled to revise its strategy, at least in part, due to the **rise of digital technology**. As a result of this, in 2024 ISP announced that it would **reduce its workforce by about 3,000 people** (4% of employees in Italy). Our discussions with the company have shown that it has handled the situation by implementing several **good practices**, including use of the age pyramid and a dedicated social fund providing financial support. The company will also pay additional contributions on top of employees' social security contributions until they reach the legal retirement age. Other employees have been offered a (re)training and internal mobility plan. It is worth noting that the company informed us that more than one-third of them would transfer to positions in IT or data. More broadly, **the company is investing heavily to train these employees in AI and new technologies**.

FOCUS ON MICHELIN (TYRES)



At the end of 2024, Michelin announced that it would **close two sites in France** (Cholet and Vannes), impacting more than **1,200 employees** (2% of employees in Europe). In the past, the company has demonstrated that it can manage reorganisations responsibly and communicate about them transparently. This again proved true with the way it conducted **constructive discussions with union representatives that improved on the proposed plans and defined considerable support measures**: internal mobility with careful examination of impacts on the employee and their family, programmes to facilitate the transition into retirement, and for those who found employment outside the company, support in career development, training plans and reclassification leave of up to two years covering most of the employee's net pay to encourage a change in career path, or a severance package beyond regulatory requirements. It is also important to note that the company always works with **local companies**, with a commitment to recreate at least the same number of jobs in the region. In this regard, Michelin Développement takes both preventive and corrective action.

3.1

Our engagement initiatives

OUR COLLABORATIVE ENGAGEMENT
WITH THE

30% Club France

In 2020, we were involved in **creating the French branch of the 30% Club Investor Group**. Since then, this business campaign has continued to encourage the increase of female representation in executive leadership at companies in the SBF 120 index to at least 30% by 2025, and more broadly to promote gender diversity at all levels of organisations, as well as transparency on this issue. Our intention is not to set mandatory quotas but rather to **urge companies to take a voluntary approach that can bring about meaningful and sustainable change**.

In 2024, investors in the coalition initiated or continued dialogue with **19 SBF 120 companies**, based on a list of indicators developed by the Club. **Sycomore is involved in engagement initiatives with two** of these **19 companies and monitors the engagement activities of the others on a case-by-case basis**. Most of the companies we have met believe that gender equality is important at their organisations, and we can see that a positive shift is at work, in the form of action plans and specific targets. **We always identify areas for improvement**: on transparency about these plans, especially the affected groups/echelons within the company, or the importance of calculating and reporting any gender pay gaps within a representative sample of employees (the CSRD should be useful especially on this second point). Despite the political and economic uncertainty last year, we are satisfied to note that the companies met their commitments and remained open to discussing these topics, demonstrating a genuine interest in sharing good practices.



More details are available in the Club's fourth annual report.

30% Club Germany

As another step forward in its engagement efforts, Sycomore **took part in setting up the 30% Club Germany and joined as a member** at the end of 2023. We began a phase of dialogue with DAX40 companies in 2024, leading or co-leading the initiative for three of them. In this first year of engagement, we made a few observations. Companies are generally careful about the representation of women on executive committees. However, the German system features a smaller executive committee and larger management committee, meaning that they should also be careful at lower levels in the company to build a talent pool diverse enough to meet their gender equality targets. The gender “care gap” remains relatively prevalent in Germany, and a commitment from companies is needed to improve the representation of women, particularly in positions of responsibility. **We also encourage greater transparency on pay gaps**, as we believe that increased transparency will send women a signal about their potential employers. In 2025, we will continue to urge companies to improve in these areas and adopt good practices.

We engaged with the following investee companies via 30% Club France and Germany in 2024:



3.2

Our voting at shareholder meetings

In order to actively support shareholder democracy, we systematically vote at the shareholder meetings of our portfolio companies. In 2024, **we voted at 97% of the shareholder meetings for portfolio companies** (98% in 2023). We did not vote at one shareholder meeting held outside France due to the blackout period prior to the meeting.



