

sycamore

Sustainability and Shareholder Engagement Report

Preface

Finance has a key role to play in developing an economy that helps to meet key social and environmental challenges. **As an asset manager, we have a responsibility to address these challenges by making investment decisions that aim to create a sustainable economy and encourage companies in their transformation.**

In 2024, **Sycomore AM** upheld its responsible investing strategy and its commitment to work towards a more sustainable and inclusive economy. Despite headwinds for asset management and in particular ESG asset management, results for 2024 are strong. The performance of our funds improved, and our net inflows were close to a balance. This led to a 10% increase in financial income.

In 2024, Sycomore AM participated in the Convention des Entreprises pour le Climat. The roadmap developed at the convention informs the action of our Executive Committee and the operational targets set relating to our strategy and our mission. These targets include ensuring that at least 80% of our assets under management have a strategy in line with the French SRI label, measuring the progress of the companies we engage with, and contributing to exploratory work on environmental or social issues, such as the “Fair (re)location” working group within the 2030 Investir Demain think tank.

At the end of 2024, we were proud to announce that 88% of our assets under management had an SRI-labelled strategy in accordance with the new requirements introduced in January 2025 and **that nearly 30% of our assets under management met the Article 9 classification** with an investment strategy committed to making a positive contribution to environmental and/or social issues. In addition, **the Societal Contribution of our investments remained stable at +31%**, compared with +21% for the EuroStoxx TR, while the **Net Environmental Contribution of our investments lost three points to +8%**, versus 0% for the EuroStoxx TR index.

We welcomed new talent to the ESG team with the arrival of Clémence Bourcet, Anaïs Cassagnes and Erwan Créhalet. They expand our expertise, particularly in the areas of the climate and biodiversity. **We made further progress on our R&D** on ESG analysis, with the rollout of the NEC 1.1 methodology, staff training and a review of our methodology to measure the societal contribution of a company's products and services.

We conducted more shareholder engagement initiatives: discussing more than 400 areas for improvement with nearly 100 companies from our investment universe. To put the power of collective action to use, we joined the SMID Club launched by the French Sustainable Investment Forum (FIR) and we co-chair the FABRIC initiative from the Finance for Biodiversity Foundation, which looks into the textile industry's impact on nature. We remain actively involved on climate issues, co-leading initiatives as part of the CA100+ coalition to engage with companies such as Engie.

This report is Sycomore AM's response to the requirements of **Article 29 of France's Energy and Climate Law**. It follows the recommendations of the **Autorité des Marchés Financiers** on reporting and presents information on how **ESG** is incorporated into our investment decisions, governance and allocation of resources. At the same time, it enables us to review the sustainability performance of our funds and the implementation of our shareholder engagement policy.

Sycomore AM also publishes a **mission-driven company report**, presenting the progress made toward our four mission-driven goals, and an **annual principal adverse impact statement**, as required by the SFDR.



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01 Our responsible investment approach

1.1 Our mission

In 2020, we became a **mission-driven company**, as defined by France's Pacte law, and a certified B Corporation, embedding our activist investor approach into our corporate purpose. We put this purpose into practice with **four mission-driven goals**, set out in our articles of association and detailed in our mission-driven company report.

Three of these goals focus specifically on our investment approach:



Provide investment solutions offering clients a source of financial performance and enabling them to be part of a more sustainable and inclusive economy.



Measure and enhance the net societal and environmental contribution of our investments, in a rigorous, transparent and understandable manner.



Engage with investee companies and our ecosystem, including suppliers, partners, shareholders and our foundation, to promote socially useful finance as a driver of change.

Our aim is to **give meaning to our clients' investments** by creating sustainable, shared value. We are convinced that the companies that meet today's **social and environmental challenges**, through their practices, products and services, are in the best position to **generate long-term performance**.

“

We invest to develop an economy that is more sustainable and more inclusive and to generate positive impacts for all our stakeholders.

Our mission is to give a human dimension to investment

”

1.1 Our mission

To achieve our mission as an impact investor, we seek a **positive impact at all three levels** analysed.



Our intentionality

Our company purpose and our status as a mission-driven company have made our intention to contribute positively to the environment and society an integral part of our business model.

The stock selection and portfolio construction processes of our thematic funds are based on **specific criteria that reflect the intention of each fund**. For example, the Sycomore Europe Éco Solutions fund, which aims to support companies making positive environmental contributions through their products and services, selects investments based on the measurement of their Net Environmental Contribution (NEC). More broadly, the development of our range of thematic SRI funds reflects our intention, as an asset management company, to **contribute to a more sustainable and inclusive economy**.



Demonstration by measuring the impact of our investments

Our goal is to **demonstrate the contribution of our investments to a more sustainable and inclusive economy**. We are gradually developing our approach to impact measurement. For each fund, we report on progress towards targets of relevant non-financial indicators in monthly reports and an annual report. For example, we report on the impact of our investments using two metrics: the Net Environmental Contribution (NEC) and the Societal Contribution (SC) of the products and services of portfolio companies. For SRI funds, we also present the exposure of portfolio companies to the UN's **Sustainable Development Goals**.



Our additionality

Additionality involves **identifying our contribution, as an investor, to the positive impacts generated by our investments**. As we operate mainly on listed markets, we rarely provide the new capital needed by companies to grow, and our additionality may therefore appear limited. However, through our investment choices and our shareholder engagement actions, we encourage better business practices and urge companies to improve the contribution of their products and services to solutions that meet today's social and environmental challenges.

Shareholder engagement takes the form of our individual dialogue with companies, the exercise of our voting rights and our participation in collaborative engagement initiatives¹. Although it is difficult to establish the connection between our engagement initiatives and improved company results, we are convinced of the importance of this **dialogue** and of the **collective activism** which we are a part of in supporting the development of more sustainable and more virtuous business models that focus more on sharing value with all stakeholders. This approach is rooted in our DNA as an active asset manager. As such, we monitor **progress made** by companies in the **areas for improvement** we communicate to them. We also define priority topics in line with our impact objectives.

In addition, **a share of the management fees** from some of our thematic SRI funds is **donated to non-profits** that generate positive impacts in line with the approach of each fund.

¹ For more information on our engagement approach, see our [Shareholder Engagement Policy](#) and our [Voting Policy](#).

1.2 Our main areas of progress in 2024

A long-standing approach

Since its creation in 2001, Sycomore AM has implemented a continuous responsible investment approach, in line with the best market practices, that focuses on three key areas: **sustainability assessment methodologies, responsible investment products that seek to generate social and environmental impacts and are recognised by labels, transparency of our ESG policies and our sustainability performance outcomes.**

An expanded and clearer range of funds

Our range of funds encompasses:

1. **Article 9 funds**, which aim to make a net positive impact on the environment and/or society
2. **SRI-certified funds** with a minimum share of sustainable investments ranging from 50% to 70%
3. **sustainable transformation funds** made up of at least 25% sustainable investments

In 2024, we reworked the structure of our offering for greater clarity and added emphasis on transition, by:

- **simplifying our social impact range**, which now focuses on our two key strategies, Sycomore Global Social Impact and Sycomore Europe Happy@Work
- **launching the Sycomore Global Climate Transition fund**, to complement the Éco Solutions strategies. This fund targets companies aligned with a pathway towards net zero emissions by 2050, based on the objectives of the Paris Agreement and the Net Zero movement to achieve global carbon neutrality.

French SRI-label and ESMA guidelines

We remain committed to obtaining external recognition of our sustainable investment approach by applying for relevant **labels**. **We decided to uphold the SRI label on all our funds that had already been awarded the label** and adapted our policies and procedures to the new requirements that came into force in January 2025.

We have kept the name of funds that refer to their responsible investment strategy and adapted the applicable exclusions to meet ESMA recommendations in effect as of May 2025.

Continuous improvement of our ESG research

In 2024, we gradually rolled out the **new version of the NEC methodology (1.1)** across our investment universe.

In developing the new **Sycomore Global Climate Transition** fund, we worked on a methodology designed specifically to assess a company's transition plan based on the **Net Zero Investment Framework 2.0**.

Transparency

Due to the lack of a universal set of detailed sustainability standards, **Sycomore AM has always emphasised transparency as central to its sustainable investment approach. As evidence of this, two out of the four pages in our monthly reports focus on ESG indicators, exposure to the UN's Sustainable Development Goals, controversies, and voting and engagement initiatives. Every year, we publish annual sustainability and shareholder engagement reports for our SRI funds and our asset management company**, to ensure that the content is transparent and understandable and meets the expectations of regulators and labelling organisations.

In 2024, in addition to simplifying our social impact range and updating our methodology on the societal contribution of products and services, we also **published a new Social Charter** to replace both our human capital and societal capital strategies.

OUR PRIORITY AREAS FOR IMPROVEMENT IN 2025

- **Set new environmental targets**, underpinned by the publication of a new version of our Natural Capital Strategy.
- **Improve our tools aimed at incorporating more quantitative data into our ESG assessment approaches.**
- **Strengthen our analysis of physical and biodiversity risks.**
- **Improve how we measure the results of our engagement initiatives** and set new targets in addition to targets already set for resources.
- **Align all employees' compensation with the mission**, by setting specific variable compensation targets specific to each line of work.

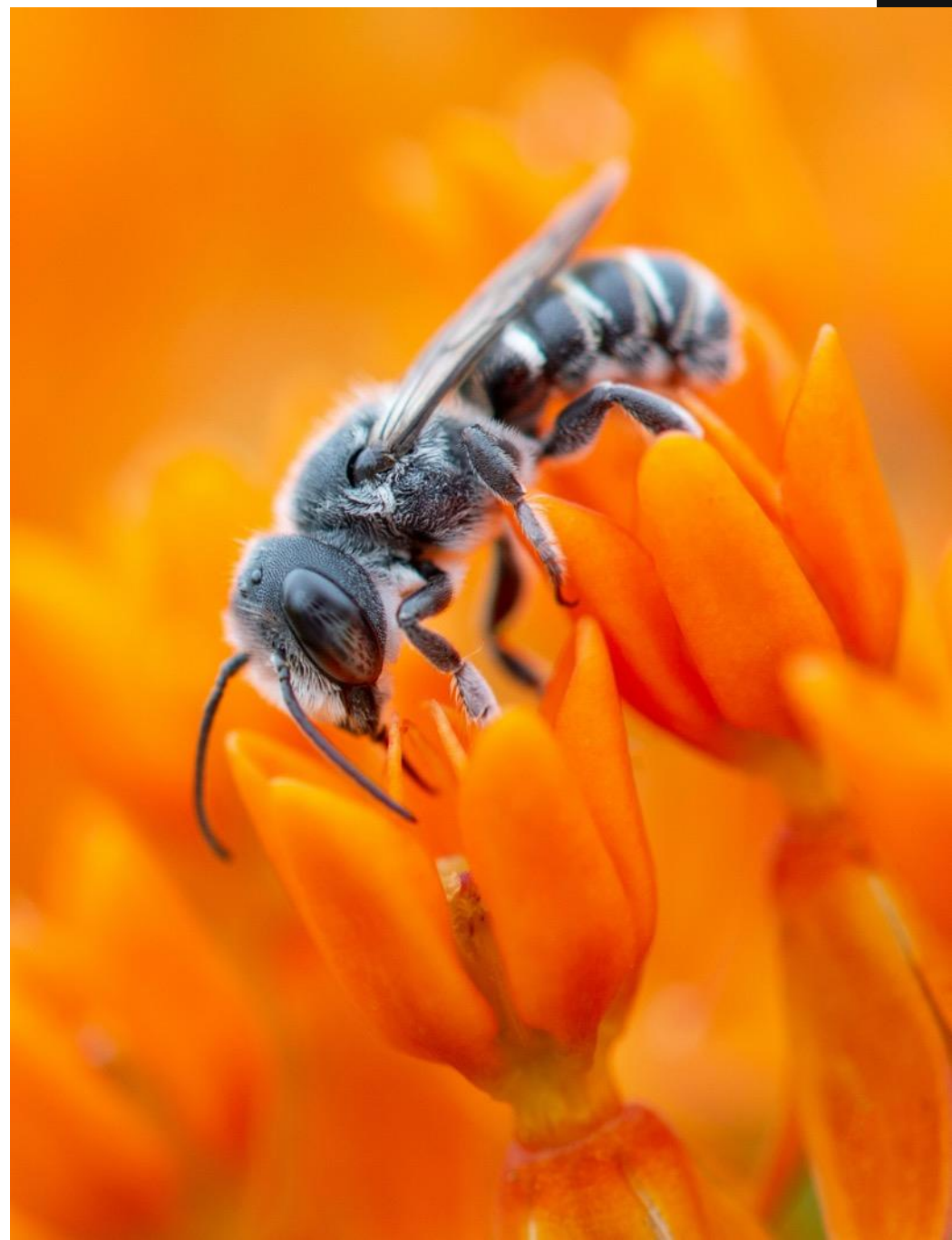
1.3 Involvement with financial market organisations

We believe in the **importance of collaborative and collective work to make finance more useful in addressing current social and environmental challenges**. We therefore join in efforts to promote a **sustainable economy** and expand socially responsible investment, within our ecosystem as well as among companies and investors.

