

**sycomore**

# Europe Éco Solutions

## 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](http://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. <sup>1</sup> Sustainable Finance Disclosures Regulation – Under the SFDR, an "Article 9" fund is a fund that has a sustainable investment objective.

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# 01 The fund's investment philosophy

The **Sycamore Europe Éco Solutions** fund is invested in **European** listed companies of all capitalisation sizes. It only includes those whose **business models contribute to the ecological transition**, which is assessed based on their Net Environmental Contribution (NEC).

The fund can invest in a **wide range of areas**: **renewable energy**, energy efficiency and **electrification**, **mobility**, natural resources, renovation and **construction**, **circular economy**, **food**, and **eco-services**. It excludes companies whose activities significantly destroy biodiversity or contribute to global warming or whose environmental, social and governance rating is too low.

The fund has **several objectives**:



It aims to **outperform the MSCI Europe NR index** 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 shares in the invested portion of the fund).



It aims to **outperform its benchmark index** at all times in terms of **Net Environmental Contribution** (NEC) and **green share**.



As of January 2025, it aims to **outperform its benchmark index in terms of Net Environmental Contribution** and the share of companies that have taken **emissions reduction** initiatives aimed at aligning with targets set out in the Paris Agreement.

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

- 1. Intentionality:** The stock selection and portfolio construction processes described below draw on the Net Environmental Contribution (NEC), which measures the financed **business models' contribution to the ecological transition**, including climate and biodiversity issues. The fund aims to outperform its benchmark index for this indicator by selecting issuers with an NEC of +10% or higher. Both the selection criteria and the environmental indicators to outperform directly reflect the intention of the fund.
- 2. Additionality:** Promoting best practices, through our **shareholder engagement**, drives companies to improve their performance. Furthermore, the development of the NEC helps to channel more capital towards solutions that support the ecological transition, a segment of the economy that still lacks significant investment<sup>3</sup>.
- 3. Measurement:** The NEC **measures the positive or negative environmental contribution of individual businesses compared to the average environmental impact of each activity**. A positive NEC indicates a contribution to a lower-carbon world and a greater respect for natural capital. This indicator measures the alignment of our investments with the fund intention and positions them against the benchmark index. Chapter 2 presents the portfolio's Net Environmental Contribution, along with other indicators of the fund's sustainability performance, and our investments' exposure to SDGs.

Eligible companies are subjected to a rigorous selection process based on a **fundamental analysis using Environmental, Social and Governance (ESG) criteria** and our **SPICE**<sup>2</sup> model. 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.

<sup>2</sup> 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](#).

<sup>3</sup> See the International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC).



## 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 SFDR<sup>4</sup> 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 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**.

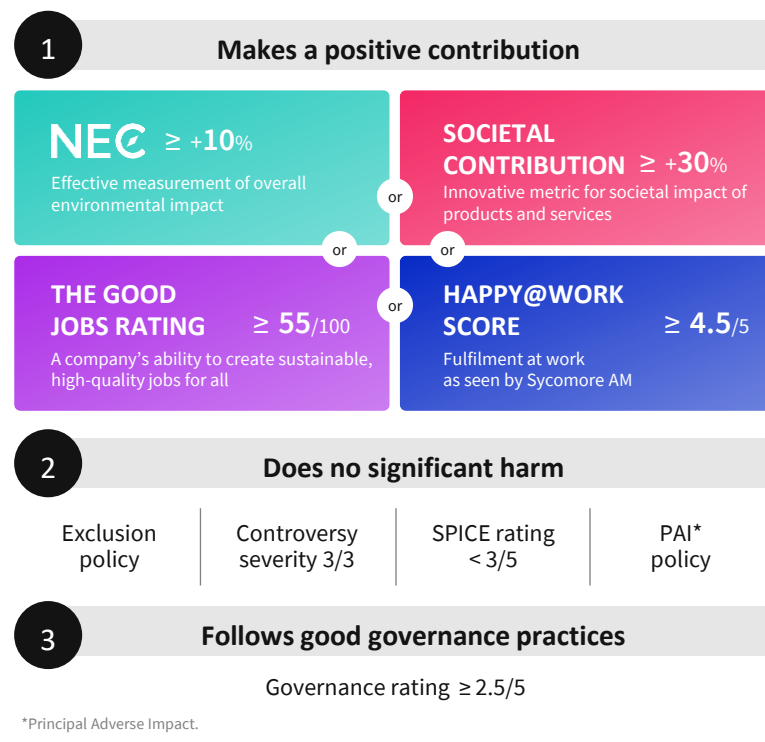
### 2 Avoiding investments that may cause significant adverse impacts

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 the 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 2023.

<sup>4</sup>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.”

## 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 3/5.



### Inclusion of positive environmental contributions

Our stock selection process is aimed at identifying companies whose **products and services make a positive contribution to the ecological transition, which is measured by an NEC greater than 0%** for each individual stock in the portfolio. This criterion supports companies that provide sustainability solutions through a positive environmental contribution in line with the SDGs, the Paris Agreement, and the EU Taxonomy. **The company must also be considered sustainable as defined on the previous page.**

The **NEC** is a holistic environmental indicator that measures how a company's business model, products and services drive the ecological transition by meeting challenges regarding the climate, biodiversity, waste and resource management, water and air quality. 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 economy<sup>5</sup>.

<sup>5</sup> For more information on the Net Environmental Contribution, visit the [NEC Initiative](#) website.

## Sycovalo universe\*

### ESG screening

#### SRI Exclusion Policy

Controversy severity 3/3

and

Governance rating ≤ 2.5/5

and

Greenfin Exclusion Policy

### Environmental selection

Net Environmental Contribution > 0%

NEC

and

Sustainable investment

### ESG eligibility

SPICE rating ≥ 3/5

## Sycomore Europe Éco Solutions

100% sustainable portfolio companies

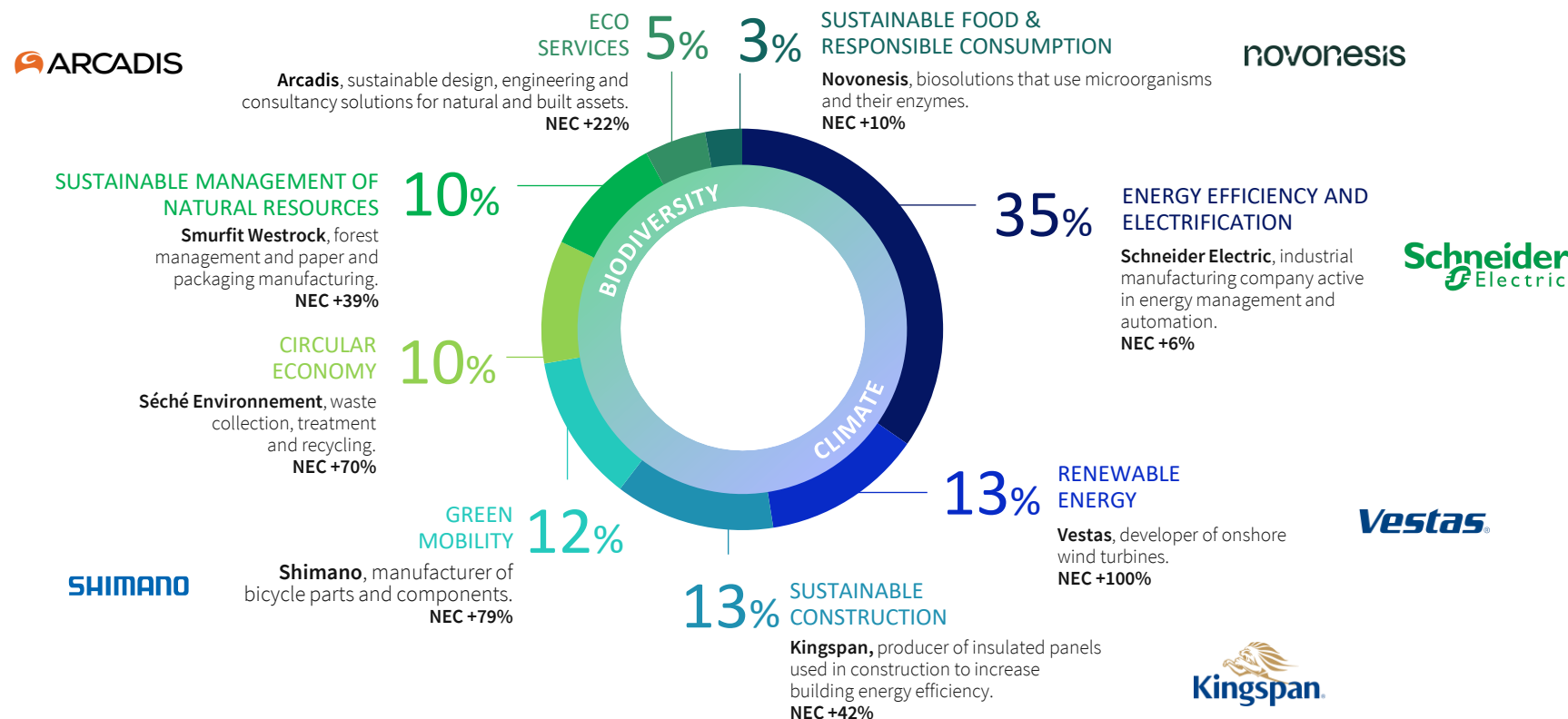
\* Set of more than 3,000 stocks analysed by our team of financial and non-financial analysts.

## 1.3 An investment universe with multiple themes

### Ecological and energy transition players

The investment universe is made up of a **vast ecosystem of companies** offering products and/or services that drive the **changes needed** to meet the many challenges associated with the ecological and energy transition. These issues are inter-related – **climate, biodiversity, water, waste** and **resource** management, **air quality** – and affect the way we spend, travel, produce and live together.

**An entire value chain is at work** for each major project. This value chain is made up of the players that design sustainable and responsible solutions, but also those that contribute to implementing these solutions and their long-term operation.

