

sycomore

Sustainable Tech

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.

**INITIATIVE TIBI**

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

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01 The fund's investment philosophy

The Sycomore Sustainable Tech¹ fund mainly invests in **companies in the United States, the EU and Asian countries**, with no limitations in terms of style or sector. Its **socially responsible investment process** focuses on the social and environmental impact of products and services and the implementation of responsible practices concerning the use of **technology**. The fund has several objectives:



It aims to **outperform the MSCI AC World Information Technology Total Return Index** (EUR) 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).



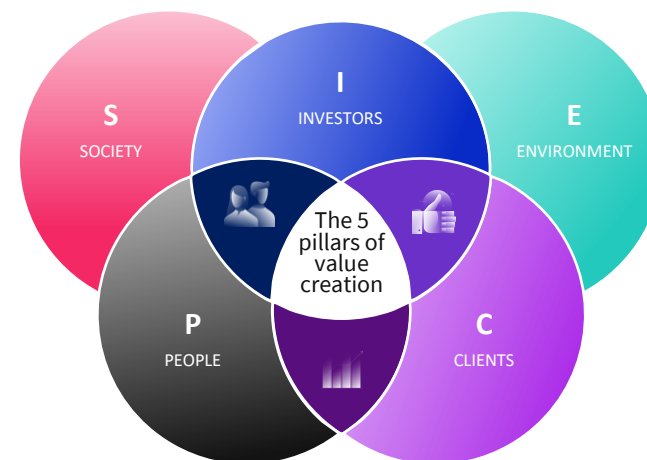
It aims to **outperform its benchmark index** at all times in terms of **Societal Contribution of products and services** (SC) and the percentage of companies that have implemented a **human rights policy**.



As of January 2025, it aims to **outperform its benchmark index in terms of Societal Contribution of products and services** and the **CEO-to-average worker pay ratio**.

The fund's **responsible investment approach** is based on:

1. A fundamental analysis using **Environmental, Social and Governance (ESG) criteria and our SPICE³ 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.



2. An active shareholder engagement policy, especially with companies undergoing an ESG transformation.
3. Regular monitoring of the fund's sustainability performance, based on both monthly reporting and annual reporting, through this document.

²For the sake of simplicity, throughout the document, any references to the Sycomore Sustainable Tech fund also apply to the SFS Sycomore Sustainable Tech fund.

³ SPICE stands for Society & Suppliers, People, Investors, Clients and Environment. For details on the information taken into account in our SPICE fundamental analysis model, see our [ESG Integration Policy](#).

1.1

Our definition of a sustainable investment

In anticipation of the entry into force of the SFDR's Regulatory Technical Standards (RTS) on 1 January 2023, Sycomore AM introduced a **common definition of a sustainable investment** to be used for every investment universe. The definition aligns with the one provided in the SFDR⁴ and has three main components:

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

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

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

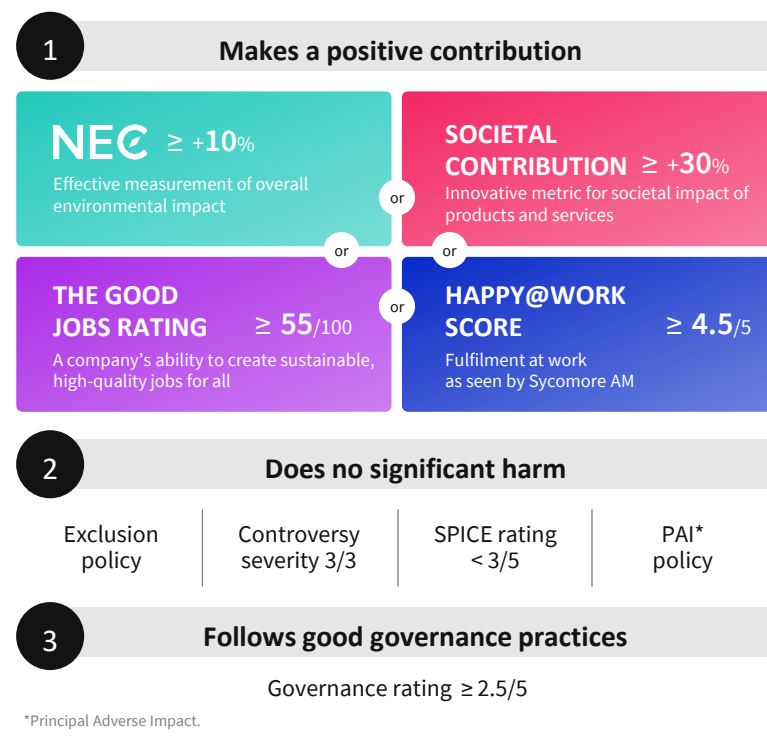
2 Avoiding investments that may cause significant adverse impacts

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

3 Ensuring the implementation of good governance practices

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

This definition can be summarised as follows:



Selectivity

Fewer than 50% of the large European indexes, such as EuroStoxx, are considered "sustainable" by these criteria. This level of selectivity aligns with the average for French asset management companies, according to a **survey** conducted by the Association Française de Gestion in February 2023⁵.

⁴ 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."

⁵ This level of selectivity aligns with the average for the French asset management companies that participated in the survey conducted by the Association Française de Gestion in February 2023.

1.2

Our ESG screening and selection criteria



Exclusion of significant sustainability risks or adverse sustainability impacts

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

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



Inclusion of positive environmental or social contributions

Our **three selection criteria** support companies that align with the fund's impact goal by meeting at least two of the three selection criteria listed below:

- Business models built around a range of products and services aimed, from their design stage, at making a **positive social and environmental impact** (Tech for Good), as measured by a **Societal Contribution of products and services (SC)** of **+10% or higher** or by a **Net Environmental Contribution (NEC)** greater than 0
- Companies that contribute to **reducing the negative externalities of technology on people and the environment**, through their ethical and reasonable use of technology (Good in Tech), as measured by a **client risk rating of $\geq 3/5$**
- Companies that have the ability and have committed to improving in both metrics – Tech for Good and Good in Tech – in the near future, as measured by a **sustainability integration rating of $\geq 3/5$** .

These criteria are from the **Responsible Tech Charter** co-written with **Revaia**, which sets out a methodology to analyse a tech company's impact on the environment, society and all its stakeholders.