Since its creation, Sycomore AM has deployed a continuous approach to responsible investment in line with best market practices. We are involved in **initiatives to promote and develop responsible investment** and take part in investor coalitions focusing on key issues. We also speak at higher education institutions, publish articles and organise events reflecting our commitment and our vision for the world of tomorrow.

In the following pages, we have listed the initiatives that we partner with and our level of involvement in each. In 2024, we intensified our involvement in the area of biodiversity, accepted an appointment to the French SRI label committee, and participated in the revision of the Greenfin label. We continue to stand out for our contribution to social issues. For example, in 2024 we participated in the industry-wide working group to develop a social taxonomy framework. Our shareholder engagement, which is detailed in Chapter 3, includes collaborative initiatives, such as through the French Sustainable Investment Forum's engagement platform. In 2024, we took part in the launch of the SMID Club, aimed at engaging with small and medium-sized companies.

Some of our main contributions to these organisations in 2024 are detailed in the next two pages, but those that are primarily part of our shareholder engagement initiatives are described in [Chapter 3](#).



1.3 Involvement with financial market organisations

ABBREVIATION	NAME OF THE INITIATIVE	INVOLVEMENT IN 2024	TOPIC
AFG – RI Commission	Association Française de Gestion	+++	1 • Responsible investment
Eurosif	Eurosif	+	1 • Responsible investment
FIR	French Sustainable Investment Forum (FIR)	+++	1 • Responsible investment
PRI	Principles for Responsible Investment	++	1 • Responsible investment
SRI label	SRI label committee	+++	1 • Responsible investment
EVPA	EVPA, investing for impact	+	2 • Impact investing
GIIN	Global Impact Investing Network	+	2 • Impact investing
CDP	CDP	++	3 • Environment
Climate Action 100+	Climate Action 100+	++	3 • Environment
FAIRR	Farm Animal investment Risk and Return	+	3 • Environment
Finance for Biodiversity Foundation	Finance for Biodiversity Foundation	+++	3 • Environment
Greenfin	Greenfin label	+++	3 • Environment
IIGCC	Institutional Investors Group on Climate Change	+	3 • Environment
NECi	NEC initiative	+++	3 • Environment
SBTi	Science Based Targets initiative (SBTi)	++	3 • Environment
Orée	Orée	+	3 • Environment
1% for the Planet	One Percent for the Planet	+	3 • Environment
NZI	Net Zero Initiative	+	3 • Environment
Net Zero Engagement Initiative	Net Zero Engagement Initiative	++	3 • Environment
PBAF	Partnership for Biodiversity Accounting Financials (PBAF)	+++	3 • Environment
Access to Medicine Foundation	Access to Medicine Foundation	+	4 • Social
CCLA – Workplace Mental Health Initiative	CCLA – Workplace Mental Health Initiative	+	4 • Social
30% Club France	30% Club France	+++	4 • Social
30% Club Germany	30% Club Germany	++	4 • Social
ICCR - Investor Alliance for Human Rights	Investor Alliance for Human Rights	+	4 • Social
IIRC	Investor Initiative for Responsible Care	++	4 • Social
LRIN	Labour Rights Investor Network	+	4 • Social
WDI	Workforce Disclosure Initiative	++	4 • Social
Tech & Mental Health	Collaborative engagement on technology, mental health & well-being	+++	5 • Tech
WBA	World Benchmarking Alliance	+++	6 • Environment, Social, Tech

Key for levels of involvement:

+ Basic: monitoring of research and occasional participation in collaborative engagement initiatives.

++ Intermediate: participation in some research/questionnaires, proactive in leading engagement initiatives and/or promoting the initiative among other investors and companies.

+++ Advanced: active participation in conducting research (working groups, commissions, events, involvement in governance).

1.3 Involvement with financial market organisations

FRENCH ASSET MANAGEMENT ASSOCIATION (AFG)



Our Head of Sustainability is a member of the AFG's Responsible Investment Committee, which meets monthly to discuss European consultations, changes to labels and the AFG's position. Working groups focus on specific topics. Their work is presented at the Responsible Investment Plenary Meeting held every quarter and open to all members. In 2024, European consultations and changes to the French SRI label were the most-discussed topics, on which we confirmed our commitment as an active investor.

FRENCH SUSTAINABLE INVESTMENT FORUM (FIR)



We have been a member of the FIR since 2015, hold seats on its board and actively participate in its work. As members of the Engagement Commission, we also actively promote the FIR's engagement platform.

In 2024, we took part in the dialogue with Engie and continued to contribute to the initiative on forced labour and child labour, in partnership with FIR and Human Resources Without Borders (RHSF). We also joined the SMID Club, an investor initiative representing more than €4.61 billion in assets under management, which meets to discuss and engage with small and medium-sized companies about ESG issues. We remained involved in the advocacy for mandatory Say On Climate resolutions and better representation of minority shareholders at shareholder meetings. Lastly, we took part in the initiative, of which the FIR is a partner, to develop a social taxonomy. An initial working paper on the framework and methodology was published (in French only) in early 2025, *S'engager pour l'impact social*.

SRI LABEL COMMITTEE



In mid-2024, our Head of Sustainability was appointed as a member of the SRI label committee, acknowledging our long-standing commitment to maintaining rigorous standards for the SRI label.

PRINCIPLES FOR RESPONSIBLE INVESTMENT



The objective of the PRI is to make responsible investing more transparent and facilitate dialogue among investors, clients and stakeholders.

A signatory of the PRI since 2010, we completed our Responsible Investment Transparency Report for 2022 and obtained the highest possible score of five stars for all the sections we reported on, including 96/100 for the Policy, Governance and Strategy section.

In 2024, we continued to provide support as a sponsor of the FIR-PRI research awards. We used the PRI website to communicate, in collaboration with AXA IM, our engagement initiative on tech and protecting the mental health of consumers. The initiative was managed using the platform provided by the PRI.

GREENFIN LABEL



As a representative of the AFG on the Greenfin label committee, we worked on how to integrate the share of taxonomy-aligned activities pragmatically as a potential additional criterion for qualifying an activity as green, within the meaning of the label. The outcome in 2024 from four committee meetings was a new version that went into effect following the decree of 20 January 2025. This update makes it easier for companies that report on their taxonomy-aligned activities to qualify for the Greenfin label. It also means that Greenfin is the first European label that comprehensively covers the EU Taxonomy.

NEC INITIATIVE



As the leading shareholder and member of the Supervisory Board of the NEC Initiative, we support the organisation's development. 2024 included the rollout of the NEC 1.1 methodology, user training, close collaboration with the FIR on their report *how the CAC 40 responds to investors*, fundraising initiatives and promotion of the metric as a tool for companies in steering their environmental strategies.

02 Our investments' sustainability

2.1 ESG integration in our funds

Our responsible investor approach is based on **three areas of action**:



AVOID

Reduce our exposure to companies with high risks for stakeholders or the environment.

This area of action is based on our exclusion policy, our principal adverse impact policy and required minimum SPICE ratings.



ASSESS

Conduct an in-depth analysis of how companies in our investment universe take sustainability issues into account, using our SPICE analysis criteria and indicators used to identify companies that use their products and services to bring solutions to social and environmental issues.

This analysis is based on our ESG Integration Policy and the definition of selection criteria that help to flag investments in line with the strategy of each fund.



ACTIVELY ENGAGE

Support companies through constructive and rigorous dialogue, to help them improve how they manage their impacts and participate in the transformation needed to build a sustainable and inclusive world.

Our engagement approach is detailed in our shareholder engagement policy and our voting policy.

Systematic integration of sustainability issues in our analysis and investment decisions

All companies in our investment universes are analysed using our **SPICE fundamental analysis model**, which is based on sustainability issues. This analysis produces a rating for each company, ranging from 1/5 (lowest) to 5/5 (highest).

The **SPICE rating** is then taken into account in different ways depending on the type of financial instrument.



For **equity investments**, it impacts how **the company's target stock price is calculated in discounted cash flow valuation and in valuation using comparable company analysis**. Companies that have adopted the best sustainability practices and therefore have the best SPICE ratings benefit from a premium, while a valuation discount is applied to companies with the highest exposure to sustainability risks.



For **bond investments**, the SPICE rating also forms the basis for **company analysis**, as it captures the company's resilience and therefore its ability to repay its debt. Fund manager-analysts can also adjust their main assumptions (revenue, profitability, provisions, tax rate, investments, etc.) based on figures relating to social and environmental issues.



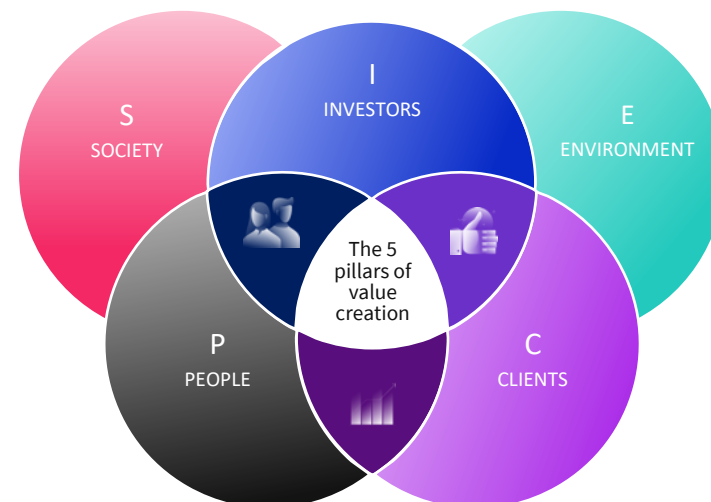
For our **managed fund offering²**, our fund selection procedure incorporates ESG criteria, and some funds only choose investments with an SRI or equivalent label.

2.1 ESG integration in our funds

Our fundamental company analysis model: SPICE

With the firm belief that a company can only create value over the long term if this value is shared among all of its stakeholders, we decided to **integrate sustainability assessment into our fundamental company analysis**.

Our **approach is both global and integrated**. It aims to provide the best possible understanding of the risks and opportunities faced by the companies in our investment universe. In addition to a company's integration of sustainability issues in its operations, our model **assesses how the company's products and services address social and environmental challenges**. Our SPICE³ fundamental analysis model is structured around **five stakeholders**:



SOCIETY & SUPPLIERS

The S rating measures company performance with regard to its suppliers and civil society. It is determined by analysing the company's ability to conduct its operations responsibly throughout its value chain, based on criteria relating to human rights and business ethics. The positioning of products and services in addressing social issues identified by the UN's Sustainable Development Goals is a key factor in this rating, along with the company's impact on regional development through direct, indirect and induced employment.

PEOPLE

The P rating assesses human capital management, based on the integration of human capital issues into the company strategy, its corporate culture, consideration for employees' fundamental rights and ability to create a workplace that promotes talent development.

INVESTORS

The I rating focuses on the relationship between the company and its shareholders. Our analysis assesses the robustness of its business model – through its revenue structure, competitive position, growth drivers (capacity for innovation, potential for external growth, organic value creation) – and the quality of its governance, particularly with regard to the balance of power and the consideration given to sustainability.

CLIENTS

The C rating focuses on the company's customers and clients, by considering their expectations in positioning products and services and by managing the risks relating to customer rights, product quality and, more broadly, reputational risk associated with sales and marketing.

ENVIRONMENT

The E rating measures company performance with regard to natural capital. It assesses the company's exposure to transition risks, through the management of environmental impacts from its operations and the strategy to align its business model with the ecological transition. The current contribution of the business model to environmental issues is assessed using the Net Environmental Contribution, an indicator that takes a life cycle analysis approach and covers climate, biodiversity and resource management issues. This rating also factors in the company's exposure to other medium- and long-term environmental risks, such as risks due to climate change.

DEFAULT WEIGHTING



³ For more information on SPICE, the underlying criteria and international standards used to build our analysis methodology, please see our [ESG Integration Policy](#).

2.1 ESG integration in our funds

SPICE analysis and sustainability risks

The SPICE analysis is our methodology for assessing a company's sustainability performance and its management of economic, governance, social and environmental risks and opportunities.

The exposure of our investments to sustainability risks is primarily managed by requiring a minimum SPICE rating applied to most of our funds.



Our 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. All of these points are in line with **Article 3 of the SFDR**, "**Sustainability Risk Policy**". Transition and physical risks are an integral part of our SPICE model's pillar **E for Environment**. Following a review of our SPICE model in 2024, the weighting of the E pillar was increased and now accounts for 20% to 30% depending on the business sector.

The adverse impacts covered by SFDR⁴ indicators are integrated into the criteria of our SPICE model, based on their materiality to each company's operations and footprint and on the availability of relevant data.



Sycomore AM takes into consideration the principal adverse impacts of its investment decisions on sustainability factors, as defined by the Sustainable Financial Disclosure Regulation (SFDR)⁵. The principal adverse impacts for the reporting period ending 31 December 2022 is published on the [Sycomore AM website](https://en.sycomore-am.com/esg-research-material?categoryKey=reports)⁶.