The average opposition rate was 16%. As shown in the graph, the highest rates of opposition were met with by:

- **shareholder resolutions** (38% of votes against)
- **executive compensation** (34%)
- **capital transactions** (27%)



Regarding capital transactions, we defended minority interests when voting on authorisations submitted for shareholder approval. Regarding executive compensation, we paid special attention to aligning executive compensation with the interests of all stakeholders, especially by incorporating ESG criteria, to keeping compensation at a reasonable level and to ensuring the transparency of compensation policies and reports.



Nine resolutions related to sustainability issues. Of these, six were shareholder resolutions and are detailed below. Sycamore AM voted in favour of three resolutions submitted by the management: the **sustainability report of EDPR and Iberdrola** (which must be voted in Spain) and a resolution concerning donations for **AstraZeneca**.



In 2024, we voted on **21 shareholder resolutions and supported 13 of them (62%)**. The resolutions we supported mainly involved **compensation**, the **use of new technology**, and **human rights**. These generally demanded that companies be more transparent or more ambitious in their reporting and due diligence in these areas. For example, we supported **Microsoft** resolutions calling for more information about: **data collection**, in particular copyrights; the **potential use of certain technology in weapons**; and the **identification of countries with a high human rights risk** where the company operates and the measures taken accordingly. In general, we voted against shareholder resolutions dealing with environmental and/or social issues that did not seem relevant to the company's current practices or risk exposure. The percentage of votes against can be explained by the fact that, in compliance with local practices, shareholders can only support one list of nominees for some companies or geographies. If a vote is cast in favour of the list of nominees submitted by the board of directors, then a negative vote must be cast against any list proposed by the shareholders.

05 Appendices

PORTFOLIO INVENTORY OF SYCOMORE EUROPE HAPPY@WORK AT 31 DECEMBER 2024

Issuers invested in at the end of 2024 that were the subject of a commitment during the year represented 40% of the portfolio by weight.

COMPANY	ISIN	WEIGHT IN PORTFOLIO	CS ¹²	NEC ¹³	SUSTAINABLE INVESTMENT	ENGAGEMENT BY SPICE ¹⁴ PILLAR
ASML HOLDING NV	NL0010273215	5,87%	27%	12%	Environnement and Social	Investors, Society & Suppliers
HERMES INTERNATIONAL	FR0000052292	5,20%	0%	-15%	Social	Investors, Society & Suppliers
AXA SA	FR0000120628	5,14%	45%	2%	Social	Investors, Society & Suppliers
DEUTSCHE TELEKOM AG-REG	DE0005557508	5,05%	50%	3%	Social	Investors, People
SCHNEIDER ELECTRIC SE	FR0000121972	4,54%	39%	6%	Environnement and Social	
INTESA SANPAOLO	IT0000072618	4,50%	22%	0%	Social	
IBERDROLA SA	ES0144580Y14	4,29%	36%	35%	Environnement and Social	
DANONE	FR0000120644	4,20%	31%	10%	Social	Environment
MICHELIN (CGDE)	FR001400AJ45	4,11%	17%	-18%	Social	
ALLIANZ SE-REG	DE0008404005	3,95%	22%	-1%	Social	
COMPAGNIE DE SAINT GOBAIN	FR0000125007	3,82%	32%	10%	Environnement and Social	Environment, Investors, People
BRUNELLO CUCINELLI SPA	IT0004764699	3,81%	0%	-2%	Social	
SIEMENS AG-REG	DE0007236101	3,59%	43%	15%	Environnement and Social	
MUENCHENER RUECKVER AG-REG	DE0008430026	3,17%	30%	0%	Social	
PRYSMIAN SPA	IT0004176001	2,98%	24%	31%	Environnement and Social	Investors, People
FINCOBANK SPA	IT0000072170	2,82%	14%	0%	Social	
RELX PLC	GB00B2B0DG97	2,74%	42%	0%	Social	
AIR LIQUIDE SA	FR0000120073	2,42%	11%	-1%	Social	
SAP SE	DE0007164600	2,30%	32%	5%	Social	
LOREAL	FR0000120321	2,17%	8%	0%	Social	Investors, People
MICROSOFT CORP	US5949181045	2,14%	31%	2%	Social	Investors, Society & Suppliers
BIOMERIEUX	FR0013280286	1,90%	73%	0%	Social	
ASR NEDERLAND NV	NL0011872643	1,88%	33%	0%	Social	

¹² The SC, which stands for Societal Contribution, measures on a scale from -100% to +100% the extent to which a company's products and services help tackle societal issues.