Sycovalo universe*

ESG screening

SPICE rating
 $\leq 3/5$

and

SRI Exclusion Policy
Controversy severity 3/3

and

Governance rating
 $\leq 2.5/5$

ESG selection

TECH FOR GOOD

Societal Contribution of products and services
 $\geq +10\%$

or

Net Environmental Contribution
 $> 0\%$

GOOD IN TECH

Client Risk rating
 $\geq 3/5$

IMPROVEMENT ENABLERS

Sustainability integration rating
 $\geq 3/5$

AT LEAST 2 OUT OF 3 CRITERIA

Sycomore Sustainable Tech

100% sustainable portfolio companies

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

02 The fund's sustainability performance

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

OBJECTIVES

Provide an overall view of the fund's ESG positioning

INDICATORS TRACKED

Share of sustainable investments	96%
Weighted SPIE rating	3.6/5
Exposure to SDGs	9 (53%); 8 (43%); 3 (4%)

Assess achievement of positive contribution targets and measure ESG performance

E

Net Environmental Contribution	+2%
Carbon footprint	50 tCO ₂ e/€M
Exposure to fossil fuels	0%

S

Societal Contribution	+29%
Human rights policy	94%
Growth in staff	68%

G

Women on executive committees	26%
CEO-to-average worker pay ratio	264x

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.

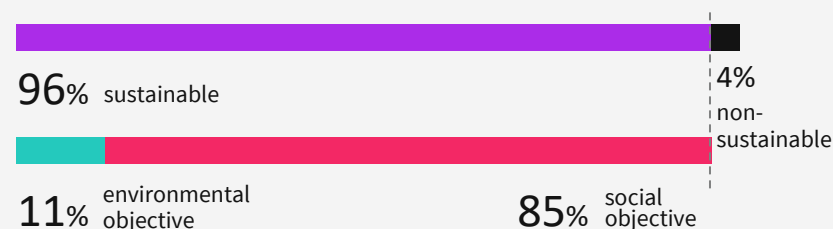
For more information on reporting methodologies and data sources, see our [reporting protocol](#).

2.1 Sustainable investments

At the end of 2024, **sustainable investments⁶** accounted for **96%** of the Sycomore Sustainable Tech fund's net assets (65% 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 2024. The fund's non-sustainable investments included cash and investments in the Article 9 fund Sycomore Global Éco Solutions.

Of the **sustainable investments**, **11% were focused on environmental issues**, with companies such as **Infineon**, which manufactures semiconductors for electric cars, and **Vertiv**, which designs cooling solutions, and **85% were focused on social issues**, for example with companies in edtech, such as **Duolingo**, and in cybersecurity, such as **Palo Alto**.

BREAKDOWN OF SUSTAINABLE INVESTMENTS IN THE FUND AT 31 DECEMBER 2024⁷



Fund exposure of 96% at 31 December 2024

⁶For more information on our definition of a sustainable investment, see our [ESG Integration Policy](#). Sustainable investments are counted as contributing to only one sustainable objective. Their percentage in funds and indices is calculated in the following order of priority: investments with a positive contribution to the NEC, societal contribution, the Good Jobs Rating, and the Happy@Work rating. Double counting is avoided by giving priority to sustainable investments with an environmental objective.

⁷For more information on our response to SFDR reporting obligations, see the [appendix](#) to the relevant fund management report.

2.2

SPICE performance

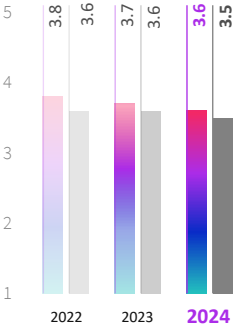
“ The value created by a company is sustainable only if it is shared among all of its stakeholders: this belief guides our responsible investment approach.”

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 SPICE⁸, enables us to measure the sustainability performance of our investments.

At the end of 2024, the weighted SPICE rating of investments held in the Sycomore Sustainable Tech fund (3.6/5) **fell by 0.1 points** from 2023 (3.7/5), due to higher investment in companies with a less mature ESG policy (mainly a result of increased exposure to the United States), but remained **above the benchmark**, MSCI ACWI Information Technology (3.5/5). The top-rated companies in the portfolio were **ASML**, which manufactures photolithography machines for the semiconductor industry, **Microsoft**, producer of applications for software, business processes, cloud services and personal computing, and **ServiceNow**, a workflow automation platform for digital businesses.

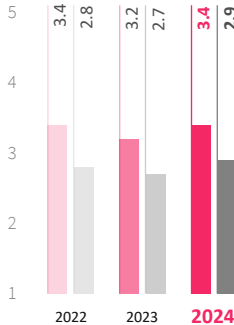
CHANGES IN THE FUND’S SPICE RATINGS COMPARED TO ITS INDEX

SPICE



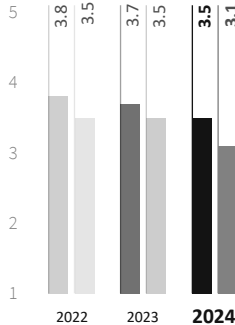
SOCIETY

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



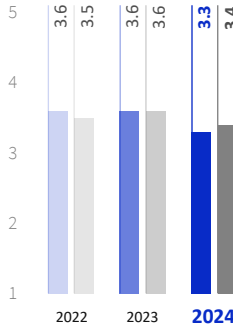
PEOPLE

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



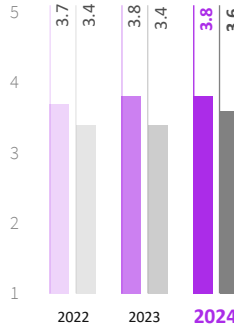
INVESTORS

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



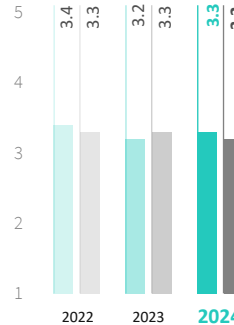
CLIENTS

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



Sycomore Sustainable Tech MSCI ACWI Information Technology

2024 coverage ratio (weight in the fund): 100% / 2024 coverage ratio (weight in the index): 95%

⁸ The SPICE rating is the weighted sum of the underlying S, P, I, C and E ratings with the following default weighting: 10%*S + 15%*P + 50%*I (with 60% of the I rating for the business model and 40% for Governance) + 10%*C + 15%*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 services⁹.