Overall, of the **46** optional and mandatory **adverse impact indicators** applicable to companies, and excluding indicators for sovereign investments (14 PAI indicators listed in Table 1 of the RTS and the 32 additional indicators for adverse impacts listed in Tables 2 and 3 of the RTS), **our SPICE model covers 42 indicators** (23 environmental indicators and 19 social indicators). Four are covered by our exclusion policy (one environmental indicator, exposure to the fossil fuel industry, and three social indicators, including controversial weapons, violations of the UN Global Compact and the OECD Guidelines for Multinational Enterprises).

In addition to the SPICE analysis, our SRI Exclusion Policy limits the funds' exposure to sustainability risks associated with controversial activities with significant adverse social or environmental impacts.



All our assets under management exclude controversial weapons, coal, tobacco, pesticides, pornography and violations of the principles of the UN Global Compact. The policy applied to all SRI funds and mandates adds the exclusion of conventional and non-conventional oil and gas and, more broadly, the production of carbon-based electricity. Most exclusions are determined by applying strict criteria based on the exposure of company revenue. Depending on the funds' investment strategy, our exclusion strategy can figure in a tolerance level, especially in energy. This is done to help support companies that have set robust transition plans. Also, as part of an improvement approach aimed at contributing to the goals of the Paris Agreement, we have defined a specific engagement programme for companies exposed to fossil fuels⁷.

Sustainability risks undergo specific checks run by the risk management teams.



Given the nature of sustainability risks and the current state of academic research on the subject, the calculations of the impact on financial returns are not yet robust enough to be integrated effectively, and the result would run the risk of defeating its purpose. Consequently, we believe these risks should instead be managed by controlling tail risks and therefore limiting the fund's exposure to companies with the highest sustainability risks. This is why exclusion policies and selection criteria that only allow companies with a SPICE rating above a minimum level to enter investment universes is, for now, the best approach to managing sustainability risks. **We are currently developing ESG stress tests and will incorporate them into our analyses once the results are conclusive.**

⁴For more information, see our [Principal Adverse Impact Policy](#). ⁵Regulation (EU) 2019/2088. ⁶<https://en.sycomore-am.com/esg-research-material?categoryKey=reports> ⁷Details on our engagement programme for fossil fuels are provided in our [ESG Integration and Shareholder Engagement Policy](#).

2.1 ESG integration in our funds

Our definition of a sustainable investment

In 2022, Sycomore AM established a **common definition of a sustainable investment** to be used for every investment universe. The definition aligns with the one provided in the SFDR 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: **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 fulfilment**.

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

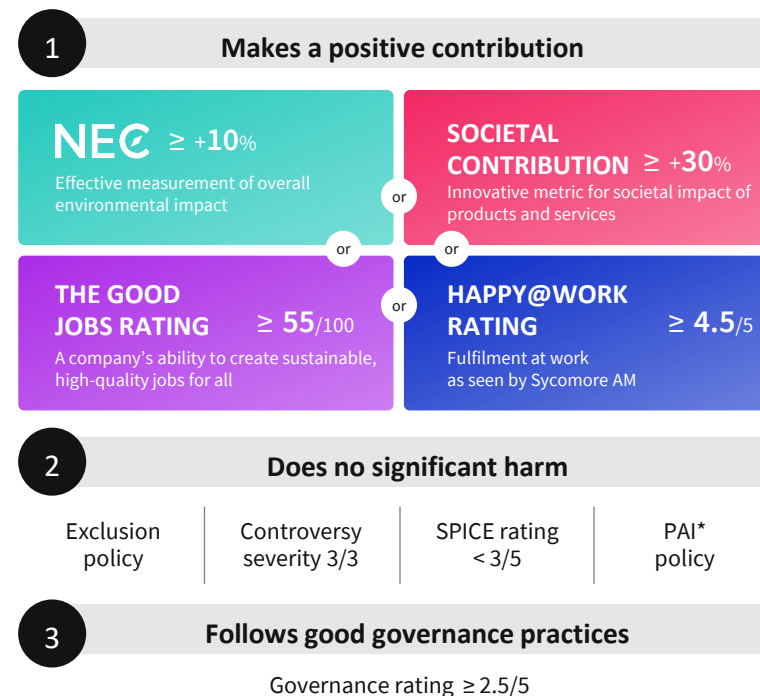
2 Avoiding investments that may cause significant adverse impacts

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:



*Principal Adverse Impact.

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 2023⁸.

⁸ This level of selectivity aligns with the average for the French asset management companies that participated in a survey conducted by the Association Française de Gestion in February 2023.

2.1 ESG integration in our funds

SFDR classification of our funds

Based on our transparent and robust definition of a sustainable investment, presented earlier, and the principles set out below, the investment funds in our range are classified into SFDR categories:

ARTICLE 9

Article 9 funds are funds that aim, as expressed through their investment objectives and company selection criteria, to **make a positive net impact on the environment and/or society**. Most of our thematic SRI funds, as well as mandates with similar management strategies, are therefore classified as Article 9.

ARTICLE 8

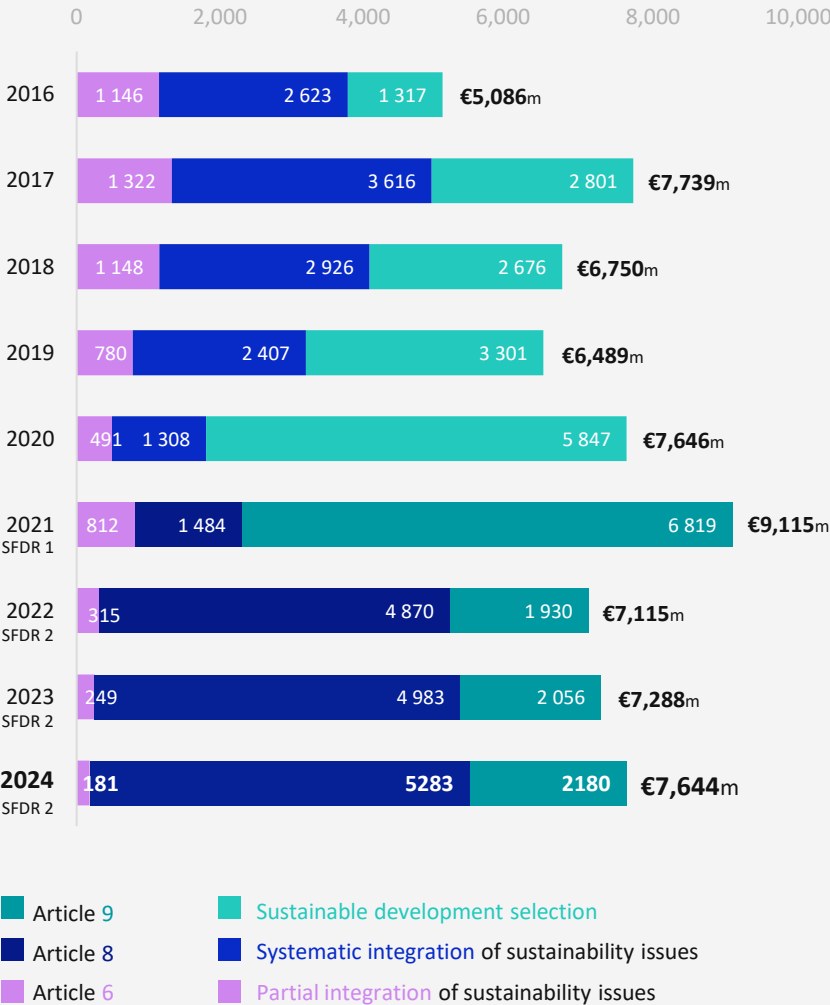
Article 8 funds use **selection criteria based on our SPICE rating** and other specific criteria depending on the fund philosophy. Most of these are multi-themed, SRI-labelled funds with a high minimum proportion of sustainable investments, i.e., 50% or 70%. Two open-ended funds that incorporate ESG criteria into their investment process but do not have the SRI label also come under Article 8, with a minimum proportion of sustainable investment of 25% and 1%.

ARTICLE 6

Article 6 funds are the **multi-asset funds of funds** in our managed fund offering that do not use ESG criteria.

BREAKDOWN OF ASSETS IN €M BY LEVEL OF INTEGRATION OF SUSTAINABILITY ISSUES

The chart below shows the breakdown of our assets under management at the end of 2024 based on the new classification applicable as of January 2023.



2.1 ESG integration in our funds

Breakdown of funds by SFDR classification

SFDR 2 classification	Amount and percentage of total assets	List of open-ended / multi-asset funds only
Article 9	€2,180m 29% of assets under management (28% in 2023)	Sycomore Europe Éco Solutions Sycomore Global Éco Solutions Sycomore Europe Happy@Work Sycomore Global Social Impact* Sycomore Social Impact Sycomore Sustainable Tech Sycomore Inclusive Jobs Sycomore Environmental Euro IG Corporate Bonds
Article 8	€5,283m 69% of assets under management (68% in 2023)	Sycomore Sélection Responsable Sycomore Sélection Midcap Sycomore Sélection PME Sycomore Global Climate Transition Sycomore Sélection Crédit Sycomore Next Generation Sycomore Allocation Patrimoine Sycomore Partners Sycomore Opportunities** Sycoyield 2026 Sycoyield 2030 SRI Ageing Population SRI European Equity Alpha Responsable Opportunités Generali Vision Responsable Balanced Generali Vision Responsable Moderate Generali Vision Responsable Opportunity Planifique Horizon
Article 6	€181m 2% of assets under management (3% in 2023)	Ciflex Allocation ESC Convictions SP Convictions

* In 2024, the Sycomore Global Happy@Work fund was renamed Sycomore Global Social Impact. ** In 2023, Sycomore L/S Opportunities became Sycomore Opportunities, a feeder fund of Sycomore Partners.

Our fund statistics for each label

Label	Amount	% of assets in open-ended funds ⁹	List of open-ended funds
 SRI FRANCE	€4,821m	82% (86% at end-2023)	Sycomore Sélection Responsable Sycomore Sélection Crédit Sycomore Sélection Midcap Sycomore Sélection PME Sycomore Europe Éco Solutions Sycomore Global Éco Solutions Sycomore Europe Happy@Work Sycomore Global Social Impact Sycomore Social Impact Sycomore Next Generation Sycomore Allocation Patrimoine Sycomore Sustainable Tech SRI Ageing Population SRI European Equity
 Towards Sustainability BELGIUM	€2,629m	45% (52% at end-2023)	Sycomore Sélection Responsable Sycomore Sélection Crédit Sycomore Europe Éco Solutions Sycomore Europe Happy@Work SRI Ageing Population
 Umweltzeichen AUSTRIA	€811m	14% (25% at end-2023)	Sycomore Sélection Responsable Sycomore Sélection Crédit
 Greenfin FRANCE	€347m	6% (10% at end-2023)	Sycomore Europe Éco Solutions
 Tibi initiative FRANCE	€391m	7% (4% at end-2023)	Sycomore Sustainable Tech
 Finansol FRANCE	€80m	1% (2% at end-2023)	Sycomore Inclusive Jobs
 Relance FRANCE	€90m	2% (1% at end-2023)	Sycomore Sélection PME

Most of our open-ended funds have been awarded the French SRI label. Depending on their market strategy, updated in 2024, some funds have obtained labels in Belgium (Towards Sustainability) and Austria (Umweltzeichen). Some funds are also recognised by the Greenfin, Relance and Finansol labels and by the Tibi initiative in France. One mandate also has the Relance label. Since 2022, four multi-asset funds and one dedicated fund have been awarded the French SRI label (not included in the above table).

⁹ Open-ended funds accounted for 77% of Sycomore AM's total assets under management at the end of 2024. The remainder includes dedicated funds and mandates.