¹³ The NEC, which stands for Net Environmental Contribution, measures on a scale from -100% to +100% the extent to which a company's products and services help drive the ecological transition.

¹⁴ SPICE, which stands for Society & Suppliers, People, Investors, Clients and Environment, is a fundamental rating that rates how companies address ESG issues, on a scale of 1 to 5, with 5 being the highest score. For details on the information taken into account in our SPICE fundamental analysis model, see our [ESG Integration Policy](#).

05

Appendices

COMPANY	ISIN	WEIGHT IN PORTFOLIO	CS ¹²	NEC ¹³	SUSTAINABLE INVESTMENT	ENGAGEMENT BY SPICE ¹⁴ PILLAR
INFINEON TECHNOLOGIES AG	DE0006231004	1,81%	32%	17%	Environnement and Social	
LEGRAND SA	FR0010307819	1,56%	33%	16%	Environnement and Social	
ROCHE HOLDING AG-GENUSSSCHEIN	CH0012032048	1,48%	62%	0%	Social	Society & Suppliers
SERVICENOW INC	US81762P1021	1,38%	13%	2%	Social	
DASSAULT SYSTEMES SE	FR0014003TT8	1,17%	42%	5%	Social	
ACCENTURE PLC-CL A	IE00B4BNMY34	1,13%	8%	0%	Social	
MONCLER SPA	IT0004965148	0,84%	0%	2%	Social	
ARVERNE GROUP SA	FR001400JWR8	0,64%	29%	4%	Social	
NVIDIA CORP	US67066G1040	0,58%	23%	-9%	Social	
ELI LILLY & CO	US5324571083	0,57%	67%	0%	Social	
INTUITIVE SURGICAL INC	US46120E6023	0,51%	75%	0%	Social	Investors, People
SIEMENS HEALTHINEERS AG	DE000SHL1006	0,42%	61%	0%	Social	Investors
KBC GROUP NV	BE0003565737	0,16%	26%	0%	Social	
GAZTRANSPORT ET TECHNIGA SA	FR0011726835	0,09%	1%	-10%	Social	

INVENTORY OF COMPANIES HAVING ENTERED AND EXITED THE PORTFOLIO IN 2024

COMPANY	ENGAGEMENT BY SPICE ¹⁴ PILLAR
NOVARTIS AG	Environment, Investors, People, Society & Suppliers
NOVARTIS AG-REG	Environment, Investors, People, Society & Suppliers
SPIE	Investors, People, Society & Suppliers
STMICROELECTRONICS NV	People

¹² The SC, which stands for Societal Contribution, measures on a scale from -100% to +100% the extent to which a company's products and services help tackle societal issues.

¹³ The NEC, which stands for Net Environmental Contribution, measures on a scale from -100% to +100% the extent to which a company's products and services help drive the ecological transition.

¹⁴ SPICE, which stands for Society & Suppliers, People, Investors, Clients and Environment, is a fundamental rating that rates how companies address ESG issues, on a scale of 1 to 5, with 5 being the highest score. For details on the information taken into account in our SPICE fundamental analysis model, see our [ESG Integration Policy](#).



PRINCIPAL ADVERSE IMPACT INDICATORS AS DEFINED BY THE SUSTAINABLE FINANCE DISCLOSURES REGULATION (SFDR), AT 31 DECEMBER 2024

Principal adverse impact (PAI) indicators are consolidated at the fund level. Benchmark index data are provided for comparison. These results should be interpreted with caution, due to the varying maturity of the reported or estimated data and the low coverage ratio of some indicators. They are provided for informational purposes to meet the reporting requirements of the SRI label and are not tied to specific performance criteria for the fund.