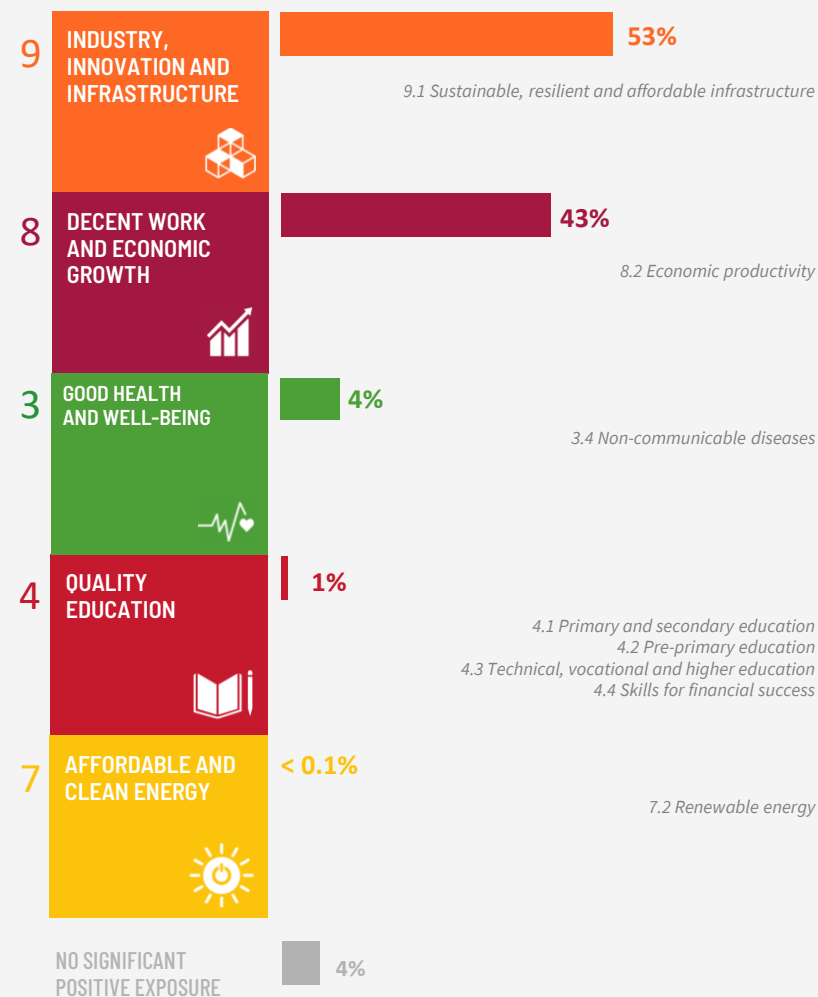
Our analysis is based on a list of activities:



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.



⁹ 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.

2.4

Sustainability indicators

Social

Societal Contribution of products and services

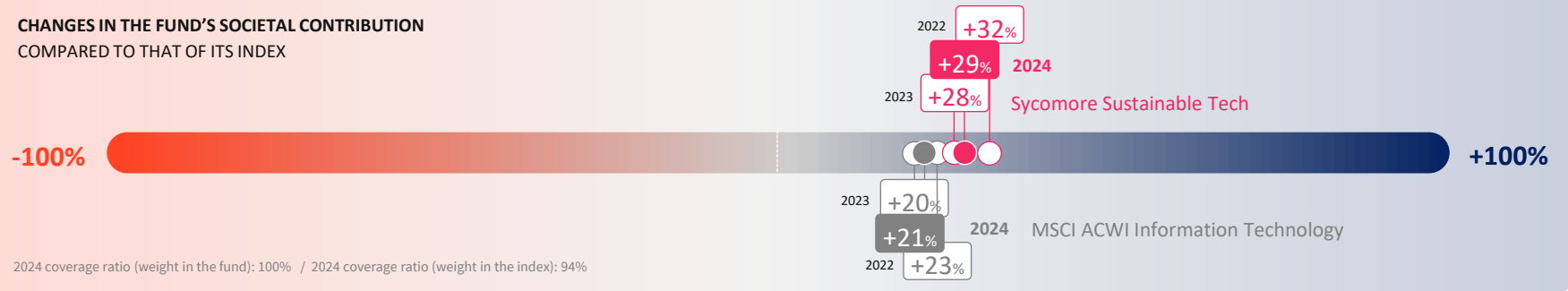
We measure our investments' impact on major societal issues using the Societal Contribution (SC). The SC is a **quantitative metric**, assessed on a scale of **-100%** to **+100%**, that aggregates the positive and negative contributions of a company's activities and weights these contributions relative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

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

The SC is evaluated using **sector frameworks** defined by our SRI analysts, mainly drawing on the social issues covered by the UN's Sustainable Development Goals¹⁰.

At the end of 2024, the Societal Contribution of products and services for portfolio companies stood at **+29%** compared with **+21%** for the fund's benchmark index, stable compared with 2023 (+28%). **The fund has therefore achieved its target of outperforming the index.** This increase in the fund's societal contribution is due to investments in companies involved in healthcare services, with **Veeva Systems** (healthcare software solutions), the development of small and medium-sized companies, with **Monday.com** (work operating systems for small and medium businesses in the United States), and key infrastructure, with **ON Semiconductor** (manufacturer of semiconductors for electric vehicles, industry and telecommunications) and **MongoDB** (open-source database management software).

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



Neutral societal contribution

Some companies have a neutral societal contribution because they operate in industries that do not specifically meet fundamental social needs, such as consulting for **Accenture** (SC +8%) and workflow management software for **ServiceNow** (SC +13%).



Highly positive societal contribution

Other portfolio companies help to meet essential needs, such as education for **Duolingo** (SC +50%), cybersecurity for **CyberArk** (SC +65%) and electric cars for **ON Semiconductor** (SC +64%), making a very high societal contribution.



¹⁰ For more information, see our [Social Charter](#).

2.4

Sustainability indicators

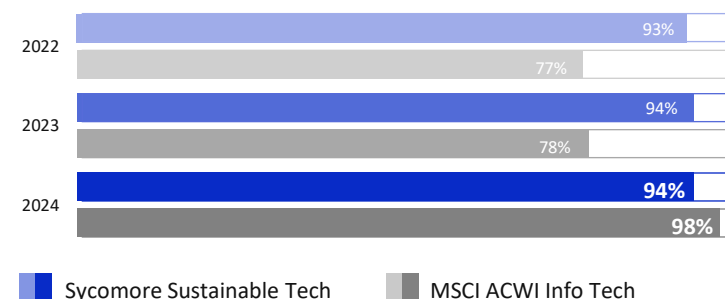
Human rights policies

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**. Sycomore AM has implemented a dedicated human rights policy since 2020.