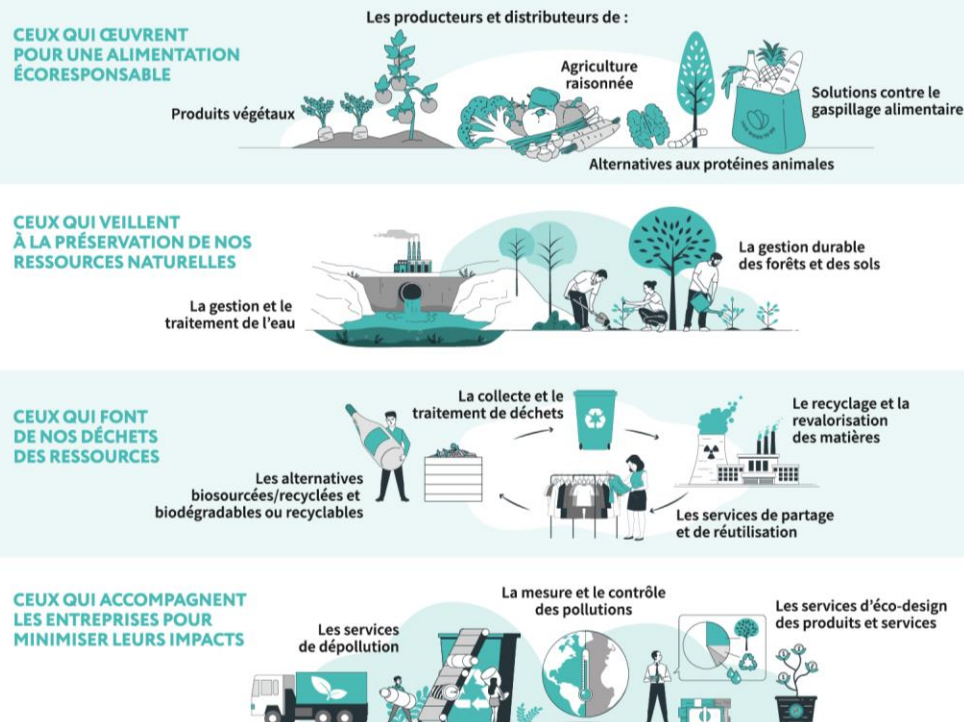


## 1.3

## An investment universe with multiple themes

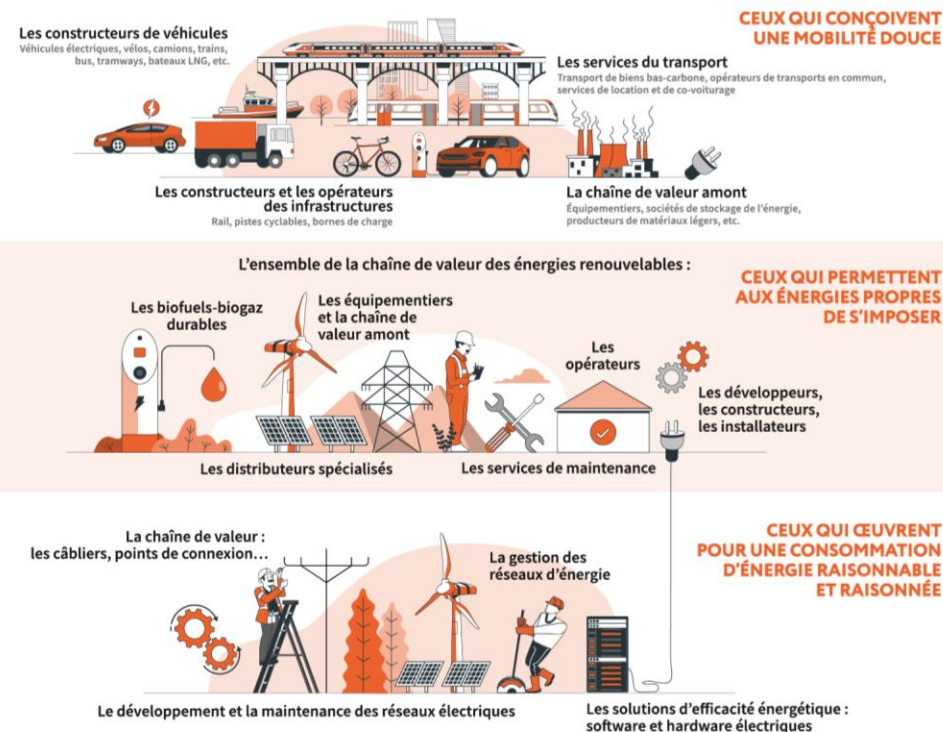
## SUSTAINABLE RESOURCE MANAGEMENT

A growing number of companies are now taking action to improve the management of our natural resources and to encourage a more rational use of this natural capital.



## ENERGY TRANSITION

The energy transition requires reasonable and efficient energy consumption and greater reliance on clean and renewable energy sources, as well as power grids able to incorporate and manage these energy sources and optimise energy flows.



## CEUX QUI RÉINVENTENT NOS MAISONS À TOUS LES ÉTAGES





## 1.4

## Our sustainability risk management



First, to limit the fund's exposure to sustainability risks associated with controversial activities with significant adverse social or environmental impacts, we apply our **SRI Exclusion Policy** and **industry exclusions specific to the fund's label** or certification.

Exclusions include controversial and conventional **weapons, tobacco, pesticides, pornography, violations of UN Global Compact Principles, fossil fuels** (conventional and unconventional coal, oil and gas) and, more broadly, **carbon-based electricity generation**. Most exclusions are determined by applying strict criteria based on the exposure of company revenue.



Next, the fund's exposure to sustainability risks is managed by requiring a **minimum SPICE rating (3/5)**. The SPICE analysis model takes into account the two inextricably linked concepts of **sustainability risks and impacts**. Through its 90 underlying criteria, SPICE analyses the company's exposure to and management of sustainability risks, including risks relating to **business ethics, taxes, human rights, working conditions**, the **subcontracting** chain, environmental disasters, the **ecological and energy transition, personal data protection**, and more.

Our SPICE model also covers the **principal adverse impacts**, especially the **SFDR's 14 mandatory PAI indicators** applicable to business organisations, based on their materiality to each company's operations and footprint and the availability of relevant data. For more information, see our **Principal Adverse Impact Policy**.



Lastly, we sometimes manage companies' exposure to sustainability risks **through our Shareholder Engagement Policy**, which consists in encouraging companies to progress in areas considered to be material, in accordance with our additionality principle.

The overall sustainability risk management framework is adjusted as our methodologies evolve and data becomes available. This framework is systematically reviewed no less frequently than every two years.

### Focus on managing biodiversity and climate change risks

Environmental sustainability risks are assessed as part of all our fundamental analyses, in the Environment pillar of our SPICE model. A score out of 5 reflects a company's management of transition risks, physical risks, and risks of biodiversity loss. Each of these assessments covers:

- the four main pressures driving biodiversity loss, as stated by the IPBES<sup>6</sup> in 2019: changes in **land and sea use, direct exploitation of organisms, climate change, and pollution**
- the **entire value chain**, i.e. Scopes 1, 2 and 3, both upstream and downstream, as long as they have a significant impact.

Details on our environmental sustainability risk management are provided in Chapter 3 of our **Natural Capital Strategy**.



<sup>6</sup> Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES): an independent body established in 2012 and institutionally linked to the United Nations Environment Programme (UNEP), the United Nations Development Programme (UNDP), the United Nations Educational, Scientific and Cultural Organization (UNESCO), and the Food and Agriculture Organization of the United Nations (FAO).



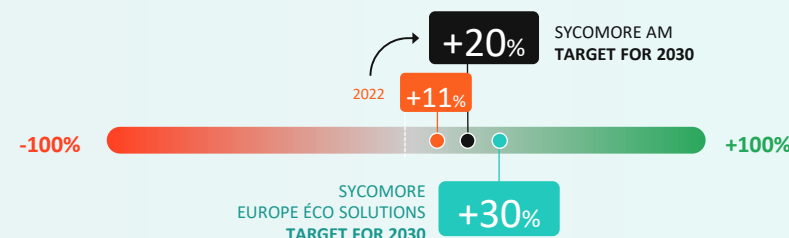
## 1.5 Our climate and biodiversity alignment strategy

In 2022, we defined a **quantified pathway to 2030 for our asset management company**. We also set new milestones in terms of climate and biodiversity. Our strategy aligns with three sets of standards: **Article 29** of France's **Energy and Climate Law**, which came into force in 2021; our approach as a certified **B corporation** since 2020; and the commitments we made to the **Science Based Targets initiative** in 2021.

### A quantified climate and biodiversity pathway

We defined our pathway using the **Net Environmental Contribution (NEC)**, a holistic environmental indicator covering the **main environmental impacts**: namely, impacts on the **climate**, on **biodiversity** and on **resources**. The NEC is based on a universal standard scale ranging from **-100%** to **+100%**, with 0% representing the average of the world economy. It applies to **all business lines** and **all asset classes**.

To reach our company's mission to **increase our investments' contribution to the ecological transition**, we have set the target for **Sycomore AM** to increase our NEC to **+20%** by 2030 (versus +8% in 2024 and +11% in 2022).



The alignment strategy for Sycomore Europe Éco Solutions is to maintain the fund's NEC at **+30% or higher** until 2030.