PAI INDICATOR	UNIT	FUND	INDEX	FUND COVERAGE	INDEX COVERAGE
CARBON EMISSIONS	tCO ₂ e	118,244	262,582	99%	99%
CARBON FOOTPRINT	tCO ₂ e/€M	295	656	99%	99%
CARBON INTENSITY	tCO ₂ e/€M	682	955	99%	99%
EXPOSURE TO FOSSIL FUELS	%	0.3%	9%	95%	99%
SHARE OF NON-RENEWABLE ENERGY CONS & PROD	%	41%	57%	90%	95%
ENERGY CONSUMPTION INTENSITY PER HIGH IMPACT CLIMATE SECTOR	GWh/€M	30%	38%	94%	99%
ACTIVITIES NEGATIVELY AFFECTING BIODIVERSITY	%	31%	31%	95%	100%
WATER POLLUTION	tonnes/€M	1.67	3.14	11%	3%
HAZARDOUS WASTE PRODUCTION	tonnes/€M	64	326.71	94%	99%
VIOLATIONS OF UN GLOBAL COMPACT PRINCIPLES AND OECD GUIDELINES	%	0%	0%	95%	100%
LACK OF PROCESSES AND COMPLIANCE MECHANISMS TO MONITOR COMPLIANCE WITH UN GLOBAL COMPACT PRINCIPLES	%	0%	0%	95%	100%
UNADJUSTED GENDER PAY GAP	%	11%	10%	94%	87%
BOARD GENDER DIVERSITY	%	42%	42%	95%	100%
EXPOSURE TO CONTROVERSIAL WEAPONS	%	0%	4%	95%	100%

Appendices

PRINCIPAL ADVERSE IMPACT INDICATORS AS DEFINED BY THE SUSTAINABLE FINANCE DISCLOSURES REGULATION (SFDR), AT 31 DECEMBER 2024

Principal adverse impact (PAI) indicators are consolidated at the fund level. Benchmark index data are provided for comparison. These results should be interpreted with caution, due to the varying maturity of the reported or estimated data and the low coverage ratio of some indicators. They are provided for informational purposes to meet the reporting requirements of the SRI label and are not tied to specific performance criteria for the fund.

PAI INDICATOR	DEFINITION
CARBON EMISSIONS	Scope 1, 2 and 3 greenhouse gas emissions
CARBON FOOTPRINT	Scope 1, 2 and 3 carbon footprint
CARBON INTENSITY	Scope 1, 2 and 3 carbon intensity
EXPOSURE TO FOSSIL FUELS	Share of investments in companies active in the fossil fuel sector
SHARE OF NON-RENEWABLE ENERGY CONS & PROD	Share of non-renewable energy consumption and non-renewable energy production
ENERGY CONSUMPTION INTENSITY PER HIGH IMPACT CLIMATE SECTOR	Energy consumption in GWh per million EUR of revenue of investee companies
ACTIVITIES NEGATIVELY AFFECTING BIODIVERSITY	Share of investments in companies with activities that can negatively affect biodiversity and that are located in or near biodiversity-sensitive areas
WATER POLLUTION	Tonnes of emissions to water generated by investee companies per million EUR invested
HAZARDOUS WASTE PRODUCTION	Tonnes of hazardous waste generated by investee companies per million EUR invested
VIOLATIONS OF UN GLOBAL COMPACT PRINCIPLES AND OECD GUIDELINES	Share of investments in companies that have violated the UN Global Compact principles or the OECD Guidelines for Multinational Enterprises
LACK OF PROCESSES AND COMPLIANCE MECHANISMS TO MONITOR COMPLIANCE WITH UN GLOBAL COMPACT PRINCIPLES	Share of investments in companies without policies to monitor compliance with the UN Global Compact principles or the OECD Guidelines for Multinational Enterprises or without grievance/complaints handling mechanisms to address violations of these principles
UNADJUSTED GENDER PAY GAP	Average unadjusted gender pay gap of investee companies
BOARD GENDER DIVERSITY	Average percentage of female board members in investee companies
EXPOSURE TO CONTROVERSIAL WEAPONS	Share of investments in companies involved in the manufacture or selling of controversial weapons



**sycomore
am**

www.sycomore-am.com

14 avenue Hoche
75008 Paris