2.1 ESG integration in our funds

Impact investing

The pursuit of impacts is at the core of our mission, which is to invest to develop a more sustainable and inclusive economy and to generate positive impacts for all our stakeholders. For each fund, the investment objective and selection process reflect different levels of intentionality in the pursuit of impacts. By adapting the methodology framework of the [Impact Management Project](#) – a forum aimed at sharing best practices in impact investing – we can classify the funds in our range into three groups:

INTENTION <i>in seeking impacts</i>	IMPACT OBJECTIVES <i>through the 5 dimensions of impact</i>					POSITIONING <i>of our open-ended funds</i>	
 Contributes to solutions	What	How much	Who	Contribution	Risk	Share of open-ended funds	List of open-ended funds
The thematic funds in our Éco Solutions range contribute to financing the currently under-financed energy and ecological transition.	Generates positive outcomes that are specific, ...	large-scale and/or for many stakeholders and/or long-term ...	benefiting underserved populations or causes	by improving the initial situation ...	with a variable risk of not meeting the target.	€517m 9% 12% in 2023	Sycomore Europe Eco Solutions Sycomore Global Eco Solutions Sycomore Environmental Euro IG Corporate Bonds
 Benefits society and the environment	Brings about positive outcomes that are	variable ...	for different stakeholders ...	with or without improvement in the initial situation ...	with a variable risk of not meeting the target.	€3,633m 62% 61% in 2023	Sycomore... Europe Happy@Work Social Impact Global Social Impact Sustainable Tech Inclusive Jobs Sélection Responsable Francecap Sélection Midcap Sélection PME Next Generation Allocation Patrimoine Global Climate Transition SRI European Equity SRI Ageing Population
 Avoid negative impacts	Can cause negative outcomes ...	with little impact ...	on underserved populations ...	with or without improvement in the initial situation ...	with a variable risk of not meeting the target.	€1,714m 29% 27% in 2023	Sycomore Sélection Cr�dit Sycomore Partners Sycomore Opportunities Sycoyield 2026 Sycoyield 2030 Sycomore Euro IG Short Duration

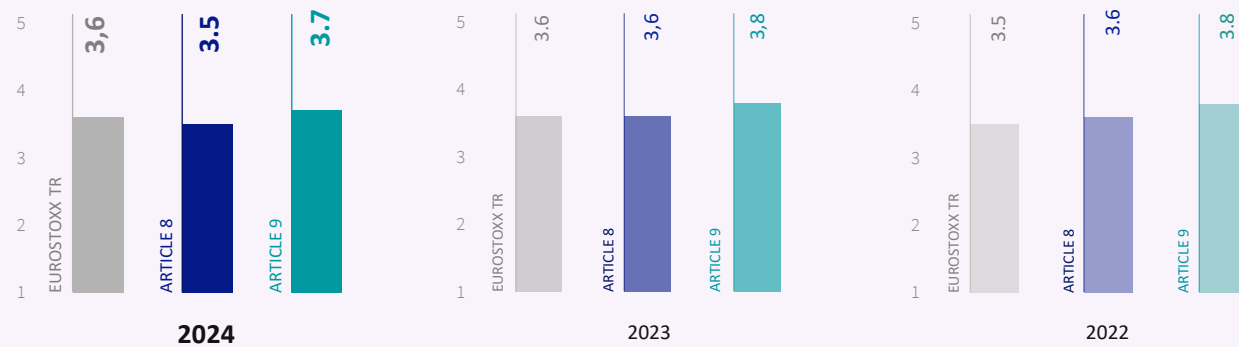
2.2 Assessment of our investments' sustainability

Results of the 2024 SPICE analysis of our investments

As shown in the ratings opposite, the sustainability performance of our investments is directly correlated with the level of integration of sustainability issues.

Article 9 funds outperformed the EuroStoxx TR¹⁰, while Article 8 funds performed at least as well as the EuroStoxx TR, the benchmark index for most of the long-only equity funds managed by Sycomore AM.

WEIGHTED SPICE RATING¹¹ OF ASSETS BY LEVEL OF INTEGRATION OF SUSTAINABILITY ISSUES



2024 coverage ratio (weight) – Article 6 funds (excluding funds of funds, which account for less than 2% of assets under management): 100%; Article 8 funds: 99%; Article 9 funds: 100%; EuroStoxx TR: 99%
Data for Articles 6 funds is not presented as they account for 2% of our assets under management and are therefore not representative.

¹⁰ The performance of our funds is compared to the performance of the EuroStoxx TR, which is the benchmark index for most of our long-only equity funds; DJ EuroStoxx TR Total Return, with dividends reinvested. Launched on 31 December 1991, this index measures the performance of stocks listed in eurozone countries. It comprises around 300 stocks and uses the free float to determine the weight of each constituent in the index.

¹¹ The ratings presented here are the ratings of companies weighted based on their proportion in each investment universe as defined [here](#).



2.2 Assessment of our investments' sustainability



SPICE analysis of Arcadis, world leader in sustainable engineering solutions

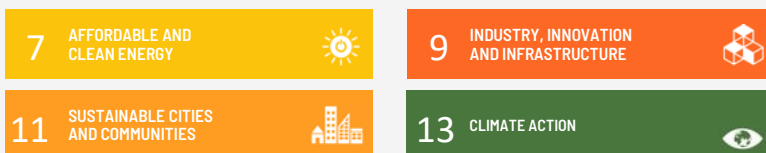
Arcadis is a global leader in sustainable engineering solutions for the environment, energy, construction and transportation sectors with more than 35,000 employees. It operates mainly in the Americas, Europe and the Middle East, with a more limited presence in the Asia-Pacific region.

In 2023, Arcadis unveiled its most recent strategy, **Accelerating a Planet Positive Future**, detailing its financial and non-financial targets for 2024-2026. This roadmap fully embeds sustainability issues and is the next step in its long-standing commitment first announced in 2021 through the company's **Maximizing Impact** strategy. Under the plan, newly defined **Global Business Areas** were introduced to create a structure focusing on projects to improve quality of life while respecting the environment and local communities.

SOCIETY & SUPPLIERS

3.5/5

The mission of Arcadis to fulfil its corporate purpose of “**Improving quality of life**” appears to align perfectly with the engineering and consulting solutions covered in its offering. The Dutch company has developed **expertise in sectors holding promise for the future, such as mobility, the energy transition and the resilience of urban buildings.**



Arcadis has a **comprehensive and mature human rights** policy, which started when it joined the **UN Global Compact** in 2009. This policy encompasses the entire value chain, including supplier audits, a complaint mechanism for stakeholders to report violations of the human rights policy, mandatory human rights training launched in 2024, and impact assessments conducted at operating sites. The first of these assessments took place in the Philippines in 2022.

Arcadis's commitment extends to specific initiatives that support local communities. For example, the group launched its **Shelter Program** in 2010 in partnership with **UN-Habitat**, which is structured into three initiatives: the **Shelter Academy**, **Shelter missions** and **Shelter workshops**. Arcadians take part in UN-Habitat missions by sharing their knowledge and providing theoretical and technical support to address the challenges of urbanisation in developing countries. Since 2010, 2,200 Arcadians have participated in more than 100 Shelter missions in 31 countries, helping to improve living conditions for vulnerable people.

PEOPLE

3.5/5

Arcadis engages its more than 35,000 employees worldwide through strong corporate culture and identity. Wherever they are in the world, Arcadians seem to share the same corporate culture and enjoy the same advantages. Arcadis considers its employees to be its greatest strength.

To better meet its clients' needs, Arcadis has developed **Global Excellence Centres** in the Philippines, India and China. The group has taken steps to **attract young engineering graduates** from prestigious Asian universities, therefore positioning it to participate in large-scale projects in the Asia-Pacific region. One of their arguments is the internal mobility opportunities allowing Indian engineers to go work in Amsterdam, for example, and vice versa.

Arcadis believes in the importance of talent retention. As evidence of this, the company set a target **employee turnover rate** of less than 10% and seems to be on the right path. The indicator has decreased from 14.7% in 2022 to 12.1% in 2023 and 11.3% in 2024. Initiatives implemented to foster **well-being at work** include the **Workstyle Promise**, launched in 2021, which acknowledges employees' need for flexibility to achieve work-life balance. In continuity with this commitment, the group pays close attention to employee feedback and encourages this through the **Your Voice Well-being Survey** and the **Arcadis Workstyle and Workplace Survey**, which measure employee satisfaction with well-being at work and their workstyle preferences, respectively. Actions are introduced based on the answers collected, such as the **Employee Assistance Program** (EAP), which provides confidential support for employees available at any time. This programme includes counselling for mental, emotional and physical health, legal and financial matters, the return to work for parents, and support for managers

Lastly, **Arcadis promotes diversity** within its teams through a variety of initiatives and working and support groups. The company has also set specific targets, such as to **increase the percentage of women in the total workforce to 40% by 2026**. In 2024, 39.3% of the payroll was made up women, a 2% increase from 2023.

2.2 Assessment of our investments' sustainability



INVESTORS – Business model

3.8/5

Arcadis is a Dutch company ranked among the top three in Europe and the top 10 worldwide in the **engineering, design, management and consulting services sector, with a focus on the environment, infrastructure, buildings and water management.**

The company's excellent results in 2024 showed an EBITDA margin of 11.5% and a record-breaking order book in the last six months, all of which are expected to maintain growth in the coming quarters. This performance stems from its relevant offering, along with the current regulatory environment (growing interest in PFAS from public and private sectors) and its geographical presence in developing countries, which are likely to maintain this momentum and enable the group to achieve its target of **12.5% EBITDA by 2026.**

Its business growth is primarily being driven by **water management** solutions, now a key market segment, whose revenue **rose 16% in 2024** compared to 2023. A leader in this field, Arcadia's wide range of services covers systems optimisation (63% of segment revenue), water treatment solutions, including PFAS (about 18%), and climate change adaptation projects (about 18%). Within this segment, Arcadis generates 65% of its revenue in the United States and has secured major contracts in the United Kingdom under the AMP8 programme. The group stands out from its peers for its expertise in persistent pollutants, putting it in a strong position to capitalise on growing regulatory pressure.

INVESTORS – Governance

3.9/5

The group has **ambitious sustainability goals, supported by strong management bodies:** a management committee with extensive experience in engineering and consulting, as well as sustainability, and a lean, fully independent board of directors comprised of seven members representing four nationalities, and 56% of whom are women. The balance of power is ensured by the separation of the roles of Chief Executive Officer, held by **Alan G. Brookes** since 2023, and Non-Executive Chairman, held by **Michiel Lap**. The CSR roadmap is overseen by the **Sustainability Committee**. Its four members met four times in 2024 to assess 2023 performance, update the SBTi targets, review the Carbon Travel Budget programme and set targets for 2025.

Sustainability issues are central to the group's strategy and integrated into objectives to determine the short- and long-term remuneration of executive officers, based on performance indicators relating to the environment (reduction of the carbon footprint) and human capital (employee engagement and diversity).

In its 2024-2026 strategy, **Accelerating a Planet Positive Future**, Arcadis reiterated its commitment to the environment and communities, with focus given to three strategic areas: sustainable project choices, digital and human innovation, and the power of its people.



2.2 Assessment of our investments' sustainability



CLIENTS

4/5

Arcadis's operations break down as follows: 47% of sales are generated in the Americas, 44% in the Middle East and Europe, and 8% in Asia-Pacific. In 2022, Arcadis announced a new global structure to optimise the growing needs of its clients. These strategic changes mainly included the creation of three new segments: **Resilience, Places and Mobility**. In 2024, the first two business areas each accounted for 38% and mobility for 22% of revenue, with the remaining 2% generated by the new **Intelligence** business unit.

Arcadis has more than 9,000 clients, 251 of which are part of the **Key Client Program**, which includes clients with the highest potential to set the company up for future success. Arcadis benefits from a global, multi-sector presence that is clearly identified by a **single global brand name**.

Arcadis deals with a wide range of clients, from **public sector contractors**, with projects such as optimising New York City's waste collection for the New York City Department of Sanitation, to **private industrial groups**, including the construction of a sustainable manufacturing facility for a leading Japanese consumer goods multinational. The culture of client feedback is highly developed and aims to provide a precise response to needs, but also to build strong loyalty and long-term relationships, a crucial aspect in the industrial sector and in the context of long and complex engineering projects.



ENVIRONMENT

4.1/5



The positioning of Arcadis in the energy transition may have contributed to the increase in its **NEC** (from +20% in 2022 to **+22% in 2024**). This improved the score can also be explained by greater transparency in the publication of ESG indicators. The business sectors with the highest value in terms of environmental contribution are renewable energy and resilient transport (electric cars, trains).

Arcadis has also made significant environmental commitments, in particular with regard to climate change, at the level of its operations. It aims to **achieve carbon neutrality by 2035** and is **aligning with a 1.5°C pathway, which has been validated by the SBTi**. It has made strong **progress**, with its Scope 1 and 2 greenhouse gas emissions down 66% since 2019, the base year for the SBTi target.

The group's CSR strategy is continuously evolving. Its latest **Climate Transition Plan**, published in 2024, details the risk and opportunity analysis for each environmental issue, as well as the targets and commitments. Concrete measures to reduce emissions include the transition of its fleet to electric vehicles, the use of renewable energy as a source of electricity, and a reduction in employee travel.

2.3 Environmental analysis of our investments

Our climate and biodiversity alignment strategy

In 2016, Sycomore AM published its first **Natural Capital Strategy**. Revised in 2022, this strategy is core to our mission and our investment strategy. As a public document, it provides a tool for dialogue with all our stakeholders: employees, suppliers, institutions, associations, shareholders, customers and companies in our investment universe.

We first describe the **scientific, institutional and societal frameworks** within which we operate – highlighting the importance of considering interdependencies when selecting the companies we want to finance and support. We then follow the core components of the TNFD recommendations, modelled after recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), and present our strategy, environmental risk management, the metrics and targets we set for ourselves and the governance of environmental issues.