The climate component of the NEC represents between 0% and 100% of the metric, depending on the company's operations, for an average weight of 50%. As a complement to the NEC, we use **two methods** to assess a **company's alignment** with the **Paris Agreement**, especially the target of limiting global warming to well below 2°C compared to pre-industrial levels, by 2100:

1. The share of our net assets invested in companies that have set targets approved by the [Science Based Targets initiative](#)
2. The implied temperature rise calculated using the [Science-Based 2°C Alignment](#) method and expressed in degrees Celsius



We are exploring the use of Iceberg Data Lab's [Corporate Biodiversity Footprint](#) to quantifiably and more accurately measure the overall absolute impact of our investments on biodiversity. This metric provides a model of companies' biodiversity footprint based on their main **sources of pollution**:

- land use
- greenhouse gas (GHG) emissions
- air pollution and water pollution

## 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**

### INDICATORS TRACKED

|                                  |                            |
|----------------------------------|----------------------------|
| Share of sustainable investments | 98%                        |
| Weighted SPICE rating            | 3.8/5                      |
| Exposure to SDGs                 | 7 (36%); 11 (28%); 9 (22%) |

**Assess achievement of positive contribution targets and measure ESG performance**

E

|                                             |                                     |
|---------------------------------------------|-------------------------------------|
| Net Environmental Contribution              | +35%                                |
| Greenfin type I & II companies              | 97%                                 |
| EU Taxonomy (aligned)                       | 32%                                 |
| SB2A climate alignment                      | 1.8°C                               |
| SBTi climate alignment                      | 69% <2°C                            |
| Alignment with Paris Agreement <sup>7</sup> | 76%                                 |
| Exposure to fossil fuels                    | 0.1%                                |
| Carbon footprint                            | 548 tCO <sub>2</sub> e/€M           |
| Biodiversity footprint                      | -68 m <sup>2</sup> .MSA/€K invested |

S

|                       |      |
|-----------------------|------|
| Societal Contribution | +32% |
| Growth in staff       | 17%  |
| Human rights policy   | 98%  |

G

|                               |     |
|-------------------------------|-----|
| Women on executive committees | 25% |
|-------------------------------|-----|

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.

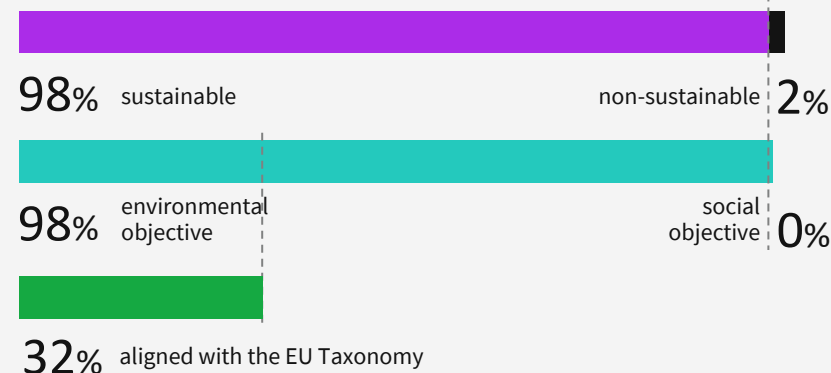
For more information on reporting methodologies and data sources, see our [reporting protocol](#).

## 2.1 Sustainable investments

**At the end of 2024, sustainable investments<sup>7</sup>** accounted for **98%** of the Sycomore Europe Éco Solutions fund's net assets (53% for the benchmark index) and **100% of the fund's investee companies**, in line with the target set in the prospectus as of 1 January 2023. The fund's non-sustainable investments included cash.

All of the sustainable investments were focused on **environmental issues**, with companies such as Vestas in renewable energy, Kingspan in sustainable construction, Shimano in non-motorised mobility, and Séché Environnement in the circular economy.

### BREAKDOWN OF SUSTAINABLE INVESTMENTS IN THE FUND AT 31 DECEMBER 2024<sup>8</sup>



Fund exposure of 98% at 31 December 2024

<sup>7</sup> Share of companies that have taken emissions reduction initiatives aimed at alignment with targets set out in the Paris Agreement. These companies are identified by their SBTi certification (at least well below 2°C) or by their share of taxonomy-aligned CapEx of 50% or higher (versus 61% for the benchmark).

<sup>8</sup> For more information on our definition of a sustainable investment, see our [ESG Integration Policy](#). <sup>9</sup> For more information on our response to SFDR reporting obligations, see the [appendix](#) to the relevant fund management report.

## 2.2

## SPICE performance

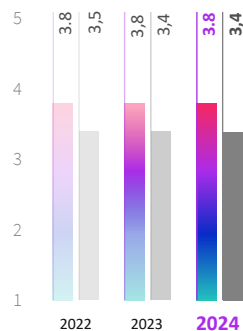
“The value created by a company is sustainable only if it is shared among all of its stakeholders: this belief guides our responsible investment approach.”

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 SPICE<sup>9</sup>, 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 Éco Solutions fund was **(3.8/5)**, **unchanged from the 2023 rating (3.8/5)** and **higher than that of the MSCI Europe NR index (3.4/5)**. The top-rated companies in the portfolio were **ASML, Legrand and Schneider Electric**.

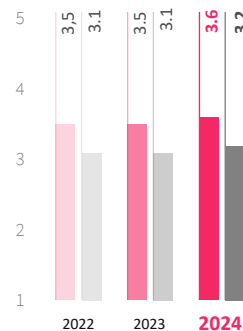
## CHANGES IN THE FUND'S SPICE RATINGS COMPARED TO ITS INDEX

## SPICE



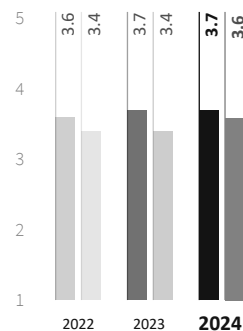
## SOCIETY

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



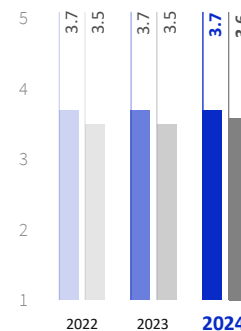
## PEOPLE

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



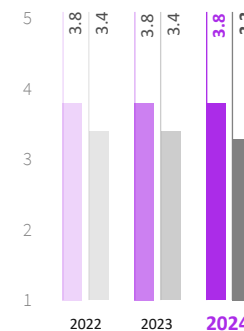
## INVESTORS

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



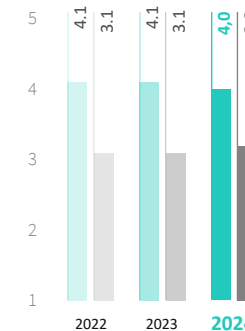
## CLIENTS

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 Éco Solutions

 MSCI Europe NR

2024 coverage ratio (weight in the fund): 100% / 2024 coverage ratio (weight in the index): 98%

<sup>9</sup> 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

## Exposure to Sustainable Development Goals

In this section, we show the exposure of portfolio companies to the **17 Sustainable Development Goals** adopted by the United Nations in 2015 and, more specifically, to the **169 underlying targets**. By exposure, we mean the opportunity for each company to **contribute positively to the SDGs** through its products and services<sup>10</sup>.

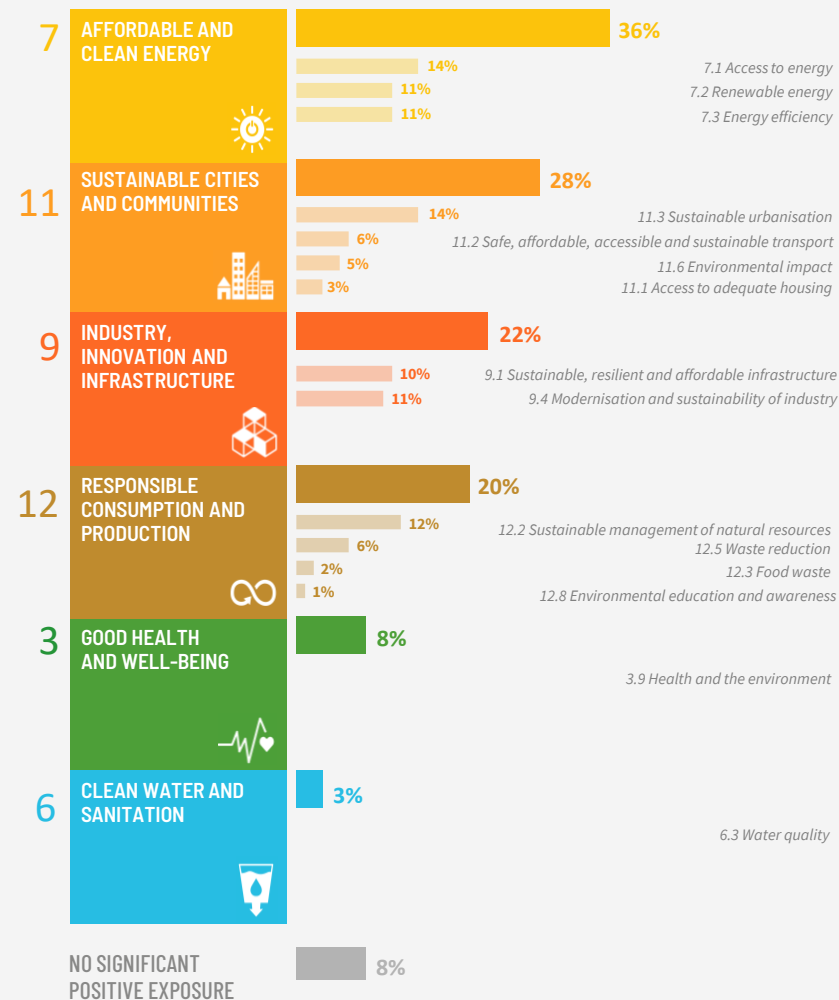
### Our analysis is based on a list of activities:



For each activity, we identified **one to three targets the company is most likely to contribute towards positively**, notwithstanding the fact that it may contribute simultaneously to other SDGs or targets. **Each company is then analysed based on the activities it conducts**. Therefore, a company that operates different businesses can be exposed to several targets, in which case the exposure is weight-adjusted according to the percentage of revenue generated by each activity.

We also sought to **differentiate between companies based on their potential contribution**, by looking at how their current portfolio of products and services is effectively positioned. Put simply, the more the products, services and beneficiaries are aligned with those targeted by the SDG, the higher the degree of alignment: high, moderate or low. This analysis is qualitative and draws from information at our disposal, partly thanks to the data we collect when assessing the net societal and environmental contributions (SC and NEC). We have also identified activities, which according to our analysis have no significant positive exposure to the SDGs.