In line with the United Nations Guiding Principles (UNGPs), we assess a company's respect for human rights by considering, in addition to the existence of a human rights policy, its **human rights due diligence processes**, the **salient risks**, and its **remedy framework**. Since there is no holistic indicator covering all these aspects, we have selected an indicator provided by **Bloomberg**, which identifies companies that communicate on the implementation of a human rights policy.

In 2024, the percentage of portfolio companies with a formal human rights policy was **the same as in 2023**, i.e. 94%, **below the benchmark** (98%). A key focus of our engagement is to strongly encourage companies that have not yet done so to draw up a formal human rights policy. At the end of 2024, one company published its policy as a result of our engagement, and we are continuing our engagement action with five other companies on this point.

PERCENTAGE OF COMPANIES WITH A HUMAN RIGHTS POLICY



2024 coverage ratio (weight in the fund): 98% / 2024 coverage ratio (weight in the index): 81%

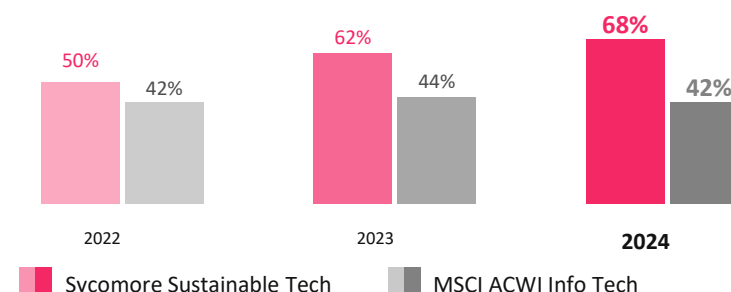
Growth in staff

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 (68% over three years for the fund versus 42% for the benchmark) reflects the momentum enjoyed by some of the companies in which we invest. Job creation was brisk, in particular for **Wiiwynn** (manufacture of data centre components), **MongoDB** (new databases), **Coherent** (semiconductors) and **Astera Labs** (semiconductors), where staff numbers have more than doubled in the past three years. The fund is also invested in groups where growth in staff over the past three years has been sluggish or even negative (**ON Semiconductor**, **Delta Electronics**, **Micron Technology** and **BE Semiconductor**), mainly due to redundancy plans implemented at these companies.

To address the massive redundancies in the tech sector in 2023 and 2024, in 2024 we started or continued to **engage** with portfolio companies individually to encourage them to **take a responsible management approach to the restructuring process**.

CHANGES IN STAFF NUMBERS OVER THREE YEARS



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

2.4

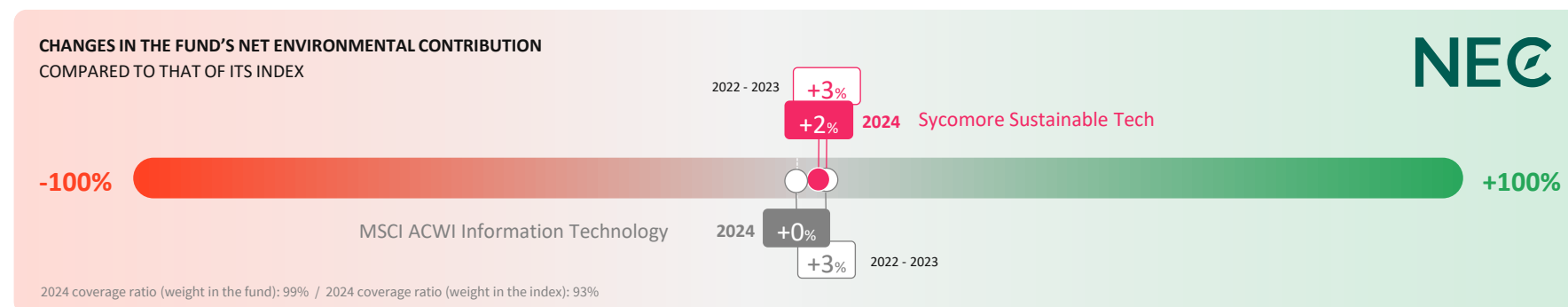
Sustainability indicators

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 economy¹¹.

At the end of 2024, the NEC of the Sycomore Sustainable Tech fund was **+2%**¹² compared to **+0%** for the **MSCI ACWI Information Technology** index. This decrease comes after a review of the NEC of TSMC, NVIDIA, Microsoft (the three companies with the highest weight in the fund) and Advanced Micro Devices. A more detailed analysis of these companies' business segments and the energy mix in their countries of operation resulted in a lower NEC. This result was offset by the investment in **Infineon** (semiconductors exposed to electric mobility) and **Vertiv** (data centre cooling solutions). The NEC of some companies was revised upwards, such as **ASML** (semiconductors) and **Micron**, following the updated analysis and the measure of these companies' contribution to sustainable mobility. These factors also helped to limit the overall decrease in the NEC.



Negative environmental contribution

The semiconductor giant **NVIDIA** has a negative environmental contribution (**NEC -9%**), mainly due to its geographical exposure and its facility operations in Asia, especially in China, which has a high-carbon energy mix. The company's NEC is also penalised by its exposure to cryptocurrencies and video games.



Average environmental contribution

The environmental contribution of companies such as **ServiceNow**, in software, and **Accenture**, in consulting and business conferences, is **0%**, because they operate in industries that are less exposed to the ecological transition and work with companies in a wide variety of sectors.



Highly positive environmental contribution

Activities involving semiconductors for electric mobility, with **Infineon** (**NEC +17%**), or data centres with energy efficiency rates and a portion of power from renewable energy sources that exceed world averages, such as **Vertiv** (**NEC +20%**), make a highly positive environmental contribution.



¹¹ For more information on the Net Environmental Contribution and underlying methodologies, please visit the [NEC Initiative](#) website. ¹² NEC 1.1 calculated by Sycomore AM based on company-sourced data from 2020 to 2024.