Our approach to environmental issues is:



Multi-issue

covering biodiversity, climate change and natural resources



Integrated

embedded in the fundamental analysis of all companies within our investment universe



Comprehensive

based on life cycle analysis



Scientific

based on a recognised scientific framework



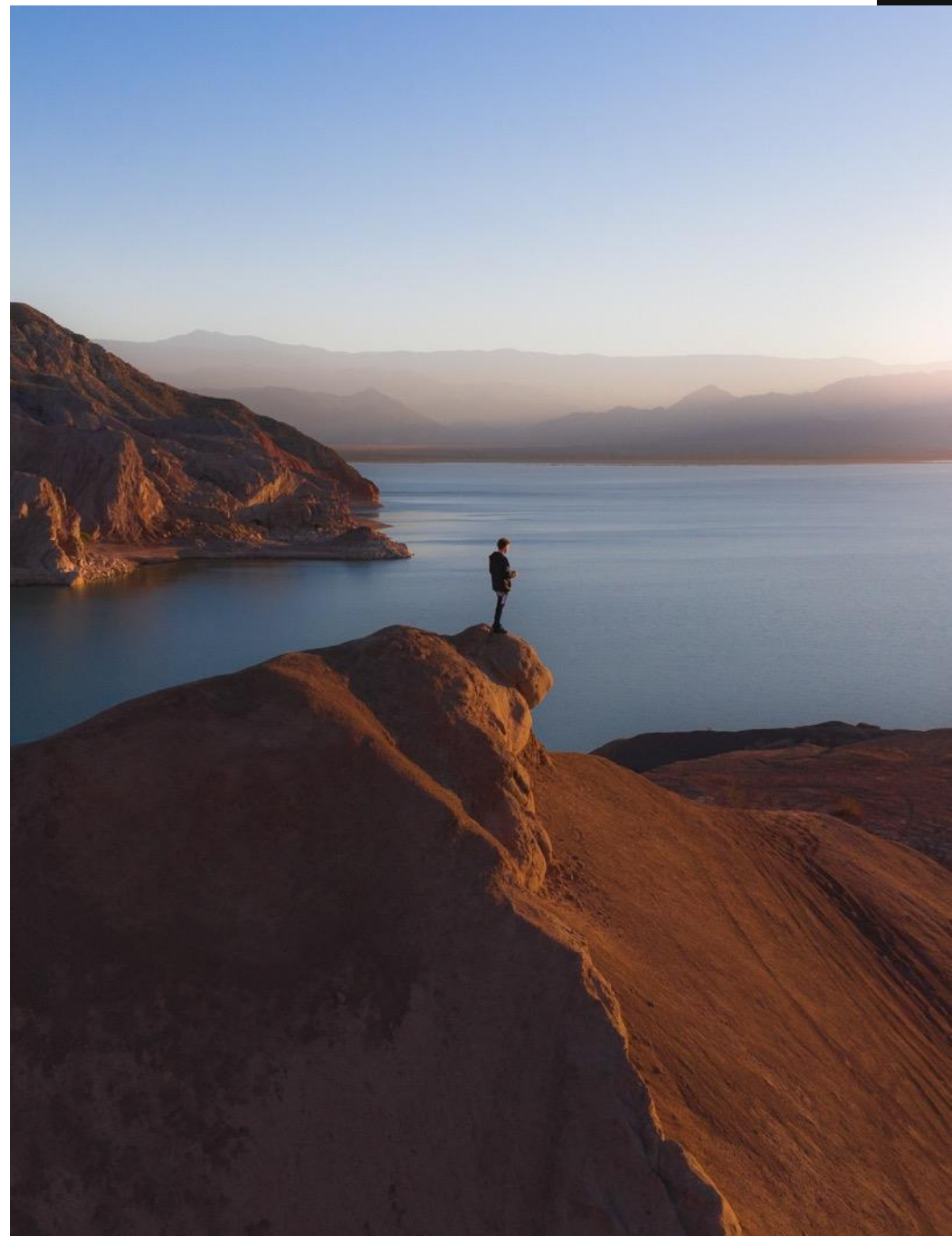
Collaborative

involving other stakeholders in both developing indicators and engaging with companies



Transparent

on methodologies used to measure environmental performance and on our results

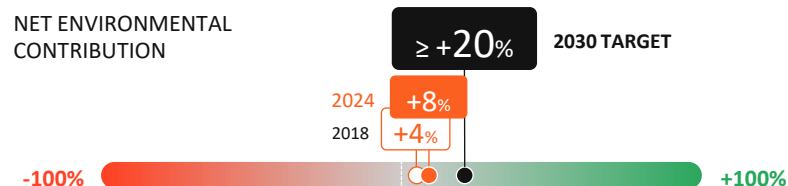


2.3 Environmental analysis of our investments

A quantified pathway to 2030

In 2022, we defined a **quantified pathway to 2030 for our asset management company**, covering all of our direct investments in stocks and bonds, and 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 **mission-driven company** and certified **B corporation** since 2020; and the commitments we made to the **Science Based Targets** initiative in 2021.

We first defined our pathway using the **Net Environmental Contribution (NEC)**, a holistic environmental indicator covering the **main environmental issues**: 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** (from +4% in 2018).



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 below 2°C compared to pre-industrial levels, by 2100:

1. The implied temperature rise calculated using the **Science-Based 2°C Alignment (SB2A)** method and expressed in degrees Celsius
2. The share of our net assets invested in companies that have set targets approved by the **Science Based Targets initiative (SBTi)**

Based on these two indicators, we have set **three medium-term targets** that were **validated by the SBTi** as contributing to limiting global warming to 1.5°C.



For biodiversity issues, we also use the **Corporate Biodiversity Footprint**, a metric developed by the Iceberg Data Lab to measure a company's impacts on biodiversity based on its main underlying sources of pressure driving biodiversity loss. As the methodology is undergoing significant updates and still lacks maturity, we have not set a target for this indicator.

In summary, our targets to 2030 are:

Net Environmental Contribution
 $\geq +20\%$

Implied temperature rise of portfolios according to SB2A
 $< 2^{\circ}\text{C}^{12}$

Share of portfolios aligned to 1.5°C according to SBTi
 $\geq 40\%$

Share of portfolios aligned to 2°C or less according to SBTi
 $\geq 56\%$

¹² With a minimum coverage ratio of 70% of the stocks and bonds in which we invest.

2.3 Environmental analysis of our investments

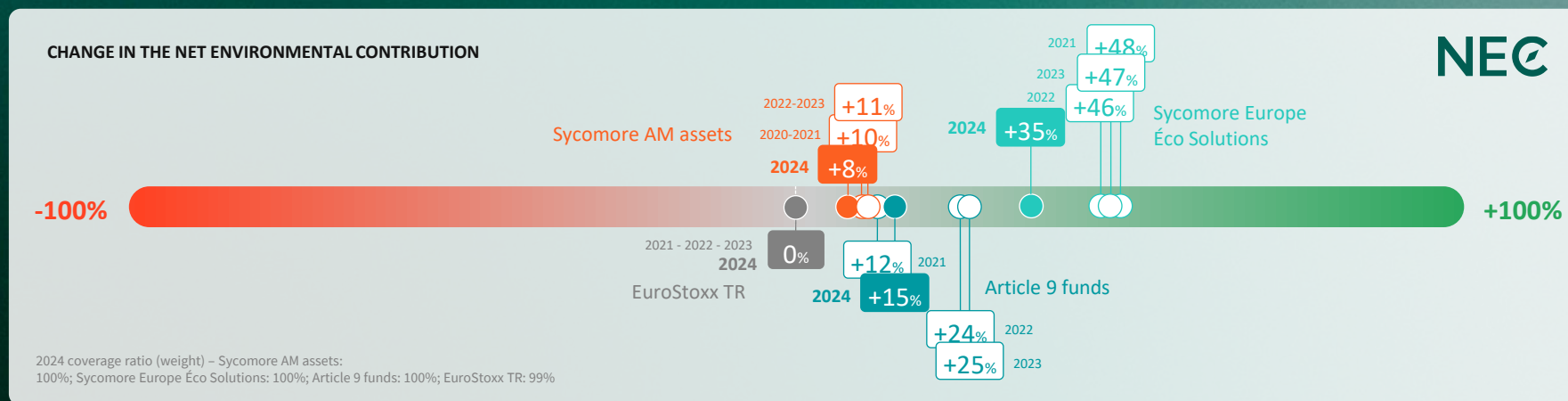
Net Environmental Contribution: our environmental compass

The NEC measures the extent to which a business activity contributes to the ecological transition¹³. This scientific methodology is based on the physical units of pollution generated and/or avoided relative to the physical units of functions provided, such as kWh of supplied power, kilometres travelled or tonne produced. The NEC incorporates not only climate issues, but also the other main drivers of biodiversity loss. It takes a life cycle approach, by cumulating the main environmental impacts throughout value chains. The result is a single score, based on a standard scale from -100% to +100%, that can be applied to any business line or asset class, meaning it can be aggregated at the portfolio or index level.

The NEC is structured around nine impact categories used by life cycle analysis methodologies and covers most known and documented issues, which can be grouped into **three main categories: biodiversity, climate change and natural resources**.

In 2015, Sycomore AM initiated the development of the NEC, which is now managed by the [NEC Initiative](#). Although we take the carbon footprint into account in our analysis and our assessment of companies' transition plans, we do not use it to call our investment decisions. An aggregate carbon footprint would divide greenhouse gas emissions by a business variable (e.g., revenue or enterprise value) and produce economic ratios with biases that have been clearly identified. More importantly, these ratios do not provide information on end use. Are the emissions produced to manufacture new individual cars or train locomotives? To manufacture more clothes or provide water and waste treatment services? With its multi-issue, functionality-driven, life cycle approach, the NEC helps us to understand these issues.

At the end of 2024, the NEC of Sycomore AM's assets under management was **+8%**¹³, down from **+11%** in 2023. Although the NEC of our investments increased significantly between 2018 and 2020 (from +4% to +10%), it remained stable from 2020 to 2023 and fell by three points in 2024. This decrease is due to the lower percentage of environmental fund assets (11% of our assets at the end of 2024 versus 14% at the end of 2023), the expansion of our range of global and bond funds, for which the NEC is not central to the investment process, and the overall lesser exposure of all our assets under management to companies with a very high NEC. This reflects a broader trend of underperformance by companies that develop environmental solutions and high interest rates. This contribution is still significantly higher than the benchmark indices, whose NEC is close to 0%. Aside from the NEC, the results, detailed below, of companies with approved SBTi targets exceeded the targets set for 2030. In light of this performance, revising our environmental targets is a priority for 2025.

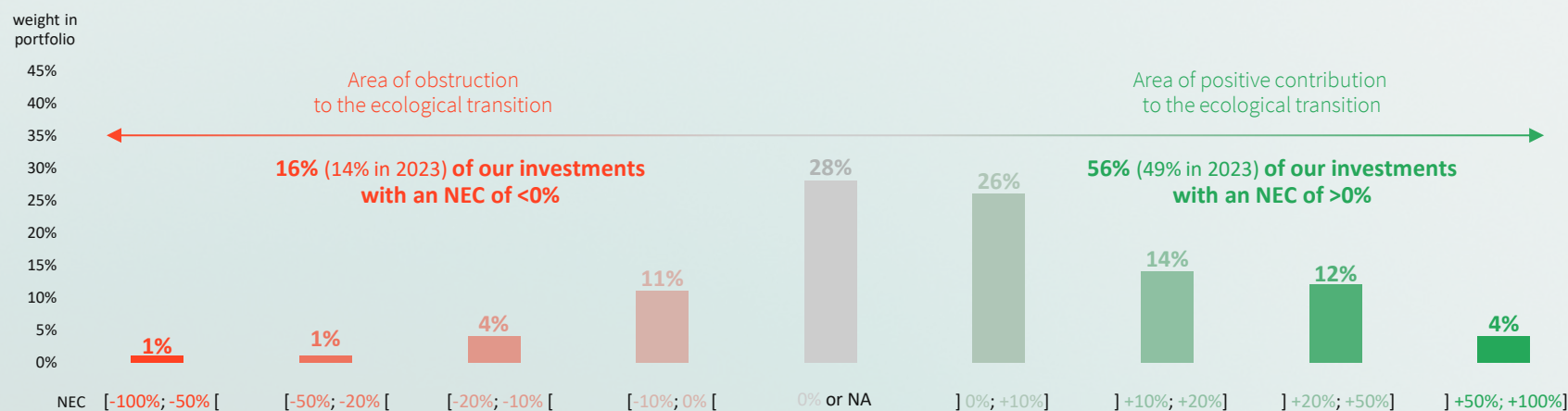


¹³ NEC 1.1 calculated by Sycomore AM, expert user approved by the [NEC Initiative](#), on the basis of data from 2020 to 2024 on all of Sycomore AM's assets under management at 29 December 2024. The NEC Initiative makes its methodology freely available on its website.

2.3 Environmental analysis of our investments

Net Environmental Contribution: our environmental compass

BREAKDOWN OF THE NEC BY WEIGHT IN SYCOMORE AM'S ASSETS UNDER MANAGEMENT



The red shading indicates our investments in companies with a negative NEC. On this end of the graph are air transport, meat-based products, cars and cement. This segment accounts for 16% of our investments, versus 14% in 2023. Only 1% of our investments in companies have an NEC falling between -100% and -50%, meaning that we are not invested in pesticides, nitrogen fertilisers, thermal coal and oil-fired power stations.