Finally, companies can also **contribute to the SDGs through their own corporate practices and the way in which they run their business**. This factor is not taken into account at this stage, as we focus on the exposure of their products and services to the SDGs.



<sup>10</sup> This undertaking is not designed to measure the effective contribution of companies to the SDGs – these are assessed by our net environmental contribution (NEC) and societal contribution (SC) metrics.

2.3

Exposure to Sustainable Development Goals

SDG 13: Take urgent action to combat climate change and its impacts

The thirteenth Sustainable Development Goal adopted by the United Nations aims to **strengthen all countries’ resilience and adaptive capacity to climate-related hazards and natural disasters**, with a focus on building capacity in least developed countries and small island developing States.

The wording of the goal is formulated for countries and their definition of national policy, strategy and planning, as well as negotiations between countries<sup>11</sup>. **It cannot be applied to corporate activities.**



For this reason, SDG 13 Climate Action **does not appear explicitly in our classification**. However, **it remains one of the cornerstones of the investment strategy of Sycomore Europe Éco Solutions** and an **issue that is systematically integrated and assessed** in terms of both stock selection and impact measurement.

<sup>11</sup> <https://www.un.org/sustainabledevelopment/climate-change/>

13

CLIMATE ACTION



| TITLE                             | DESCRIPTION OF THE TARGET                                                                                                                                                                                                                                                                                                                                                                                                                           |
|-----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Resilience and adaptive capacity  | 13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.                                                                                                                                                                                                                                                                                                                                |
| Climate change policies           | 13.2: Integrate climate change measures into national policies, strategies and planning.                                                                                                                                                                                                                                                                                                                                                            |
| Education and capacity for action | 13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.                                                                                                                                                                                                                                                                                       |
| Green Climate Fund                | 13.a: Implement the commitment undertaken by developed-country parties to the United Nations Framework Convention on Climate Change to a goal of mobilising jointly \$100 billion annually by 2020 from all sources to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation and fully operationalise the Green Climate Fund through its capitalisation as soon as possible. |
| Capacity-building                 | 13.b: Promote mechanisms for raising capacity for effective climate change-related planning and management in least developed countries and small island developing states, including focusing on women, youth and local and marginalised communities.                                                                                                                                                                                              |

## 2.4

## Sustainability indicators

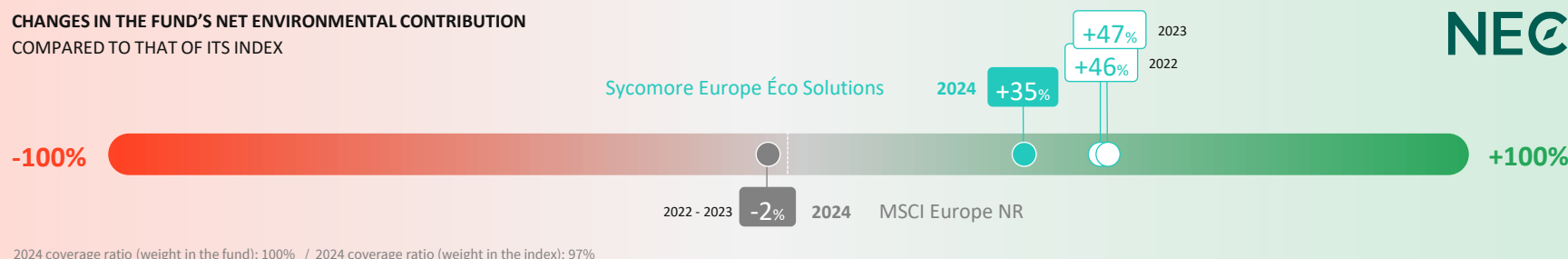
## Environment

## 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 economy<sup>12</sup>.

**At the end of 2024**, the NEC of the Sycomore Europe Éco Solutions fund stood at **+35%**<sup>13</sup> compared to **-2%** for the **MSCI Europe NR index**. It was below the fund's NEC of **+47%** in 2023 but remains above the target to maintain the indicator at **+30%** or higher until 2030. This change is mainly due to a lower share in the portfolio of renewable energy companies, which have a very high NEC.

#### CHANGES IN THE FUND'S NET ENVIRONMENTAL CONTRIBUTION COMPARED TO THAT OF ITS INDEX



#### Moderate environmental contribution

**ABB Ltd (NEC +11%)** is a global technology company specialising in robotics, energy and automation. **Aurubis AG (NEC +11%)** is a German copper producer that uses up to 50% of end-of-life metals to make recycled copper.



#### Significant environmental contribution

**UPM-Kymmene Oyj (NEC +69%)** is a Finnish company that produces paper, pulp, biofuels and timber-related products. **Elia (NEC +43%)** operates electric transmission networks in Europe and invests in supporting the renewable energy transition. **Veolia (NEC +47%)** is active in water, waste and energy management.



#### Very high environmental contribution

**Alstom (NEC +78%)**, due to its railway business, **Vestas Wind Systems AS (NEC +100%)**, as a leader in wind power, **CAF (NEC +97%)** in rail transportation, and **Lhyfe (NEC +84%)**, a French green hydrogen producer, all make a very high environmental contribution.



<sup>12</sup> For more information on the Net Environmental Contribution and underlying methodologies, please visit the [NEC Initiative](#) website. <sup>13</sup> NEC 1.1 calculated by Sycomore AM based on company-sourced data from 2023 and 2024.

2.4 Sustainability indicators

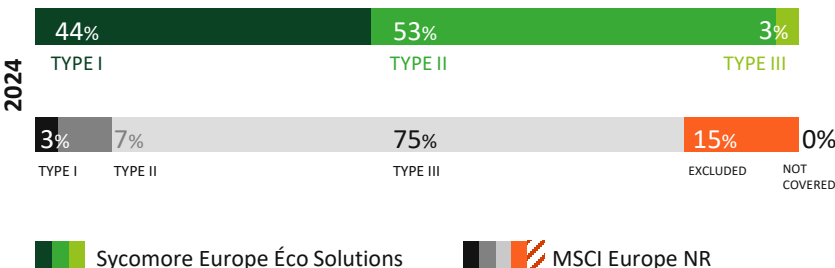
Green share according to the Greenfin label



The Sycomore Europe Éco Solutions fund aims to **maintain a larger share of its portfolio invested in issuers operating in eco-activities than its benchmark index**. This “green share” is defined based on the Greenfin label’s classification of eight categories of eco-activities potentially contributing to the energy transition and climate action. The categories are energy, building, circular economy (waste management and pollution control), industry, transport, information and communications technology, agriculture and forestry, and climate change adaptation.

Below we report the share of the portfolio invested in **type I** issuers (companies generating **more than 50% of their revenue from eco-activities**) and **type II** issuers (companies generating **10% to 50% of their revenue from eco-activities**). As it is based on the Greenfin label classification, this breakdown includes issuers that generate at least 10% of their revenue from eco-activities.

EXPOSURE BY TYPE OF ISSUER ACCORDING TO THE GREENFIN LABEL



**At the end of 2024**, the share of type I and II companies in the fund was therefore **97%** – meaning that on average, 100% of the revenue of companies in which it invests comes from eco-activities, as defined by the Greenfin classification, **compared to 10% for the benchmark**. The fund has met its target of **outperforming** the benchmark.

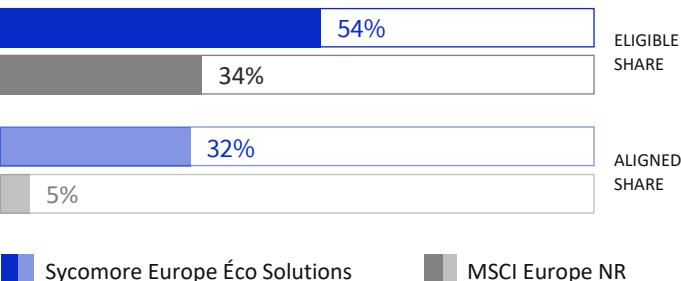
2024 coverage ratio (weight in the fund): 100% / 2024 coverage ratio (weight in the index): 98%

EU Taxonomy

The EU Taxonomy has established a **list of environmentally sustainable activities** to direct investments toward companies contributing to a low-carbon, resilient and resource-efficient economy. To align with the taxonomy, eligible economic activities must **substantially contribute to at least one of six environmental objectives**<sup>14</sup> without doing any significant harm to any of the other objectives.

**At the end of 2024**, **54%** of business activities by companies in the Sycomore Europe Éco Solutions fund were **Taxonomy-eligible** and **32%** were **Taxonomy-aligned**, versus 5% for the benchmark index.

TAXONOMY-ELIGIBLE AND TAXONOMY-ALIGNED SHARES



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

As a multitude of technical screening criteria are defined for each objective, and companies’ interpretation of these criteria can change, we note that the same company may report significant variations from one year to the next.

For the share of companies that do not come under EU reporting requirements, these figures reflect MSCI estimates.

<sup>14</sup> Climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems.



## 2.4

## Sustainability indicators

## Science Based Targets initiative (SBTi)

The Science-Based Targets initiative (SBTi) was created in 2015 by the CDP, the United Nations Global Compact (UNGC), the World Resources Institute (WRI) and the World Wildlife Fund (WWF). It encourages companies to set **greenhouse gas (GHG) emission reduction targets** that are based on scientific data and **align with a 1.5°C pathway** that would enable the global economy to halve emissions by 2030 and reach net zero by 2050, in accordance with the recommendations of the Intergovernmental Panel on Climate Change (IPCC) and the Paris Agreement.

**At the end of 2024**, companies whose GHG emission reduction targets were approved by the Science Based Targets initiative accounted for **72% of net assets held**. Based on the SBTi methodology, **61%** of net assets held are aligned with a **1.5°C trajectory**, **9%** with a trajectory “**well below 2°C**”, and **2%** of net assets held are aligned with a **2°C trajectory**. Companies having initiated but not completed an SBTi target-setting process or for which the outcome was still pending accounted for 10% of net assets held. The share of companies with an approved SBTi target in the Sycomore Europe Éco Solutions fund was **significantly higher than the average of Sycomore AM's assets under management (48%)**.