2.4

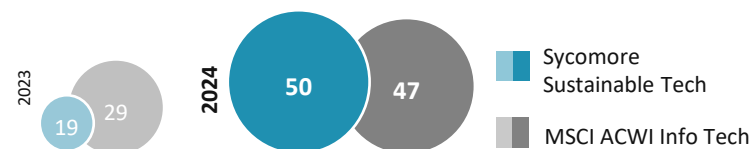
Sustainability indicators

Carbon footprint

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

At the end of 2024 the weighted average carbon footprint of Sycamore Sustainable Tech was **50 tonnes of CO₂ equivalent per million euros of enterprise value, compared to 47 tCO₂e/€M** of enterprise value (EVIC) for its benchmark index. The biggest contributors to this footprint were semiconductor companies, due to their manufacturing activities, such as **Micron, Wiwynn, Taiwan Semiconductor and BE Semiconductor**. In contrast, due to the low carbon intensity of their operations, software companies such as **Confluent, ServiceNow and MongoDB** had very small carbon footprints.

As of January 2025, the fund reports carbon intensity for Scopes 1, 2, and upstream and downstream Scope 3. At the end of 2024, carbon intensity came to 282 tCO₂e/€M of revenue compared with 172 tCO₂e/€M for the benchmark.

EMISSIONS IN TONNES OF CO₂ EQUIVALENT

2022 and 2023 source: Trucost/S&P Global covering GHG Protocol Scopes 1, 2 and upstream 3.

2024 source: source changed to MSCI and downstream Scope 3 added.

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

Exposure to fossil fuels

The share of the Sycamore Sustainable Tech fund's assets in companies active in the fossil fuel industry, within the meaning of the SFDR, was **0% at the end of 2024** (0% at the end of 2023). The fund is not exposed to this sector because it applies a strict policy not to invest in the fossil fuel value chain.

Governance

Executive compensation

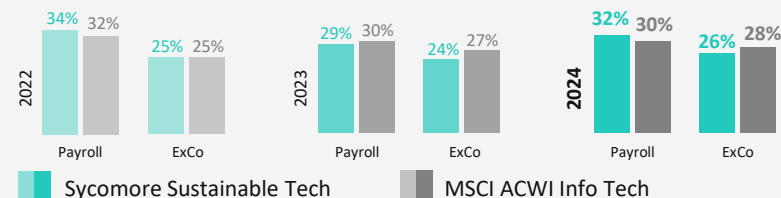
As of early 2025, the fund aims to outperform its benchmark index in terms of the CEO-to-average worker pay ratio. The fund's positioning in responsible tech makes GAFA ineligible and means that it is overexposed to tech companies with responsible practices, especially in terms of distribution of value and pay equity. At the end of 2024, the CEO-to-worker pay ratio was 264-to-1 for the fund, covering 80% of fund companies, compared with 340-to-1 for the benchmark.

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 2025¹³. 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 Sycamore Sustainable Tech was **26%**, **slightly lower than the benchmark** (28%). Women made up **32%** of total headcount, **higher than the benchmark index** (30%). Women hold more than 35% of the management board seats at companies including **Gitlab, Intuit, Analog Devices, Procore and Infineon**. Other companies show significant gaps between the representation of women in total staff versus on boards. For example, the Asian companies **Veeva Systems, ASML and Keyence** have more than a 20-point difference between the two figures.

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



2024 coverage ratio (weight in the fund): 97% for the executive committee and 96% for the payroll

2024 coverage ratio (weight in the index): 95% for the executive committee and 97% for the payroll

¹³ McKinsey Global Institute, "The Power of Parity: how advancing women's equality can add \$12 trillion to global growth", 2015

03 Engagement and voting

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

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

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

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

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

3.1 Our engagement initiatives

In 2024, we formally engaged with **25 portfolio companies** (25 in 2023 as well), having identified **124 areas for improvement** during the year (88 in 2023). In all, **81% of these initiatives** involved **individual dialogue**, while the **remaining 19%** were part of **collaborative initiatives**. Of the areas discussed with companies, 50% pertained to strategy, 35% involved transparency, and the remainder concerned non-financial performance.



Out of the shareholder engagement initiatives taken in 2024, **53%** directly concerned **corporate governance** (pillar I of the [SPICE](#) analysis). The main issues raised included **executive compensation**, especially the transparency of compensation reports and the alignment of compensation criteria with the interests of all stakeholders, and the **structure, procedures and practices of the board of directors**.

Thirty-four 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, including our membership in the 30% Club, which promotes at least 30% female representation on executive committees at SBF 120 companies. We engaged in collaborative dialogue on this issue with **Intuit** and **Palo Alto**. We also engaged individually with companies such as **TSMC** and **Micron**. We asked **Procore Technologies** to increase the percentage of women on its executive committee and board of directors. For other companies, such as **Asia Vital Components** and **LEENO Industrials**, we requested the disclosure of their gender pay ratio.

Seven initiatives, accounting for **5% of our actions**, concerned **environmental issues**, especially companies' climate strategies and alignment with Paris Agreement targets. Our engagement included individual dialogue with **Coherent**, **Micron**, **Intuit** and **Confluent**. The list of companies in the Sycomore Sustainable Tech portfolio with which we engaged in dialogue in 2024 is available in the [appendix](#).

3.1

Our engagement initiatives

Controversies and engagement

Following on from our action the previous year, in 2024 we continued to monitor controversies involving the investee companies. After several announced restructuring operations in 2023, we homed in on this issue even more closely in 2024. In the course of our dialogue initiated to discuss controversies, we communicated **areas for improvement** to several companies, including **SAP**. We recommended publishing human capital indicators (especially internal mobility and employee attrition, by geographical area and job position, and the impact of restructuring on employee engagement) following its announced restructuring.

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

24
engagement
initiatives
assessed in 2024

63% improvements observed
following the 24 initiatives

46% of engagement initiatives
still in progress

We also monitored the advancement of **12 portfolio companies** on **24 areas for improvement** submitted in 2022. On 63% of these points we noted partial progress or achievement of the target.

NVIDIA published the number of learning hours logged per employee. Women held 44% of the seats on **SAP's** Board of Directors in 2023, not including employee representatives. **Soitec** now reports its gender pay ratio, has achieved a certain level of diversity on the executive committee and has appointed additional independent members to its board of directors. **ASML** adjusted its non-financial criteria in the compensation of its executive managers to improve transparency and align these criteria with common practice the industry. **ServiceNow** announced the publication of a report on the use of AI while incorporating a clear policy on its use. The company has also made progress in diversity on its board of directors. In 2023, women represented 36% of members, although this is still below our requested level of 40%.