The grey identifies the share of our investments in companies with NECs of 0%, which represents 28% of our total investments, compared with 37% in 2023. These companies offer products and services that are in line with the world's average environmental performance. This percentage fell considerably in 2024, due to the rollout of the NEC 1.1. The new version of the methodology includes frameworks for the pharmaceutical, financial and insurance sectors, which were previously attributed a score of 0%.

The green shading indicates our investments in companies with a positive NEC. This share increased significantly from 2023 and accounts for 56% of our investments. It comprises solutions dedicated to the ecological transition, such as recycling, building renovation, plant-based food, most renewable energies, and bicycle, rail and public transport. The percentage of investments with a positive NEC of less than +10% increased with the rollout of the NEC 1.1 covering the pharmaceutical, financial and insurance sectors.

2.3 Environmental analysis of our investments

Our climate toolkit

Climate alignment assessments provide insights into Sycomore AM's contribution to global warming targets, including targets set out in the **Paris Agreement**, especially the target of limiting global warming to below 2°C compared to pre-industrial levels, by 2100. 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 the pathway of portfolio companies**:

Science-Based 2°C Alignment (SB2A)

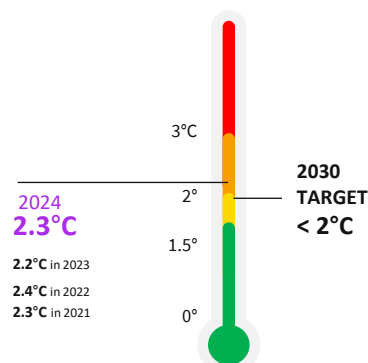
SB2A is a method developed by I Care and Iceberg Data Lab to measure a company's **alignment** with **low-carbon benchmark scenarios**, based on its past (since 2010) and future (until 2050) climate performance and on how this performance compares to **decarbonisation pathways** within its industry.

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)¹⁴. 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 increases for each company, according to weight in the portfolio, is then calculated to generate a temperature pathway for the entire fund.

IMPLIED TEMPERATURE RISE OF PORTFOLIOS

At the end of 2024, the SB2A method covered 85% of net assets (70% in 2023).

According to the method, the net assets would result in an average temperature increase of **2.3°C** by 2100 (2.2°C in 2023).



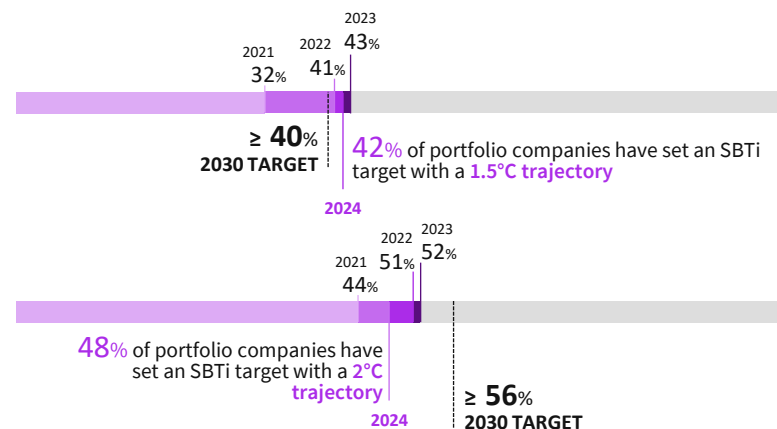
¹⁴ For more information, see the Energy Technology Perspectives 2017 (ETP 2017) report, which presents three pathways for energy sector development to 2060 and lays the groundwork to achieve the two scenarios mentioned above.

Science Based Targets initiative (SBTi)

The Science Based Targets initiative (SBTi) was created in 2015 by the CDP, the UN 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 having set GHG emission reduction targets approved by the SBTi accounted for **48% of net assets held**. Based on the SBTi methodology, **42%** of net assets held are aligned with a **1.5°C trajectory**, **3%** with a trajectory “**well below 2°C**”, and **2%** with a 2°C trajectory.

SHARE OF PORTFOLIO COMPANIES HAVING SET AN SBTi TARGET



2.3 Environmental analysis of our investments

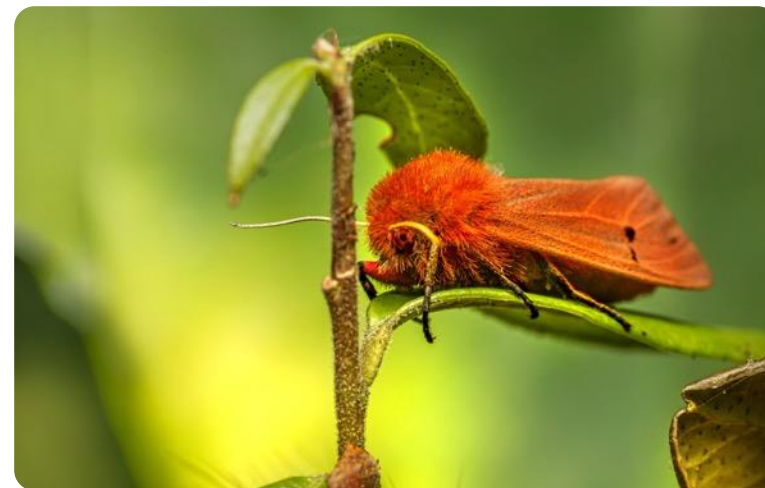
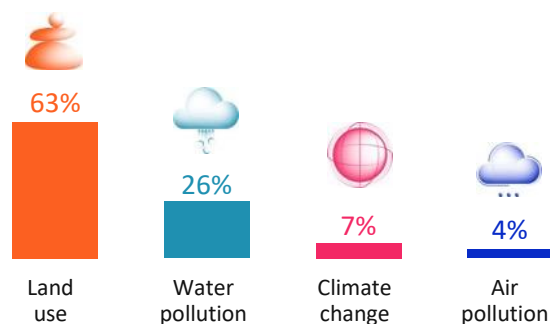
Our biodiversity toolkit

The Corporate Biodiversity Footprint (CBF) metric was developed by the Iceberg Data Lab to measure a company's impacts on biodiversity, based on its main underlying sources of pressure: land use, greenhouse gas emissions, air pollution and water pollution. It **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 $m^2.MSA$ (Mean Species Abundance). One $m^2.MSA$ 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 investee companies was **82%** (76% in 2023). The biodiversity footprint of our investments stood at **-38 $m^2.MSA$ per thousand euros invested** (-52 $m^2.MSA$ per thousand euros in 2023). This can be compared to the footprint of an index such as the EuroStoxx, which was -48 $m^2.MSA$ per thousand euros invested at the end of 2024.

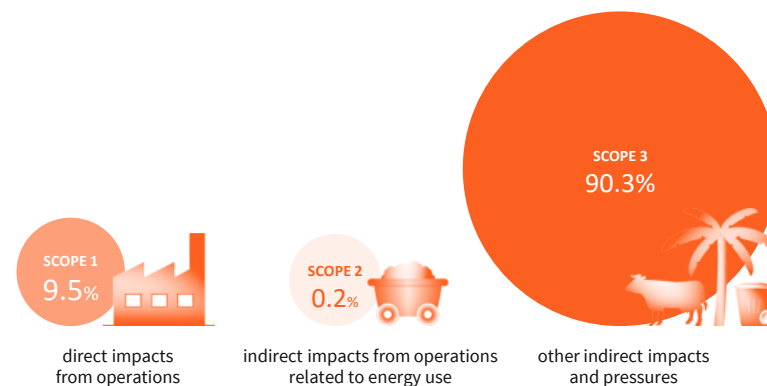
This footprint reflects the impacts of four main pressures on biodiversity, mentioned above, **generated by a company's activities**. The absolute biodiversity footprint of the shares covered breaks down as follows:

BREAKDOWN OF THE BIODIVERSITY FOOTPRINT OF OUR ASSETS BY SOURCE OF PRESSURE



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 assets covered are distributed as follows:

BREAKDOWN OF THE BIODIVERSITY FOOTPRINT OF OUR ASSETS BY SCOPE



2.3 Environmental analysis of our investments

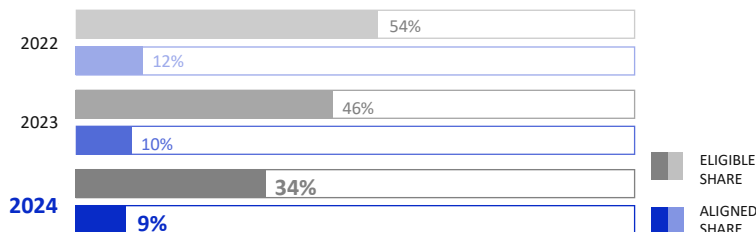
Other indicators

EU Taxonomy

The EU Taxonomy has established a **list of eligible economic activities and alignment criteria** to direct investments toward companies contributing to a low-carbon, resilient and resource-efficient economy¹⁵. To align with the taxonomy, eligible economic activities must **substantially contribute to at least one of six environmental objectives**¹⁶ without doing any significant harm to any of the other objectives.

At the end of 2024, and according to MSCI data, **34%** (46% in 2023) **of the direct investments in companies across all our funds (stocks and bonds) were Taxonomy-eligible and 9%** (10% in 2023) **were Taxonomy-aligned**. For the sake of comparison, 38% of activities in the EuroStoxx were Taxonomy-eligible (47% in 2023) and 7% were Taxonomy-aligned (5% in 2023) at the end of 2024.

SHARE OF OUR TAXONOMY-ELIGIBLE AND TAXONOMY-ALIGNED ASSETS



2024 coverage ratio (weight in the fund): 89%

Companies began reporting this data in 2024, but potential methodological discrepancies and the proportion of MSCI estimates represent significant limitations to the interpretation of this data. Nevertheless, the decline in eligible and aligned assets in 2024 can be explained by the decline in Éco Solutions fund assets and more generally by the decline in the share of industrial and renewable energy companies in our total assets.

Exposure to fossil fuels

The share of Sycomore AM's assets in companies active in the fossil fuel industry, within the meaning of the SFDR, was **0.1% at the end of 2024** (3.2% in 2023), representing **€63 million**. This exposure is related to our investments in companies exposed to natural gas, such as **Iberdrola, E.ON and Engie**. The percentage has been significantly reduced since the exclusion policy was updated to meet the latest requirements of labels to which our funds are exposed, in particular the French SRI label.



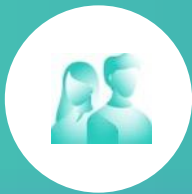
¹⁵ https://france.representation.ec.europa.eu/informations/taxonomie-verte-mode-demploi-2022-01-13_fr.

¹⁶ 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 Social analysis of our investments

Social issues are at the core of our responsible investment approach

Building on the stakeholder theory, developed notably by Freeman¹⁷, we have identified the **social challenges faced by companies** through their different stakeholders, meaning all players impacted either positively or negatively by their activities. Through our approach, we assess the extent to which these companies address the **key issues affecting the three stakeholders**, or the 3Cs.



CONSUMERS

Do the company's products and services contribute to:

... **better integrating vulnerable populations?**

... **improving the quality of life, safety and well-being of consumers?**



COWORKERS

What role does **human capital** have in the company's strategy?

Does the company provide a **healthy working environment** that fosters well-being, self-motivation and fulfilment for employees on a daily basis?



COMMUNITIES

What is the company's **net impact** through employment **on the economic development** in the region where it operates?

Does the company engage in **ethical behaviour** in terms of human rights, taxes and compliance with regulations?

For each category of stakeholder, we assess the company's contribution using a dedicated analysis methodology: **the societal contribution of products and services, the Happy@Work rating for employees, and the Good Jobs Rating for communities**¹⁹.

¹⁷ Stakeholder Theory: The State of the Art – R. Edward Freeman (1984) ¹⁹ More information on our social policy is available in our [Social Charter](#).

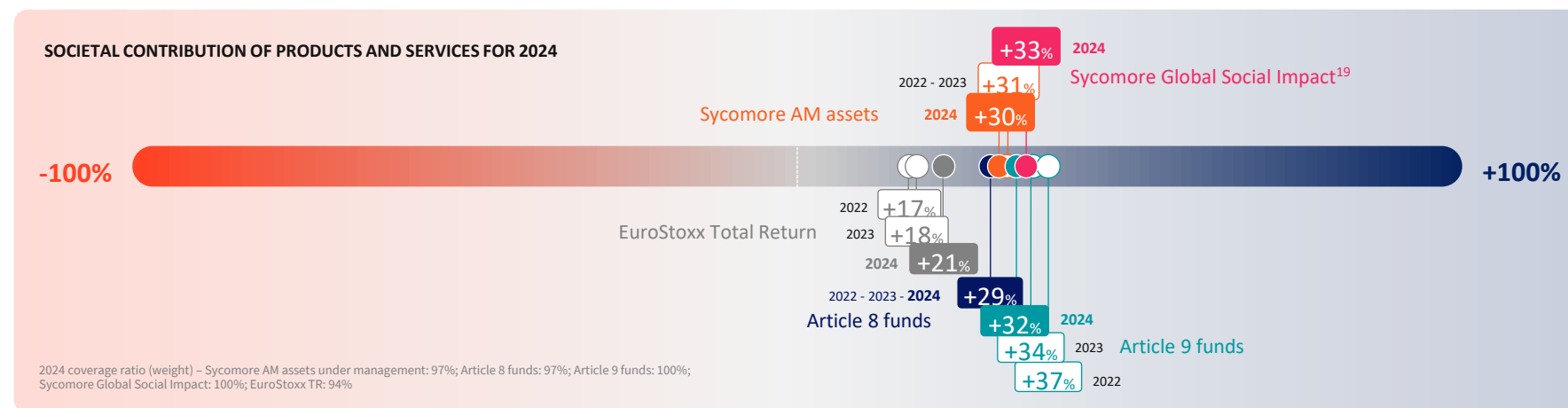
2.4 Social analysis of our investments

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 Goals¹⁸.