## SHARE OF PORTFOLIO COMPANIES HAVING SET AN SBTi TARGET



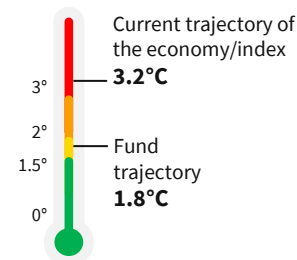
As of January 2025, it aims to outperform its benchmark index in terms of the share of companies that have taken emissions reduction initiatives aimed at aligning with targets set out in the Paris Agreement. In 2024, 76% of portfolio companies had SBTi certification (at least well below 2°C) or a share of taxonomy-aligned CapEx of 50% or higher (versus 61% for the benchmark).

## Science-Based 2°C Alignment (SB2A)

SB2A is a method developed by I Care and Iceberg Data Lab to measure a company's **alignment with low-carbon benchmark scenarios**, based on its past (since 2010) and future climate performance and on how this performance compares to **decarbonisation pathways** within its industry.

The Sectoral Decarbonization Approach (SDA) allocates a **carbon budget to each sector**, based on 2°C scenarios for the sector established by the International Energy Agency (IEA) – namely, the 2°C Scenario (2DS) and the 1.75°C Scenario (Beyond 2°C or B2DS)<sup>15</sup>. SB2A can therefore take into account **all sectors, while differentiating between companies**. The method then converts the company's performance gap – compared to what it should be in a low-carbon scenario – into an “implied temperature rise”. A weighted average of 2100 temperature forecasts for each company, according to weight in the portfolio, is then calculated to generate a temperature pathway for the entire fund.

## TEMPERATURE-RISE TRAJECTORIES TO 2100



**At the end of 2024**, the SB2A method covered 92% of the net assets of Sycomore Europe Éco Solutions. According to the method, the net assets would result in an average temperature increase of **1.8°C** by 2100. In detail, 39.4% of the net assets (i.e. 38.6% of the assets covered by the method) would have an implied temperature rise of **≤1.5°C**, while 27.2% (26.6% of the assets covered) would have an implied temperature rise of between 1.5°C and 2°C, and 30.4% (29.8% of the assets covered) would have an implied temperature rise of more than 2°C.

2024 coverage ratio (weight in the fund): 98%

<sup>15</sup> For more information, see the Energy Technology Perspectives 2017 (ETP 2017) report, which presents three pathways for energy sector development to 2060 and lays the groundwork to achieve the two scenarios mentioned above.

## 2.4

## Sustainability indicators

## Exposure to fossil fuels

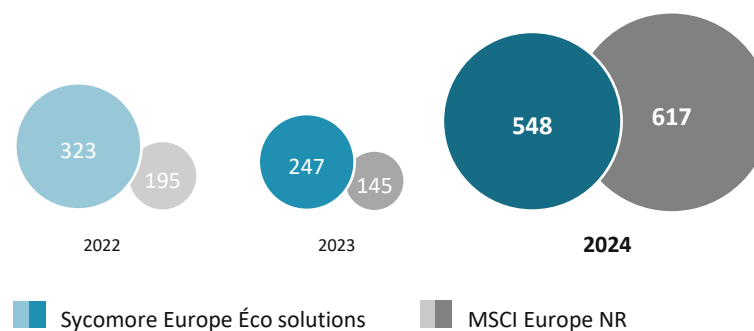
Sycomore Europe Éco Solutions **automatically excludes exploration, extraction, refining, electricity and heat generation involving fossil fuels** (coal, oil and gas). Nevertheless, residual exposure of companies to some fossil fuels is tolerated as long as it represents a marginal activity or is being discontinued. The share of the fund's assets in companies active in the fossil fuel industry, within the meaning of the SFDR, was **0.14% at the end of 2024, representing €0.5 million (3.3% for the benchmark index)**. This exposure is related to investments in **ERG, Verbund, UPM, Veolia Environnement, E.ON and Spie**. It breaks down into 0.035% exposure to oil and 0.106% to gas. Exposure to fossil fuels is an area of engagement that we address with these companies.



## 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 Éco Solutions was **548 tonnes of CO<sub>2</sub> equivalent per million euros of enterprise value**, compared to 617 tCO<sub>2</sub>e/€M for its benchmark index. The biggest contributors to this footprint were **Nexans, Knorr-Bremse, ABB and Veolia Environnement**. The smallest contributors were **Nemetschek, Redeia and Verbund**. The inclusion of downstream Scope 3 data has lowered the fund's carbon footprint compared to that of its index.

EMISSIONS IN TONNES OF CO<sub>2</sub> 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): 97% / 2024 coverage ratio (weight in the fund): 98%

## 2.4

## Sustainability indicators

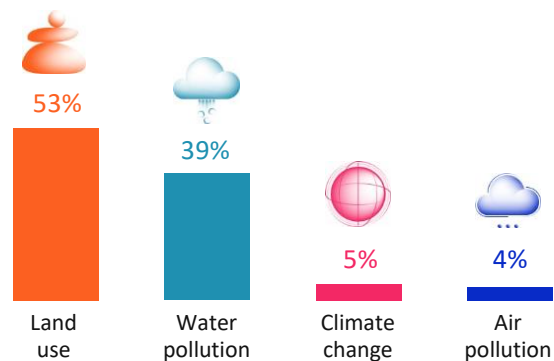
## Biodiversity footprint

The Corporate Biodiversity Footprint (CBF) metric was developed by the Iceberg Data Lab to measure a company's impacts on biodiversity, based on their main underlying sources. The metric **covers impacts throughout the value chain** (Scopes 1, 2 and 3). The measurements are aggregated into a footprint expressed in a unit of surface area, the m2.MSA (Mean Species Abundance). One m2.MSA represents one square metre of natural land lost due to the company's business activity in year Y. The complete [methodology](#) is available online.

**At the end of 2024**, the coverage ratio of companies in Sycomore Europe Éco Solutions was **99%**, compared to 98% for its benchmark index. **The fund's biodiversity footprint stood at -68 m<sup>2</sup>.MSA per thousand euros invested** (compared to -48 m<sup>2</sup>.MSA per thousand euros invested for its benchmark).

This footprint reflects the impacts of four main pressures on biodiversity **generated by activities in a company's value chain**: **land use, greenhouse gas emissions, air pollution and water pollution**.

## BREAKDOWN OF THE FUND'S BIODIVERSITY FOOTPRINT

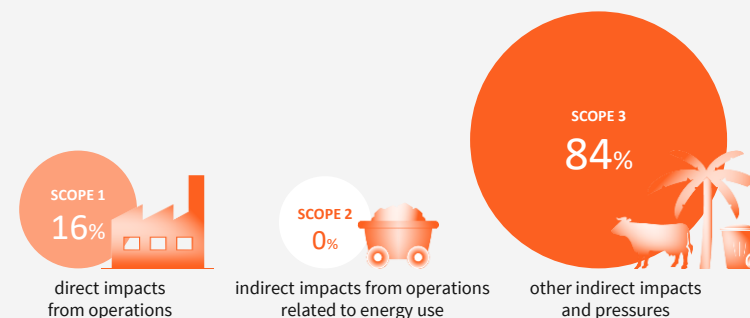


2024 coverage ratio (weight in the fund): 99%



The biodiversity footprint makes it possible to identify the sources of these impacts and where they occur in the company's value chain. On average, the impacts of the portfolio companies covered are distributed as follows:

## BREAKDOWN OF THE BIODIVERSITY FOOTPRINT BY SCOPE



Like its carbon footprint, the fund's biodiversity footprint **mainly reflects its sectoral allocation**. For Sycomore Europe Éco Solutions, the biggest-contributing sectors are **manufacturing**, with the significant contribution of **Nexans**, **Aurubis** and **Prysmian**. Companies operating in the timber and packaging industries, such as **Stora Enso**, **UPM** and **Smurfit Westrock**, also have a large biodiversity footprint, as does **Novonesis**, which produces biosolutions for the food, health and environment sectors.

Considering the low portfolio coverage of this indicator, along with changes to its methodology (in which we are stakeholders, as a member of the CBF's steering committee), we communicate the Corporate Biodiversity Footprint strictly for information purposes only, as part of our continuous efforts to explore different methods for modelling our portfolio's biodiversity impact.

## 2.4

## Sustainability indicators

## Social

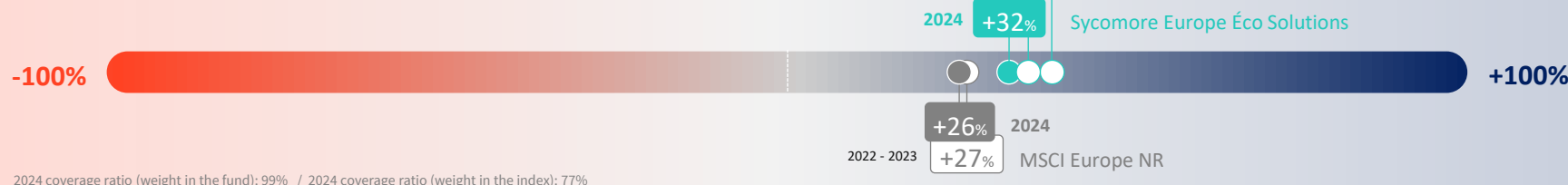
## Societal Contribution of products and services

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 services for **vulnerable populations**
  - Products and 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 Goals<sup>16</sup>.

**At the end of 2024**, the Societal Contribution of products and services for portfolio companies stood at **+32%** compared to **+26%** for the fund's **benchmark index**. The SC of Sycamore Europe Éco Solutions has fallen slightly since 2021, while that of the index has remained relatively stable over the same period. The fund's significantly positive societal contribution, well over that of the benchmark index, is due to its overexposure to companies that provide essential products and services, such as access to water, energy, transport and waste management.