OUR COLLABORATIVE ENGAGEMENT WITH



on the assessment of the potential
human rights-related risks of its technology

Sycomore AM joined eight institutional investors in stating their shared concerns to **NVIDIA** regarding the **human rights-related risks due to its close association with the development of artificial intelligence**. We encouraged NVIDIA to enforce its human rights policy starting at the product design stage.

To reduce the risk of misuse of its technology, we continued to emphasise the need for ongoing due diligence processes, including verification of customers and distributors, and the importance of effective grievance mechanisms and remedy processes.

We also asked NVIDIA for further details on its procedures for identifying harm in conflict zones that may be directly related to its products (e.g. NVIDIA Jetson TX2 modules found in Russian Lancet-3M loitering munitions).

In 2024, NVIDIA informed us that it launched an **AI ethics committee**, which looked at use case models, flagged potential problems and issued recommendations. However, in the area of human rights, NVIDIA seems unable to implement due diligence on the use of its products to ensure that they cause no harm, particularly in conflict zones. NVIDIA is nevertheless working on its human rights policy, which should be released in 2025.

3.1

Our engagement initiatives

OUR ENGAGEMENT FOR
RESPONSIBLE RESTRUCTURING:
FOCUS ON SAP

In January 2023, **SAP** announced a **restructuring** plan affecting **3,000 employees** (about 2.5% of the workforce). We dialogued with the company on several occasions in our work to assess responsible restructuring and paid particular attention to the following points:

- The **reasons** for this restructuring and whether other options could have been explored, to save more jobs
- The **decision makers** (especially employee representatives and the leeway given to managers)
- The **soundness of the layoff strategy** in certain departments or geographies
- The **timing of communications** and the **methods** used to inform employees and their representatives and answer their questions throughout the process
- For the employees affected by the restructuring, the **content of the proposed plans**: financial assistance (and whether the amount exceeds the regulatory minimum), career resources, internal mobility opportunities, etc.
- For employees not directly affected: the potential impacts on the **corporate culture**, **well-being at work** and **employee engagement**.

We continued our engagement with SAP, which began in 2023 and continued through the various layoffs that have been announced to adapt the company's strategy to its new competitive environment, featuring migrations to the cloud, sustainability-related products and services, and AI).

We understand that this reorganisation is being carried out in a **long-term perspective** and encourage the company to support this shift by **conducting skills assessments and providing training to employees and fully communicating** on these.

We are pleased to note the transparency surrounding the types of employee terminations, of which about two-thirds result from voluntary departures and early retirement packages. We consider that the SAP can improve on this transparency by publishing the number of employees that have found employment elsewhere in the company.

In 2024, we also identified other topics of engagement with SAP: **the deterioration of employee satisfaction and successive leadership changes**. Given these identified risks, we adjusted our portfolio's exposure to SAP during the year. In 2025, we will continue to engage with the company on human rights and governance issues.



3.1

Our engagement initiatives

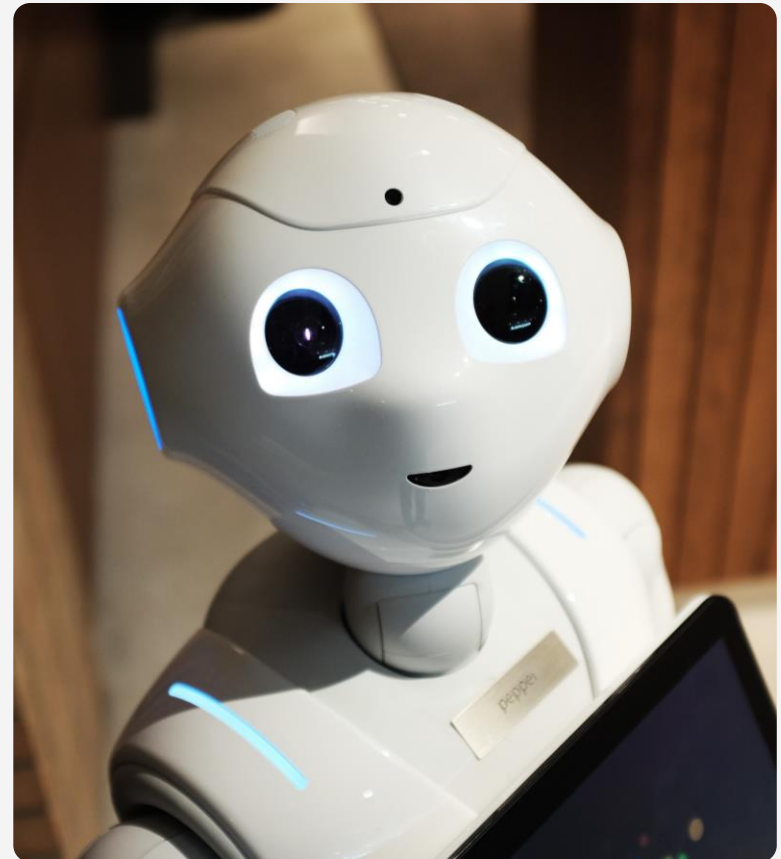
**OUR COLLABORATIVE ENGAGEMENT
ON ETHICAL ARTIFICIAL INTELLIGENCE**

In 2024, we continued our engagement as part of the campaign led by the **World Benchmarking Alliance** to encourage tech companies to advance ethical **Artificial Intelligence (AI)**. Rallying 61 investors with **\$8.5 trillion** in assets under management, the coalition **targeted 74 companies out of the 200 largest tech firms** that do not yet have an ethical AI policy. Sycomore AM participated in the initiatives aimed at **Micron, Broadcom and ASML**.

This AI engagement campaign led in 2024 included the following **highlights**:

- The first major event of 2024 was the updated Investor statement on Ethical AI.
- Over the year, we organised **four engagement calls and three educational calls** (best practices – impact assessment on human rights and on current and future legal frameworks governing the development, deployment and use of AI) between investors.
- For the second phase of engagement, **74 companies have a lead investor** out of the 200 companies listed in the WBA Digital Inclusion Benchmark.
- 74 companies were contacted and received the investor statement.
- **25 companies agreed to be called** to discuss their AI policies, governance and practices: Alibaba, ASML, Broadcom, BT Group, Capgemini, Eutelsat, HCL, Infineon, Intel, KPN, Logitech, Meituan, Meta, Micron, Microsoft, NetEase, Orange, Palantir, Qualcomm, Sony, Swisscom, Telenor, Telstra, Texas Instruments, Verizon and Vodafone.
- New data from the World Benchmarking Alliance showed that **71 of the 200 largest digital companies now have AI principles in place**, representing one-third of the industry's largest players. In September 2023, this figure was 52.