Three of our **Article 9 funds** stand out with a highly positive Societal Contribution:

At the end of 2024, the Societal Contribution of products and services of **Article 8** and **Article 9** funds was significantly positive and higher than the SC of the EuroStoxx TR (+29% and +32%, respectively, compared with +21%). This outperformance is a direct result of using SC methodology as an investment criterion for some of these funds, and therefore of the focus of investments on companies whose products and services make a positive contribution to society.

The average Societal Contribution of the products and services of portfolio companies in the **Sycomore Global Social Impact** fund is **+33%**, compared with **+21%** for the EuroStoxx index, reflecting the fund's objective to invest in companies that bring solutions to major social issues. This strategy comes through in the fund's significant exposure to businesses with a high Societal Contribution, such as those operating in the healthcare sector or those providing access to essential services including waste management and telecommunications.

¹⁸ More information on the methodology is available in our [Societal Capital Strategy](#). ¹⁹ The fund's historical data is not presented, as the Sycomore Global Happy@Work fund was renamed in 2024 and became Sycomore Global Social Impact. The Sycomore Social Impact fund became a feeder fund for Sycomore Global Social Impact in early 2025.

2.4 Social analysis of our investments

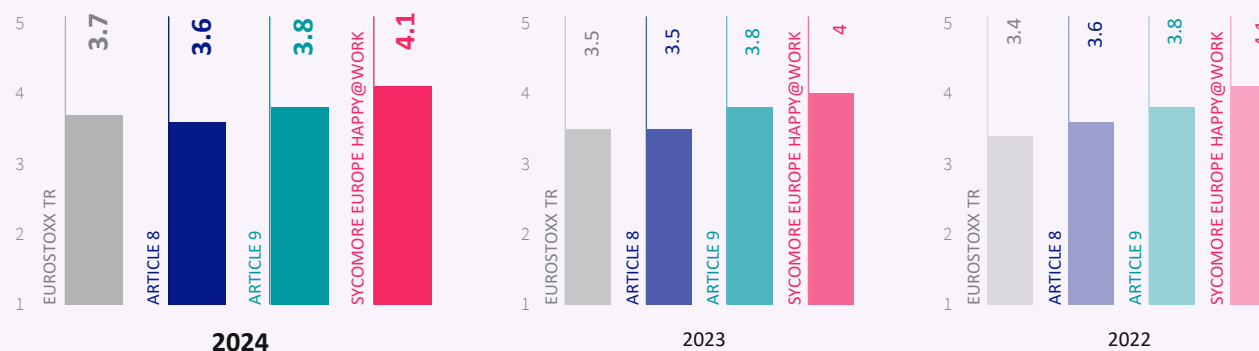
Happy@Work environment

The assessment of human capital within our investments aims to **identify company practices that affect their employees**. The People rating in the **SPICE** analysis shows on a scale of 1 to 5 the quality of consideration given to human capital issues, in particular the Happy@Work environment, which accounts for 50% of the People score. Our more than 20 years of experience working with companies has brought us to the conclusion that follows. **Companies that stand out over the long term, with an excellent track record on the stock market, have one thing in common: a strong corporate culture and their employees' commitment to the collective success of their company.** This observation has been documented by a large body of research which shows, on one hand, that unhappy workers represent a cost for the company, while on the other, happy, fulfilled employees are more engaged and perform better over the long term.

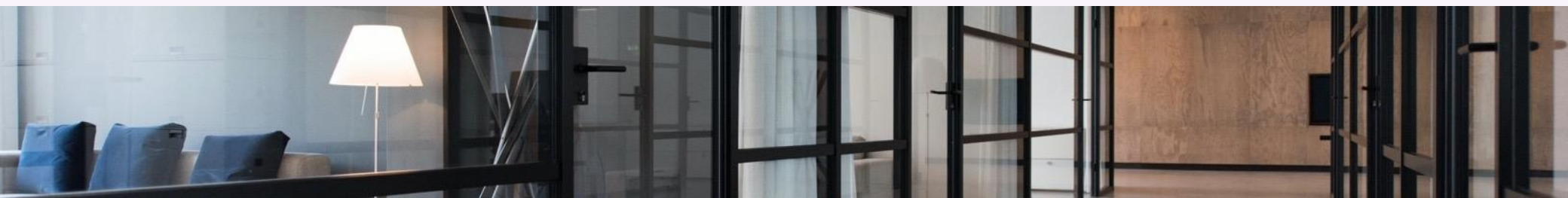
As part of our approach to human capital, we defined criteria to identify companies that stand out by creating an **environment that fosters, over and above well-being, employee self-motivation and fulfilment** in their day-to-day work. To help companies meet our high standards, we engage in regular dialogue about their practices, which also raises their awareness to the issues and compels them to be **more transparent**. Our engagement initiatives are presented in detail in Chapter 3.

At the end of 2024, the quality of the Happy@Work environment at portfolio companies increased in line with the level of integration and selection of sustainability issues. Article 9 funds outperformed funds in the benchmark index. In addition, the Sycomore Europe Happy@Work fund, which selects companies that specifically emphasise the importance of promoting human capital, maintained a considerably higher social performance than other funds in its benchmark index, the EuroStoxx TR.

WEIGHTED PEOPLE RATING OF ASSETS BY LEVEL OF INTEGRATION OF SUSTAINABILITY ISSUES



2024 coverage ratio (weight) – Article 6 funds (excluding funds of funds, which account for less than 2% of assets under management): 100%; Article 8 funds: 100%; Article 9 funds: 100%; EuroStoxx TR: 100%



2.4 Social analysis of our investments

Societal contribution as an employer

We assess a company's **societal contribution** as an employer using the **Good Jobs Rating**, a metric co-developed with The Good Economy (the methodology is public and available on our website).

The Good Jobs Rating is a **data analysis tool enabling investors to assess the societal contribution of companies**, as employers and as creators of quality employment opportunities, around the world and in the regions where they operate.

This metric uses **three dimensions** – **quantity, quality & inclusion, and geography** – to assess a company's ability to **create sustainable and high-quality job opportunities** for all, and especially in countries or regions where employment is limited and therefore essential to attaining sustainable and inclusive growth.



THE GOOD JOBS RATING

QUANTITY

Job creation

- direct
- indirect
- sustainable
- vs. sector

QUALITY & INCLUSION

- Inclusion (gender, age, qualification level)
- Pay equity
- Career development
- Job security

GEOGRAPHY

Employment creation in **regions and countries** where the needs are greatest

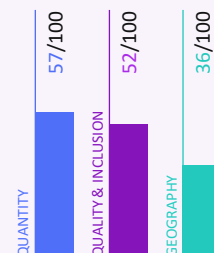
2024 results

The consolidated scores of Sycomore AM assets and the **Sycomore Sélection Midcap** and **Sycomore Selection PME** funds are **close to the average**, with:

- **Extremely high Quantity scores** – 57/100, 57/100 and 59/100, respectively – a result of exposure to companies with very strong growth in staff
- **Above-average Quality scores** stemming from exposure to sectors with a superior performance in the areas of inclusion, sustainable job access and pay equity
- **Geography scores well below average** due to exposure to developed countries and regions with strong economic growth where job access is less of an issue than on a global scale

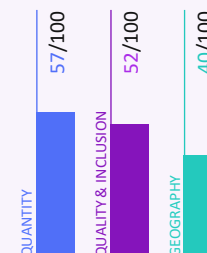
TOTAL ASSETS

48/100



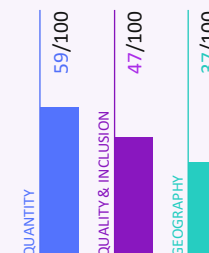
SYCOMORE SÉLECTION MIDCAP

50/100



SYCOMORE SÉLECTION PME

48/100



2.4 Social analysis of our investments

Human rights

In line with Sycomore AM's [Human Rights Policy](#), we analyse a company's risk of human rights violations through the Society pillar of our [SPICE](#) model. Our approach includes:

1. **A map of the analysis criteria of our SPICE model based on the main human rights risks** for employees, society and consumers
2. **A human rights analysis criterion under the Society pillar** to determine how well a company's human rights efforts align with the three objectives of the UN's Guiding Principles on Business and Human Rights: human rights policy, reasonable due diligence and remedy mechanisms
3. **A framework for analysing salient human rights risks** to which companies may be exposed, to pre-identify potential salient risks for each major sector and region



Supporting companies in defining a formal human rights policy

We emphasise the importance of helping companies to improve how they integrate human rights throughout their value chain. With this in mind, we encourage companies to draw up a formal human rights policy, in line with internationally recognised standards in the field, in particular the UN's Guiding Principles on Business and Human Rights ([UNGPs](#)).

The adoption of a human rights policy, supported at all levels of the organisation and applied to all stakeholders, is a serious undertaking and sends a **strong signal that companies pay attention to these issues**. As such, companies **shift from a reactive to a proactive role**. A formal policy also fosters **greater trust and better collaboration with investors, suppliers, subcontractors, local populations, NGOs, and so on**.

As presented in Chapter 3, human rights were a priority area of shareholder engagement in 2023. We drafted a position note and a standard letter for analyst-managers, explaining what we expect from them in terms of human rights policies and implementing actions in line with the UN's Guiding Principles on Business and Human Rights.

Our goal is to ensure that companies aim to identify and limit their exposure to risks of human rights violations, while protecting individuals, particularly vulnerable groups.

Accordingly, in 2024, we communicated 17 areas for improvement regarding human rights to 10 companies in our investment universe.

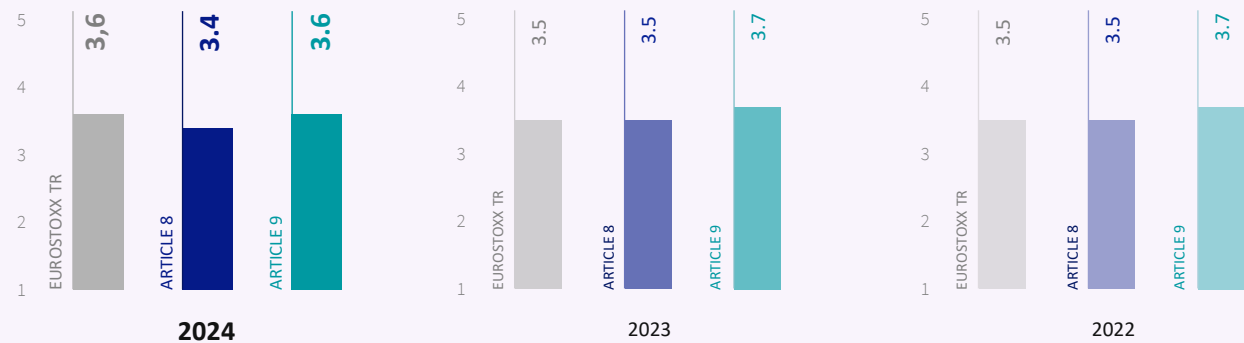
This work is crucial for managing the principal adverse impacts (PAI) identified in the European Sustainable Finance Disclosure Regulation (SFDR).

2.5 Corporate governance analysis

The term “corporate governance” generally refers to **the set of rules and principles that determine how a company is managed and controlled and how power is distributed between the governing bodies**. Our governance analysis first assesses the **balance of power** and the **competence of its management staff** and its board of directors or supervisory board. Then we ensure that the interests of all stakeholders are taken into account and that **created value is fairly distributed**, which is a factor in the company’s sustainable performance. To do that, we analyse the quality of the company’s financial communication and the alignment of management’s interests with shareholders’ interests by examining its shareholder structure, executive share ownership and the compensation policy. Drawing from our analysis of the company’s capital structure, we also assess the bondholder risk.

WEIGHTED GOVERNANCE RATING OF ASSETS BY LEVEL OF INTEGRATION OF SUSTAINABILITY ISSUES

At the end of 2024, Article 9 funds outperformed other funds and the EuroStoxx TR, reflecting the importance given to governance issues in our responsible stock selection within the meaning of the SFDR. A minimum rating is applied for this pillar as a filter before we invest in any stocks.



2024 coverage ratio (weight) – Article 6 funds (excluding funds of funds, which account for less than 2% of assets under management): 100%; Article 8 funds: 100%; Article 9 funds: 100%; EuroStoxx TR: 100%



03 Our shareholder engagement

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 **fourth overarching goal to engage with investee companies and our ecosystem to promote socially useful finance as a driver of change**.