#### CHANGES IN THE FUND'S SOCIETAL CONTRIBUTION COMPARED TO THAT OF ITS INDEX



## Neutral societal contribution

**UPM-Kymmene Oyj (SC -1%)** is a Finnish company that produces paper, pulp, biofuels and timber-related products. **Smurfit Westrock (SC +3%)** is a world leader in paper-based packaging solutions that emphasises sustainable practices by using renewable resources and recycled materials. The company focuses on designing innovative eco-friendly packaging to reduce the environmental impact and promote circular economy principles.



## Highly positive societal contribution

**Alstom (SC +84%)**: Railways are appreciated for their contribution to improving air quality (Health & Safety) and facilitating traffic while reducing congestion within and between cities (Economic & Human Progress). **Shimano (SC +67%)**: Bicycles make a very positive contribution to health (Health & Safety) and also provide affordable transportation for all (Access & Inclusion). **CAF (SC +75%)** is a Spanish engineering company that manufactures railway vehicles and equipment. It focuses on sustainable transport solutions to reduce the environmental impact.



<sup>16</sup> More information on the methodology is available in our [Societal Capital Strategy](#).

## 2.4

## Sustainability indicators

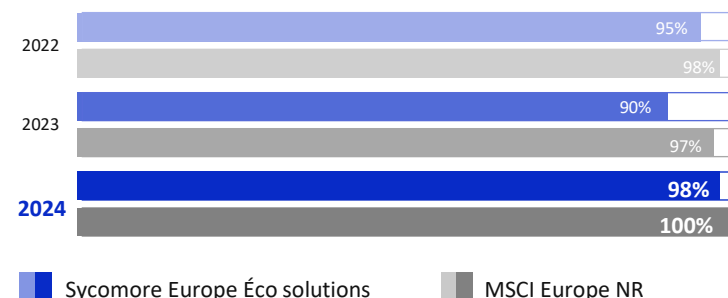
## Human rights policies

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**. Sycamore 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**.

**In 2024**, the percentage of portfolio companies with a formal human rights policy was **98%**, slightly **lower than the benchmark** (100%). This topic regularly comes up in our engagement with companies. Since 2022, through the **French Sustainable Investment Forum (FIR)**, we have 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 2024 including an engagement phase with several companies.

## PERCENTAGE OF COMPANIES WITH A HUMAN RIGHTS POLICY



2022 and 2023 data: Bloomberg.

2024 data: MSCI.

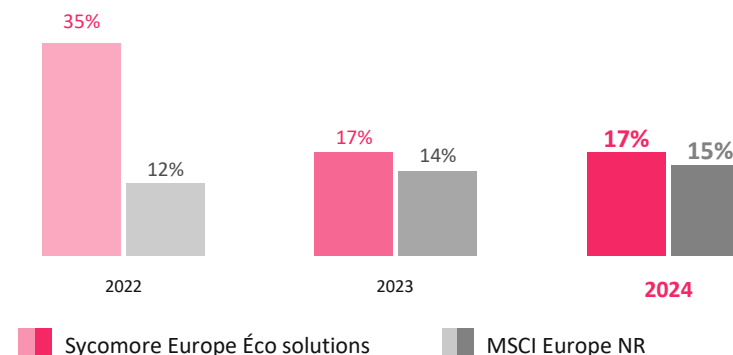
2024 coverage ratio (weight in the fund): 100% / 2024 coverage ratio (weight in the index): 99%.

## 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 (17% over three years for the fund versus 15% for the benchmark) reflects the strong **momentum** enjoyed by some of the companies in which we invest. We also observed strong employment growth in transition technologies, an attractive market. For example, jobs were created by renewable electricity producers (**Neoen** and **EDP Renovaveis**) and companies operating in climate control and air treatment solutions (**Munters**) or in packaging (**SIG Group**). The fund is also invested in large French groups, where growth in staff has been negative over the past three years (**Renault** and **Saint-Gobain**).

## CHANGES IN STAFF NUMBERS OVER THREE YEARS



2022 and 2023 data: Bloomberg.

2024 data: MSCI.

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



2.4

# Sustainability indicators

## Governance

### Gender equality

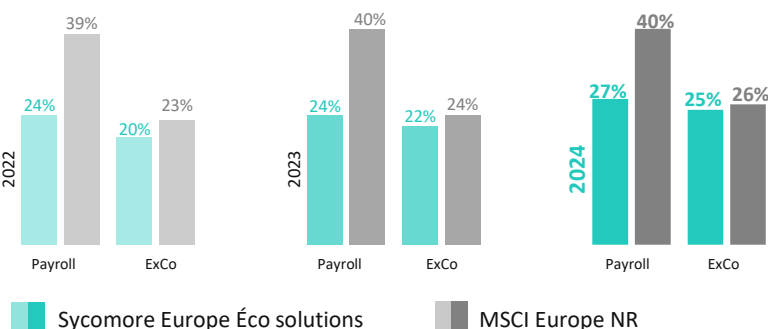
Diversity is a **key success factor of corporate governance** and decision-making. McKinsey Global Institute found that if each company achieved the level of gender equality of the most advanced country in its region, this would add **\$12 trillion** to global GDP by 2025<sup>17</sup>. We therefore chose 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, the percentage of women on the executive committee at companies held by Sycomore Europe Éco Solutions was **25%**, **slightly under the benchmark** (26%), while the percentage of women out of total staff stood at **27%**, also **below the benchmark index** (40%). This gap reflects the difference in sectoral allocation between the index and the fund, the latter being more exposed to manufacturing companies, which tend to employ fewer women.

Women make up more than **30%** of the management board of 11 companies, which include **Arcadis, Legrand, Schneider Electric, Novonesis, Lhyfe** and **Saint-Gobain**. Other companies show significant gaps between the percentage of women on the payroll and the percentage of women on the executive committee, such as **ERG** and **Rockwool**. 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 and a member of the 30% Club Germany launched at the end of 2023.

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



<sup>17</sup> McKinsey Global Institute, "The Power of Parity: how advancing women's equality can add \$12 trillion to global growth", 2015.

2022 and 2023 data: Bloomberg.  
 2024 data: MSCI.  
 2024 coverage ratio (weight in the fund): 97% for the executive committee and 98% for the payroll

## 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**.

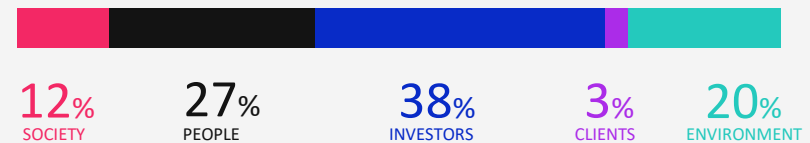
“ We invest to develop an economy that is more sustainable and more inclusive and to generate positive impacts for each of our stakeholders. **Our mission is to give a human dimension to investment.**”

Details on our shareholder engagement are provided in our [ESG Integration and Shareholder Engagement 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** (11 in 2023), having identified **60 areas for improvement** during the year (39 in 2023). Nearly 87% of these initiatives involved individual dialogue, while the remaining 13% were part of collaborative initiatives.



Out of the shareholder engagement initiatives taken in 2024, 23, or **38%**, directly concerned **corporate governance** (pillar I of the [SPICE](#) analysis). The main issues raised included the **structure, procedures and practices of the board of directors** and **executive compensation**, especially the **transparency** of compensation reports and the alignment of compensation criteria with the interests of all stakeholders.

A total of 16 initiatives, accounting for **27% of our actions**, concerned **human capital management** within portfolio companies. Most of the dialogue aimed to improve gender equality at all levels of the organisation. In 2024, our discussions with STMicroelectronics and Spie, through the 30% Club France, highlighted several areas of engagement involving the gender pay gap (see section 3).

Twelve initiatives, accounting for **20% of our actions**, concerned **environmental issues**, especially companies' climate strategies and alignment with Paris Agreement targets. These initiatives included individual dialogue, such as with **Befesa, Nexans, Renault** and **Séché Environnement**. The list of companies in the Sycomore Europe Éco Solutions 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 communicated to several companies during the dialogue initiated to discuss **controversies**:

- After a fatal accident in Gabon in 2024, we encouraged **Spie** to improve the collection and reporting of accident data, in particular accidents involving employee or subcontractor fatalities.
- We also encouraged **Renault** to increase its resources dedicated to internal audits of suppliers, following the controversy over the Bou Azzer mine in Morocco, where the group signed a partnership agreement with the mining company Managem ([more information on page 26](#)).

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

23

engagement  
initiatives  
assessed in 2024

74%

improvements observed  
following the 38 initiatives

39%

of engagement initiatives  
still in progress

We also monitored the advancement of **15 portfolio companies** on **23 areas for improvement submitted in previous years**. On **74%** of these points, we noted partial progress or achievement of the target.