Our engagement is continuing in 2025 and now covers **facial recognition and privacy issues**.



3.1

Our engagement initiatives

OUR COLLABORATIVE ENGAGEMENT ON TECHNOLOGY,
MENTAL HEALTH AND WELL-BEING

Time spent on tech has exploded over the past decade, but we rarely question the **impacts of technology on our well-being**.

Academic research shows that spending too much time on screens, especially for young people, can cause **concentration and behavioural issues such as depression and isolation**. The increased use of the internet, smartphones and various forms of online activity (video games, social media and streaming services) points to the question of addiction, with symptoms including mood change, social withdrawal and lack of interest in the people around them. Several studies also show that technology has an impact on well-being. Social media can contribute to higher stress and low self-esteem. Plus, screen exposure and internet use affect the amount and quality of sleep people get. These secondary effects are even more notable in children, as exposure to television delays language development. Regulations are changing, and governments across all geographies are setting stricter legal requirements for the tech industry. Nevertheless, companies have long under-estimated the potential negative impacts of technology on users' mental health and well-being.

In our concern for the lack of consideration given by tech firms to these risks, **Sycomore AM and Axa IM have formed a coalition on technology, mental health and well-being**. This initiative has brought together **33 global institutional investors, representing \$2.622 trillion** in assets under management. Together, we urge targeted companies to set out actionable measures and policies that can mitigate the potentially negative impact of technology on the mental health and well-being of end users. Our action extends beyond GAFA to encompass companies operating in computer technology, media, internet, video and online gaming, software, edtech and telecommunications.

The coalition seeks to **understand and promote best current practices to support user well-being**, such as:

- Define a **policy** and implement **measures** to mitigate the risks of addiction and potential damaging effects on the end user's mental health and well-being.
- Pledge to **guarantee children's online safety** in codes of conduct, human rights policies and risk assessment models. For example, create a dedicated website with full disclosure of their child protection policy. Set specific targets and report on progress.
- Define **short- and medium-term targets** (even if not quantitative for some areas) that allow shareholders to monitor improvements and progress made by companies.
- Develop a **process for reporting harmful online content**, cooperate with the authorities to alert them to violations online and forge partnerships with independent online safety organisations.
- **Governance, transparency and disclosure** relating to verifications of their product content.
- **Support educational initiatives** to teach people about online safety and initiatives relating to technology, mental health and well-being.

Our dialogue with companies in 2024 highlighted several key points:

- **Companies often refer to well-being, but rarely address mental health**; the term "well-being" is broader and often covers topics that extend beyond the scope of our initiative.
- Companies do not generally carry out **risk assessments** on mental health and well-being issues.
- Focus tends to be on employees, with **little mention of end users**, whereas our initiative is centred on the mental health of end users.
- There is a **noticeable lack of quantitative and qualitative targets relating to well-being and mental health**. Our dialogue presents an opportunity to emphasise the importance of indicators determined in collaboration with stakeholders, so that action can be taken to mitigate potential negative impacts

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, **as in 2023, we voted at 100% of the shareholder meetings for portfolio companies:**

34 shareholder meetings **voted**
(100% in France and outside France)

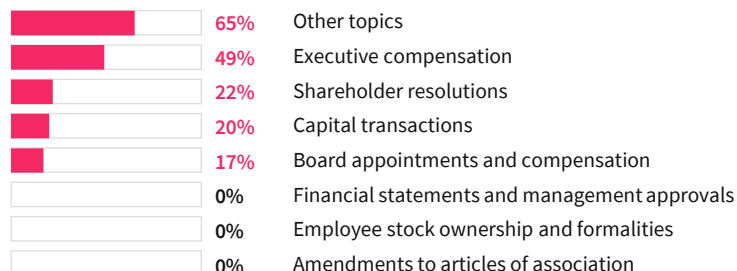
85% of shareholder meetings with **at least one vote against**

386 resolutions

24% votes against

Share of votes against

Topics



The average opposition rate was 24%. As shown in the graph, the highest rates of opposition were met with by other topics (65% of votes against) and executive compensation (49%).



Regarding executive compensation, we were careful to check that it was aligned with the interests of all stakeholders, especially by incorporating ESG criteria. We also checked that compensation was reasonable and that compensation policies and reports were transparent. We engaged with companies such as **NVIDIA, TSMC, Micron and Intuit** on these topics in 2024.



All of the resolutions that we opposed under **Other topics** involved the **appointment of auditors**. We did not support these appointments when their terms of office were more than 10 years old, in accordance with our voting policy.



Eleven resolutions, all submitted by shareholders, **related to sustainability issues**. Sycomore AM voted in favour of eight of them, including one resolution requiring **Applied Materials** to report new non-financial data and another asking **Microsoft** to disclose a yearly report on data published by AI to verify what constitutes information and what constitutes disinformation.



We supported 78% of the shareholder resolutions submitted. Those we supported involved issues such as compensation, business ethics (taxes, lobbying), diversity, the use of new technology and human rights. These generally demanded that companies be more transparent or more ambitious in their reporting and due diligence in these areas. For example, we supported two **Microsoft** resolutions calling for the publication of reports on its management of risks associated with artificial intelligence and weapons development. We also voted in favour of resolutions to separate the functions of CEO and chair of the board of directors, for example at **Synopsys** and **Salesforce**. In general, we voted against shareholder resolutions dealing with environmental and/or social issues that did not seem relevant to the company's current practices or risk exposure.