## 3.1

## Our engagement initiatives

OUR COLLABORATIVE ENGAGEMENT  
WITH THE

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 diversity 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 France  
Investor Group**  
2024 Annual Report

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

## FOCUS ON OUR HUMAN CAPITAL INITIATIVES

WITH



As a support investor, in collaboration with the 30% Club France, Sycomore AM took part in discussions with Spie in 2024 to gain insight into the company's practices regarding diversity. On this topic, key **areas of improvement** we identified and shared with the company:

- Publication of a detailed, multidimensional strategy to increase the hiring of women, including younger candidates
- Set a target for women to make up at least 20% of employees in leadership training courses and to include at least one woman among the candidates submitted to recruitment firms for leadership positions
- Initiate discussions with the European Works Council twice a year to share initiatives and obtain feedback
- Disclose the adjusted and unadjusted gender pay gap, the gender balance among part-time employees, and scores for each indicator of the French Gender Equality Index

In addition to this dialogue through the 30% Club France, Sycomore AM also met and communicated with Spie on several other occasions during the year, in the context of the shareholders meeting as well as two fatal accidents in 2024 that caused multiple deaths in Gabon and Mexico. In particular, we questioned the group about its health and safety performance and its impact on the chief executive's short-term variable compensation. Among other recommendations, we encouraged the company to:

1. Introduce a condition stipulating that no fatal accidents occur in order to trigger the safety performance-related bonus
2. Improve the collection and reporting of accident data among subcontractor staff





## 3.1

## Our engagement initiatives

OUR COLLABORATIVE  
ENGAGEMENT WITH THE

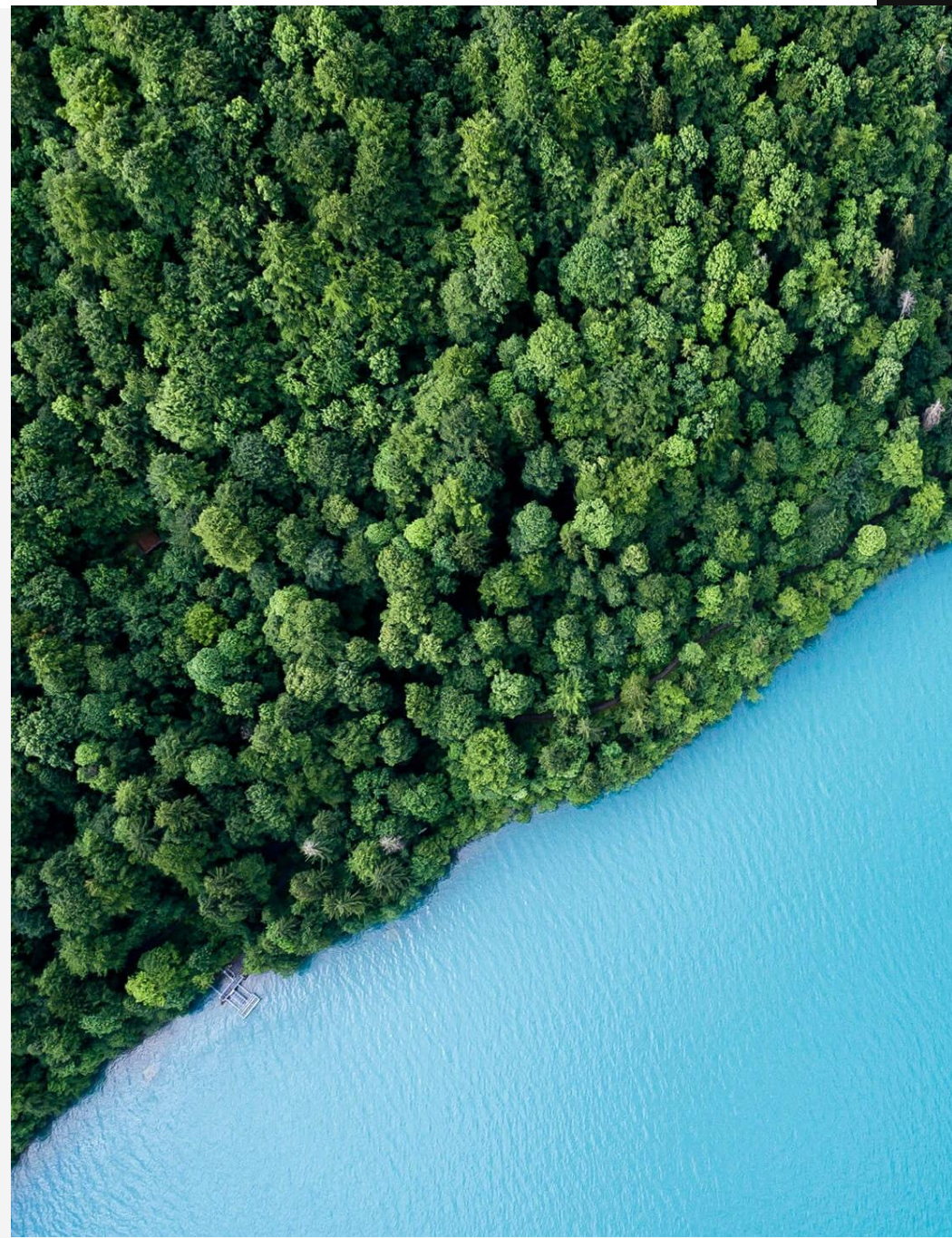
Over the course of the year, we continued to take part in the **Net Zero Engagement Initiative** (NZEI), coordinated by IIGCC and launched in March 2023. This initiative enables investors to engage with companies outside the 169 biggest emitters on the Climate Action 100+ focus list. The objective is to push firms to devise strategies that will reduce their emissions in line with the Paris Agreement and contribute to achieving collective carbon neutrality, planet-wide. Through this engagement, we urge companies to develop a net zero transition plan that aligns with the criteria of the Net Zero Investment Framework (NZIF).

**The minimum components of these plans are:**

- A realistic and comprehensive net zero-aligned commitment
- Short-, medium- and long-term GHG emissions reduction targets
- Tracking of GHG emissions performance
- A credible and coherent decarbonisation strategy

Since its launch, **160 companies** have received personalised letters from investors listing their expectations for a credible net zero transition plan. After sending these letters, signatories to the NZEI lead engagement initiatives with each company individually.

This initiative targeted seven companies in the portfolio in 2024: **Elia Group, Orsted, Schneider Electric, Umicore, UPM-Kymmene, Verbund and EDP Renovaveis**. For example, with Elia Group, we discussed setting higher decarbonisation targets and reviewed the resources it implements.





## 3.1

## Our engagement initiatives



## OUR ENGAGEMENT WITH RENAULT

Renault is a high-conviction holding in our fund. We discussed issues extensively with the management throughout the year, covering the following topics:

### Remuneration policy of Luca de Meo presented at the 2024 Annual General Meeting

We applaud the **rich and open dialogue** that we had with the group, in particular with the Chairman of the Board of Directors about changes in the Chief Executive Officer's remuneration policy and about the exceptional share-based payment that will award him with shares in 2028 for his second term (from 2024 to 2028).

Although the remuneration policy submitted at the 2024 Annual General Meeting exceeds the limits of our voting policy, we deemed the exception was justified. We **voted in favour of the proposed remuneration policy for the CEO** in light of:

- **information presented by Jean-Dominique Sénard**, in particular the benchmarking against a selection of companies (total compensation at the bottom of the second quartile)
- the recent and expected **financial performance** as a result of the recovery plan implemented by M. de Meo (under which the breakeven point was lowered by 50% between 2019 and 2022, net positive cash position in 2022, growth in 2023 operating income of more than 13%, 7.9% operating margin versus initial forecast of over 6%) and resumed dividend payments in 2023)
- and our **commitment as a shareholder to support the CEO** and the continued deployment of the Group's strategy.

### The Managem cobalt mine controversy in Morocco

In its efforts to build a more sustainable battery supply chain, **Renault signed an agreement with Managem** in Morocco in 2022 to supply low-carbon cobalt from the Bou Azzer mine. Under the contract, operations were scheduled to start in 2025.

At the end of 2023, several media outlets reported arsenic pollution at the site and that water resources were being diverted away from the local populations to operate the mine.

We spoke with Renault to find out the due diligence implemented in the selection process of Managem as the cobalt supplier. Managem met a number of criteria, including an Ecovadis rating of 63, above the group's minimum requirement of rating of 48. In addition, Managem was part of the Initiative for Responsible Mining Assurance (IRMA), one of the few certification programmes in the mining industry, covering both environmental and social performance. The Bou Azzer mine was also ISO certified.

Managem had an external audit carried out in the summer of 2024 and a corrective action plan was introduced.

Renault launched a due diligence process that includes an on-site audit by an independent third party and takes into account the actions already implemented by Managem. The process will be complete before the industrial production of cobalt sulphate begins. If any instances of non-compliance are identified, additional corrective and mitigation action will be taken. We will be carefully watching how the situation plays out.

### The group's environmental policy

Renault aims to **achieve carbon neutrality in Europe by 2040 and worldwide by 2050**, through the electrification of vehicles, development of shared mobility, deployment of hybrid technologies across all its brands, improved battery performance and a strengthened circular economy.

We have begun talking to the Group about its emissions reduction targets, especially for Scope 3, which accounts for 99% of its emissions. Renault is aiming for a 27.5% reduction by 2030 from a 2019 base. The absolute value of the 2030 target is expected to be published in 2025.

**In 2025**, we are continuing our dialogue with the company. The points we have raised include the CEO's remuneration policy, the group's strategy for the location of its production sites, and its emissions reduction targets.

We have also noted that the SBTi standard for automakers is still pending. Once released, it will enable Renault to renew the validation of its Scope 3 targets.

## 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 100% of the shareholder meetings for portfolio companies:**

**54** shareholder meetings with voting rights  
**948** resolutions

**69%** of shareholder meetings with **at least one vote against**  
**12%** votes against

Share of votes against



**The average opposition rate was 12%.** As shown in the graph, the highest rates of opposition were met with by shareholder resolutions (43% of votes against), capital transactions (30%) and executive compensation (20%).



Regarding **capital transactions**, we defended minority interests when voting on authorisations submitted for shareholder approval.



Regarding **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.



**Eight resolutions related to sustainability issues.** We supported all of these resolutions. Sycomore AM voted in favour of the social responsibility reports published by **ABB, Acciona, CAF, EDP Renovaveis** and **SIG Group**. We had approved the reports from **Acciona** and **CAF** in previous years. Other resolutions that we supported pertained to aid and donations provided by companies, such as Rockwool, as a sponsor of Ukraine, and **UPM**.



We voted on **seven shareholder resolutions** in 2024. Six were at ERG (of which 2 votes against) and pertained to the **compensation of board directors and committee members**, as well as to the **number of directors**. The other shareholder resolution submitted to vote in 2024 was at Prysmian, relating to the **composition of the company's board of directors**. Sycomore AM voted against this resolution and supported the resolution submitted by the company management.

## 04 Appendices

### PORTFOLIO INVENTORY OF SYCOMORE EUROPE ÉCO SOLUTIONS AT 31 DECEMBER 2024

Issuers invested in at the end of 2024 that were the subject of a commitment during the year represented 33% of the portfolio by weight.

| COMPANY                   | ISIN         | WEIGHT IN PORTFOLIO | NEC <sup>18</sup> | SBTi target    | CS <sup>19</sup> | SUSTAINABLE INVESTMENT | ENGAGEMENT BY SPICE <sup>20</sup> PILLAR |
|---------------------------|--------------|---------------------|-------------------|----------------|------------------|------------------------|------------------------------------------|
| SCHNEIDER ELECTRIC SE     | FR0000121972 | 5,33%               | 6%                | 1.5°C          | 39%              | Environment and Social |                                          |
| VEOLIA ENVIRONNEMENT      | FR0000124141 | 4,84%               | 47%               | 1.5°C          | 38%              | Environment and Social |                                          |
| PRYSMIAN SPA              | IT0004176001 | 4,31%               | 31%               | 1.5°C          | 24%              | Environment and Social |                                          |
| E.ON SE                   | DE000ENAG999 | 4,14%               | 25%               | 1.5°C          | 25%              | Environment            |                                          |
| SMURFIT WESTROCK PLC      | XS2388182573 | 4,13%               | 39%               | Well-below 2°C | 3%               | Environment            |                                          |
| COMPAGNIE DE SAINT GOBAIN | FR0000125007 | 3,93%               | 10%               | 1.5°C          | 32%              | Environment and Social | Environment, Investors, People           |
| ARCADIS NV                | NL0006237562 | 3,80%               | 22%               | 1.5°C          | 30%              | Environment            | Environment, People                      |
| NEOEN SA                  | FR0011675362 | 3,51%               | 81%               | X              | 53%              | Environment and Social | Society&Suppliers                        |
| NEXANS SA                 | FR0000044448 | 3,01%               | 12%               | 1.5°C          | 42%              | Environment and Social | Environment, Investors, People           |
| NOVONESIS                 | DK0060336014 | 3,00%               | 10%               | 1.5°C          | 25%              | Environment            |                                          |
| ASML HOLDING NV           | NL0010273215 | 3,00%               | 12%               | 1.5°C          | 27%              | Environment and Social | Investors, Society&Suppliers             |
| KINGSPAN GROUP PLC        | IE0004927939 | 2,84%               | 42%               | 1.5°C          | 22%              | Environment and Social |                                          |
| SIG GROUP AG              | CH0435377954 | 2,82%               | 28%               | 1.5°C          | 22%              | Environment and Social | Clients, Environment, Investors          |
| INFINEON TECHNOLOGIES AG  | DE0006231004 | 2,70%               | 17%               | Committed      | 32%              | Environment and Social | Society&Suppliers                        |
| KNORR-BREMSE AG           | DE000KBX1006 | 2,67%               | 33%               | X              | 70%              | Environment and Social |                                          |
| LEGRAND SA                | FR0010307819 | 2,55%               | 16%               | 1.5°C          | 33%              | Environment and Social |                                          |
| RENAULT SA                | FR0000131906 | 2,39%               | 15%               | 2°C            | 34%              | Environment and Social | Clients, Environment, Investors          |
| NEMETSCHEK AKT            | DE0006452907 | 2,26%               | 21%               | X              | 22%              | Environment            |                                          |
| EDP RENOVAVEIS SA         | ES0127797019 | 2,09%               | 96%               | Committed      | 53%              | Environment and Social |                                          |
| ELIA GROUP SA/NV          | BE0003822393 | 2,03%               | 43%               | Well-below 2°C | 25%              | Environment and Social | Investors, People                        |
| SPIE SA                   | FR0012757854 | 2,01%               | 15%               | 1.5°C          | 31%              | Environment and Social | Investors, People, Society&Suppliers     |
| ERG SPA                   | IT0001157020 | 1,92%               | 94%               | 1.5°C          | 51%              | Environment and Social |                                          |
| MUNTERS GROUP AB          | SE0009806607 | 1,92%               | 15%               | Committed      | 19%              | Environment            |                                          |
| UPM-KYMMENE OYJ           | FI0009005987 | 1,84%               | 69%               | 1.5°C          | -1%              | Environment            |                                          |

<sup>18</sup> 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. <sup>19</sup> 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. <sup>20</sup> 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](#).

## Appendices

| COMPANY                 | ISIN         | WEIGHT IN PORTFOLIO | NEC <sup>18</sup> | SBTi target    | CS <sup>19</sup> | SUSTAINABLE INVESTMENT | ENGAGEMENT BY SPICE <sup>20</sup> PILLAR |
|-------------------------|--------------|---------------------|-------------------|----------------|------------------|------------------------|------------------------------------------|
| ROCKWOOL A/S            | DK0010219153 | 1,80%               | 45%               | Well-below 2°C | 37%              | Environment and Social |                                          |
| WIENERBERGER AG         | AT0000831706 | 1,77%               | 17%               | X              | 0%               | Environment and Social |                                          |
| REDEIA CORP SA          | XS2552369469 | 1,69%               | 52%               | 1.5°C          | 31%              | Environment and Social |                                          |
| ABB LTD                 | CH0012221716 | 1,66%               | 11%               | 1.5°C          | 25%              | Environment            |                                          |
| SHIMANO INC             | JP3358000002 | 1,61%               | 79%               | X              | 67%              | Environment and Social |                                          |
| BEFESA SA               | LU1704650164 | 1,55%               | 47%               | X              | 50%              | Environment and Social | Environment, Investors, People           |
| REXEL SA                | FR0010451203 | 1,52%               | 11%               | 1.5°C          | 27%              | Environment and Social |                                          |
| ANDRITZ AG              | AT0000730007 | 1,51%               | 27%               | Committed      | 20%              | Environment            |                                          |
| STMICROELECTRONICS NV   | NL0000226223 | 1,50%               | 25%               | 1.5°C          | 33%              | Environment and Social | People                                   |
| RENEWI PLC              | GB00BNR4T868 | 1,33%               | 81%               | Committed      | 50%              | Environment and Social |                                          |
| STORA ENSO OYJ          | XS2629064267 | 1,05%               | 37%               | 1.5°C          | -2%              | Environment            |                                          |
| VERBUND AG              | AT0000746409 | 1,01%               | 93%               | X              | 43%              | Environment and Social |                                          |
| DEME GROUP              | BE0974413453 | 1,01%               | 42%               | X              | X                | Environment            |                                          |
| ACCIONA SA              | ES0125220311 | 0,94%               | 65%               | 1.5°C          | 27%              | Environment and Social |                                          |
| CAF                     | ES0121975009 | 0,86%               | 97%               | 1.5°C          | 75%              | Environment and Social |                                          |
| SECHE ENVIRONNEMENT     | FR0000039109 | 0,85%               | 70%               | Well-below 2°C | 65%              | Environment and Social | Environment, Investors, People           |
| VESTAS WIND SYSTEMS A/S | XS2597973812 | 0,85%               | 100%              | 1.5°C          | 55%              | Environment and Social |                                          |
| AURUBIS AG              | DE0006766504 | 0,78%               | 11%               | 1.5°C          | 36%              | Environment and Social |                                          |
| MERSEN                  | FR0000039620 | 0,70%               | 11%               | X              | 5%               | Environment            |                                          |
| LHYFE SAS               | FR0014009YQ1 | 0,48%               | 84%               | X              | 50%              | Environment and Social |                                          |
| ALSTOM                  | FR0010220475 | 0,48%               | 78%               | 1.5°C          | 84%              | Environment and Social |                                          |

### INVENTORY OF COMPANIES HAVING ENTERED AND EXITED THE PORTFOLIO IN 2024

| COMPANY | ENGAGEMENT BY SPICE <sup>20</sup> PILLAR |
|---------|------------------------------------------|
| AFYREN  | Investors                                |
| ALFEN   | Investors, People                        |

<sup>18</sup> 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. <sup>19</sup> 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. <sup>20</sup> 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](#).



## 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                                                                                       | UNIT                  | FUND     | INDEX    | FUND COVERAGE | INDEX COVERAGE |
|-----------------------------------------------------------------------------------------------------|-----------------------|----------|----------|---------------|----------------|
| CARBON EMISSIONS                                                                                    | tCO <sub>2</sub> e    | 208,736  | 223,881  | 97%           | 98%            |
| CARBON FOOTPRINT                                                                                    | tCO <sub>2</sub> e/€M | 548      | 617      | 97%           | 98%            |
| CARBON INTENSITY                                                                                    | tCO <sub>2</sub> e/€M | 861      | 962      | 97%           | 98%            |
| EXPOSURE TO FOSSIL FUELS                                                                            | %                     | 0.14%    | 3.3%     | 96%           | 99%            |
| SHARE OF NON-RENEWABLE ENERGY CONS & PROD                                                           | %                     | 61%      | 56%      | 91%           | 95%            |
| ENERGY CONSUMPTION INTENSITY PER HIGH IMPACT CLIMATE SECTOR                                         | GWh/€M                | 62%      | 30%      | 97%           | 98%            |
| ACTIVITIES NEGATIVELY AFFECTING BIODIVERSITY                                                        | %                     | 29%      | 25%      | 98%           | 100%           |
| WATER POLLUTION                                                                                     | tonnes/€M             | 106.28   | 1,62     | 13%           | 4%             |
| HAZARDOUS WASTE PRODUCTION                                                                          | tonnes/€M             | 1,807.75 | 2,715.79 | 97%           | 97%            |
| VIOLATIONS OF UN GLOBAL COMPACT PRINCIPLES AND OECD GUIDELINES                                      | %                     | 0%       | 0%       | 97%           | 99%            |
| LACK OF PROCESSES AND COMPLIANCE MECHANISMS TO MONITOR COMPLIANCE WITH UN GLOBAL COMPACT PRINCIPLES | %                     | 0%       | 0%       | 98%           | 100%           |
| UNADJUSTED GENDER PAY GAP                                                                           | %                     | 8%       | 11%      | 78%           | 88%            |
| BOARD GENDER DIVERSITY                                                                              | %                     | 41%      | 42%      | 97%           | 99%            |
| EXPOSURE TO CONTROVERSIAL WEAPONS                                                                   | %                     | 0%       | 3%       | 98%           | 100%           |

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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                                                                                                                                                                 |





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