04 Appendices

PORTFOLIO INVENTORY OF SYCOMORE SUSTAINABLE TECH 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	CS ¹⁴	NEC ¹⁵	SUSTAINABLE INVESTMENT	ENGAGEMENT BY SPICE ¹⁶ PILLAR
MICROSOFT CORP	US5949181045	8,81%	31%	2%	Social	
TAIWAN SEMICONDUCTOR MANUFAC	TW0002330008	8,20%	20%	-4%	Social	
NVIDIA CORP	US67066G1040	7,41%	23%	-9%	Social	
INTUIT INC	US4612021034	4,77%	20%	3%	Social	Environment, Investors, People, Society & Suppliers
SYNOPSYS INC	US8716071076	4,56%	33%	3%	Social	
MONGODB INC	US60937P1066	4,52%	52%	8%	Social	
WORKDAY INC-CLASS A	US98138H1014	4,37%	13%	3%	Social	
BROADCOM INC	US11135F1012	3,99%	29%	0%	Social	Clients
ADVANCED MICRO DEVICES	US0079031078	3,97%	24%	-1%	Social	
MICRON TECHNOLOGY INC	US5951121038	3,49%	36%	7%	Social	Clients, Environment, Investors, People, Society & Suppliers
GITLAB INC-CL A	US37637K1088	3,05%	30%	8%	Social	Investors
VEEVA SYSTEMS INC-CLASS A	US9224751084	3,02%	44%	0%	Social	
ASML HOLDING NV	NL0010273215	2,81%	27%	12%	Environment and Social	Investors, Society & Suppliers
APPLIED MATERIALS INC	US0382221051	2,55%	25%	10%	Environment and Social	
SENTINELONE INC -CLASS A	US81730H1095	2,49%	56%	3%	Social	
ACCENTURE PLC-CL A	IE00B4BNMY34	2,27%	8%	0%	Social	
CYBERARK SOFTWARE LTD/ISRAEL	IL0011334468	2,09%	65%	4%	Social	Investors
ADVANTEST CORP	JP3122400009	2,08%	24%	1%	Social	Investors
SERVICENOW INC	US81762P1021	2,01%	13%	2%	Social	
ANALOG DEVICES INC	US0326541051	1,95%	26%	10%	Social	
INFINEON TECHNOLOGIES AG	DE0006231004	1,80%	32%	17%	Environment and Social	Society & Suppliers
ON SEMICONDUCTOR	US6821891057	1,73%	64%	11%	Environment and Social	
WIWYNN CORP	TW0006669005	1,62%	25%	0%	Social	Investors, People

14 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.
 15 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.
 16 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	CS ¹⁴	NEC ¹⁵	SUSTAINABLE INVESTMENT	ENGAGEMENT BY SPICE ¹⁶ PILLAR
KEYENCE CORP	JP3236200006	1,40%	0%	30%	Social	
ASIA VITAL COMPONENTS	TW0003017000	1,38%	-3%	31%	Social	Investors, People
MONDAY.COM LTD	IL0011762130	1,27%	X	33%	Social	
LEENO INDUSTRIAL INC	KR7058470006	1,22%	0%	33%	Social	Investors People
BE SEMICONDUCTOR INDUSTRIES	NL0012866412	1,16%	2%	30%	Social	
DELTA ELECTRONICS INC	TW0002308004	1,12%	9%	32%	Social	Investors, People
COHERENT CORP	US19247G1076	1,00%	11%	29%	Environment and Social	Society & Suppliers
ARISTA NETWORKS INC	US0404132054	0,77%	2%	31%	Social	
ASTERA LABS INC	US04626A1034	0,56%	0%	35%	Social	
VERTIV HOLDINGS CO-A	US92537N1081	0,52%	20%	25%	Environment and Social	Investors, People, Society & Suppliers
PROCORE TECHNOLOGIES INC	US74275K1088	0,50%	10%	30%	Environment and Social	Investors, People
PALO ALTO NETWORKS INC	US6974351057	0,50%	3%	53%	Social	Investors
DUOLINGO	US26603R1068	0,47%	6%	50%	Social	Clients, Investors
SNOWFLAKE INC-CLASS A	US8334451098	0,30%	0%	30%	Social	
CONFLUENT INC-CLASS A	US20717M1036	0,30%	5%	30%	Social	Environment, Investors, People, Society & Suppliers
PURE STORAGE INC - CLASS A	US74624M1027	0,30%	33%	30%	Environment and Social	Investors

INVENTORY OF COMPANIES HAVING ENTERED AND EXITED THE PORTFOLIO IN 2024

COMPANY	ENGAGEMENT BY SPICE ¹⁶ PILLAR
EQUINIX	Environment, Investors
ESKER SA	Environment, Investors, People
SALESFORCE.COM	Clients
SAP	Investors, People
SOITEC	People
STMICROELECTRONICS NV	People

¹⁴ 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. ¹⁵ 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. ¹⁶ SPICE, which stands for Society & Suppliers, People, Investors, Clients and Environment, is a fundamental rating that rates how companies address ESG issues, on a scale of 1 to 5, with 5 being the highest score. For details on the information taken into account in our SPICE fundamental analysis model, see our [ESG Integration Policy](#).



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

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

PAI INDICATOR	UNIT	FUND	INDEX	FUND COVERAGE	INDEX COVERAGE
CARBON EMISSIONS	tCO ₂ e	19,516	18,202	98%	98%
CARBON FOOTPRINT	tCO ₂ e/€M	50	47	98%	98%
CARBON INTENSITY	tCO ₂ e/€M	282	172	99%	98%
EXPOSURE TO FOSSIL FUELS	%	0%	0%	95%	98%
SHARE OF NON-RENEWABLE ENERGY CONS & PROD	%	64%	46%	97%	99%
ENERGY CONSUMPTION INTENSITY PER HIGH IMPACT CLIMATE SECTOR	GWh/€M	9%	6%	96%	98%
ACTIVITIES NEGATIVELY AFFECTING BIODIVERSITY	%	8%	18%	98%	99%
WATER POLLUTION	tonnes/€M	41.19	0,01	5%	1%
HAZARDOUS WASTE PRODUCTION	tonnes/€M	43.62	34,51	90%	98%
VIOLATIONS OF UN GLOBAL COMPACT PRINCIPLES AND OECD GUIDELINES	%	0%	0%	98%	99%
LACK OF PROCESSES AND COMPLIANCE MECHANISMS TO MONITOR COMPLIANCE WITH UN GLOBAL COMPACT PRINCIPLES	%	0%	0%	98%	99%
UNADJUSTED GENDER PAY GAP	%	11%	11%	79%	91%
BOARD GENDER DIVERSITY	%	32%	37%	98%	99%
EXPOSURE TO CONTROVERSIAL WEAPONS	%	0%	0%	98%	99%

Appendices

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

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

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



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