“ 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.**”

Our shareholder engagement and voting policy apply to our entire investment approach, but to varying extents depending on materiality and weighting of the investment.



For more information, see our [Shareholder Engagement Policy](#) and our [Voting Policy](#).

As detailed in our [Shareholder Engagement Policy](#), shareholder engagement takes place over the life of an investment, in particular:



In our research effort. We believe particularly important aspects are **meetings with management teams** and **on-site visits**. Our objective is to gain a deep understanding of the company based on the realities of its operations and the vision of its executives, and to suggest areas for sustainability improvement identified by our analysts. Some of these areas involve transparency, for example about indicators used to compare performance with SRI-labelled funds.



In voting at shareholder meetings. We **engage with companies on our voting intentions**, discuss our voting policy and the best practices we seek to advocate, and support them in starting on their improvement pathway, especially on governance issues.



In dealing with controversies that could invalidate the way in which the company handles sustainability issues. We support dialogue to **deepen our understanding of the controversy**, assess the company's response and any corrective actions implemented, and propose any needed areas for improvement.



In supporting companies to transition away from fossil fuels through our Exclusion Policy. We monitor and formalise a clear engagement strategy that sets out our expectations for a decarbonisation plan.



In conducting thematic or collaborative engagement campaigns. We take advantage of new opportunities for dialogue to guide companies in their progress.

3.1 Our dialogue and engagement initiatives

Our engagement initiatives

In 2024, we engaged with **97 companies** (91 in 2023), having identified **409 areas for improvement** (288 in 2021). This increase is directly related to the expansion of our ESG team, with three people hired in 2024.

Seventy-six percent of these engagement initiatives involved **individual dialogue** with companies, of which 40% occurred ahead of shareholder meetings, an opportune time for engagement actions. For 1% of these actions, we submitted resolutions and written questions to shareholder meetings. The remaining 23% of our engagements were **collaborative**. We were the lead shareholder for nearly two-thirds of these actions and played an active supporting role for the other third.

409
engagement initiatives
assessed in 2024
(288 in 2023)

97 companies
(91 in 2023)

76% individual
dialogue

23% collaborative
initiatives

The areas for improvement we submitted to companies were varied. In 2024, 47% pertained to **strategy**, 40% concerned **transparency** and 13% were about **improving performance** in a specific ESG area. We observed, 25% of the time, that companies were already **ready to work** on the issues that were raised, and that 12% of the time, **work on the issue was in progress**. In contrast, 38% of the time, the companies **grew aware of the issue** but did not confirm their intention to address it, and 25% of the time, the companies showed a **reluctance** to consider our suggestions.

AREAS FOR IMPROVEMENT



COMPANY ATTITUDES



3.1 Our dialogue and engagement initiatives

Our engagement initiatives

Governance

Governance was central to 211, or 52%, of the areas for improvement we raised (up from 121, or 42%, in 2023). Of these, 63 involved the integration of sustainability issues into company strategy. We maintained a sharp focus on **executive compensation** (transparency, moderation and alignment with the company's overall performance), which was the subject of 35 areas for improvement submitted. We communicated 45 areas for improvement relating to the composition or functioning of **boards of directors**. We looked for independence and diversity among board members, as well as expertise in sustainability issues.

Human capital

A total of 94 engagement initiatives (70 in 2023), accounting for 23% of our actions (24% in 2023), focused on human capital management within companies. More than half of the dialogue aimed to improve **gender equality and diversity at all levels of the organisation**, especially through our membership in the 30% Club. The other two frequently raised topics were **training** (especially transparency regarding training hours and access to training) and **conducting employee satisfaction surveys** and reporting the results transparently.

Society and human rights

In the Society pillar, 17 of the 42 areas for improvement that were communicated were about **human rights**. More than half were communicated through collaborative initiatives, such as the one by the FIR's engagement platform, in partnership with Human Resources Without Borders and through the **Investor Alliance for Human Rights**, to **fight forced labour and child labour**. More generally, we encourage companies to implement comprehensive human rights policies that reflect the **UN's Guiding Principles on Business and Human Rights**. We also dialogued with companies on specific human rights challenges in the automobile, luxury and tech industries.

Environment

The environment was the subject of 46 areas for improvement (48 in 2023), or 11% (17% in 2023). Most of these (31 areas) related to **climate strategy or climate transparency**. In 2024, we continued to encourage companies to seek external validation of their strategy's **alignment** with a scenario in which the temperature increase does not exceed 1.5°C above the pre-industrial era. **Biodiversity, circular economy** and the exposure of products and services to **transition risk** were the other topics raised.

BREAKDOWN OF AREAS FOR IMPROVEMENT BY STAKEHOLDER



3.1 Our dialogue and engagement initiatives

Our collaborative initiatives

Our participation in investor coalitions, as detailed in Chapter 1, is a testament to the importance we place on collaborative engagement initiatives. We believe strongly in the effectiveness of group action.

In 2024, 94 of our engagement initiatives (57 in 2023) were collaborative. Some of these are presented in detail in the following pages. Our main collaborative initiatives conducted in 2023 are summarised below:

- **Hermès, LVMH, Soitec, SPIE, STMicroelectronics, Deutsche Telecom, Merck and Munich RE** were targets of engagement initiatives to promote diversity, through the **30% Club France and Germany**.
- We engaged with **Waga Energy, MP Materials and Waste Connections** about their participation in the CDP reporting campaign.
- Continuing our collaboration with the **Net Zero Engagement Initiative** led by the Institutional Investors Group on Climate Change (IIGCC), we contacted **Elia Group** to discuss setting higher decarbonisation targets and implementing more resources towards these efforts.
- Through the **SMID Club**, created by the FIR in early 2024 to address governance and human capital issues with small and medium-sized companies, we engaged with **eight firms** including **Ipsos, Delta Plus** and **Derichebourg**.
- We met with several companies in connection with the **initiative to fight forced labour and child labour** run by the French SIF and Human Resources Without Borders.
- In the **tech** sector, we continued our collaboration with AXA IM to conduct engagement initiatives around **consumer mental health and well-being**. **Thirty-three global institutional investors, representing \$2.622 trillion** in assets under management are now involved in this coalition.
- Upon its launch, we joined the **FABRIC** (Fostering Action on Biodiversity through Responsible Investment in Clothing) initiative from the Finance for Biodiversity Foundation (FfB), which works with 16 globally recognised companies with significant nature-related impacts and dependencies.
- We led **coalitions at the shareholder meetings of Peugeot Invest and TotalEnergies**.

Controversies and engagement

In the event of controversies, we sometimes **dialogue with the company to understand how it manages the risks brought to light and assess whether the corrective action taken was appropriate**. This is often an opportunity to voice our expectations to help the company communicate transparently and mitigate any adverse impacts on all stakeholders.

During our dialogue, we **delve more deeply into material ESG issues for these companies and encourage them to improve disclosures** about the action they take to limit the negative impacts associated with these risks. In some cases, these discussions reassured us as to the measures taken by companies to limit the risks revealed by these controversies. In others, it led us to trim or sell positions, depending on the fund.

For example, we engaged with the following companies in 2024:

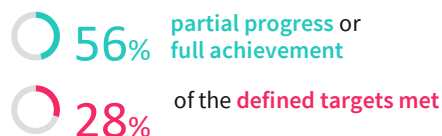
- **L'Oréal and Interparfums**, following a BBC documentary reporting that child labour was being used to pick jasmine used in perfumes
- **Novo Nordisk**, about its public communication policy on its anti-obesity products
- **Sanofi**, on monitoring psychosocial risks in connection with its workforce reductions in recent years
- **SAP**, on the publication of 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 restructurings
- **SPIE**, which reported six deaths, including two employees in 2024, on health and safety and the collection and reporting of accident data, in particular accidents involving employee or subcontractor fatalities
- **Renault**, on its resources dedicated to internal audits of suppliers, following the controversy over the Bou Azzer mine in Morocco, which is run by Managem

3.1 Our dialogue and engagement initiatives

Progress monitoring

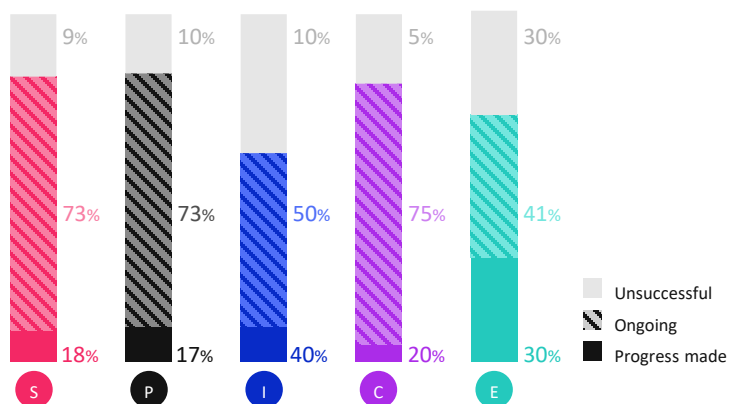
We monitored the advancement of **110 portfolio companies** on **227 areas for improvement submitted in 2022** (264 in 2023). On 56% of these points (46% in 2023), we noted **partial progress** or achievement of the target.

227
engagement initiatives
assessed in 2024



Although more than half of our engagement initiatives are still **ongoing**, about a **third** were closed after having **achieved the target** that had been set. The remaining **14%** were **unsuccessful**, the reason being that the company refused to work on the area of improvement or that we deprioritised the action, either because the company was no longer in our investment universe or because the area was no longer relevant.

STATUS OF THE AREAS OF IMPROVEMENT COMMUNICATED IN 2022



Examples of improvements at companies following our engagements

- **Altarea** decided to answer the CDP questionnaires, which are relevant to its activities.
- Women now make up 31% of **Air Liquide's** executive committee.
- **ASML** incorporates ESG criteria that appropriately reflect the issues faced by the company, such as indicators that measure the energy intensity of its products and the employee engagement rate.
- **Erg** updated its ESG strategy with new targets for 2026, which were approved by the board of directors in May 2024. It also now takes an approach based on the full life cycle when selecting suppliers and equipment.
- **Nvidia** has improved its governance. In 2024, 100% of its audit committee members were independent (40% in 2022), 80% for appointments committee members (40% in 2022), and women are better represented on the board of directors.
- **Rexel** expanded its employee satisfaction surveys to all countries where the group operates.
- **SCOR** disclosed diversity and inclusion metrics, such as gender equality in management positions and in recruitment, as well as diversity in manager training.
- At **ServiceNow**, women now make up 36% of its board of directors, up from 25% in 2022.

3.1 Our dialogue and engagement initiatives

Our environmental 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 our Éco Solutions universes 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.

OUR ENGAGEMENT WITH



During a discussion with the Chairman of Nexans' Board of Directors ahead of the company's 2024 shareholder meeting, we suggested **six areas for improvement, three of which related to environmental issues**.

After Nexans announced its target to raise the proportion of **recycled copper in its cables to 30% by 2030**, we encouraged the company to provide more details on its timetable and the measures set out to achieve this target, by transparently explaining the specific projects under way and the associated outlay. We believe this topic is extremely crucial given the growing risk of copper shortages, as the metal is a key material for the energy transition.

On this point, Nexans told us that it was still working these issues out, citing the challenge of **maintaining cable quality with an increasing percentage of recycled copper**. In the last quarter of 2024, Nexans was clearer with the market about its recycling strategy, announcing both a significant investment in a plant that will increase its copper waste recycling capacity along with an intermediate target of 25% recycled copper in its cables by 2028, thereby making its 2030 target more credible.

The second environmental issue involved **defining absolute emission reduction targets**. In 2023, Nexans submitted targets to the SBTi, which were approved in October 2024. These included targets for reducing the absolute value of Scope 1, 2 and 3 emissions by 2030 and 2050. The 2030 target for operational emissions was validated as aligned with limiting global warming to 1.5°C, as was the 2050 reduction target for all scopes.

Finally, in response to the idea of submitting its climate strategy to its shareholders for approval through a **Say-on-Climate resolution**, Nexans told us that it would first survey shareholder expectations on the issue. More recently, following this assessment, Nexans informed us that shareholders showed only limited interest.

3.1 Our dialogue and engagement initiatives

Our social initiatives

OUR ENGAGEMENT FOR RESPONSIBLE RESTRUCTURING

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

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

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



FOCUS ON SAP (SOFTWARE)



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

FOCUS ON MICHELIN (TYRES)



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

3.1 Our dialogue and engagement initiatives

OUR COLLABORATIVE ENGAGEMENT WITH THE



30% Club France

In 2020, we were involved in creating the French branch of the **30% Club Investor Group**. Set up two years ago, this business campaign continues 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 AM is involved in engagement initiatives with two of these 19 companies and monitors the engagement activities of the others on a case-by-case basis**. Most of the companies we have met believe that gender equality is important at their organisations, and we can see that a positive shift is at work, in the form of action plans and specific targets. **We always identify areas for improvement**: on transparency about these plans, especially the groups/echelons within the company, or the importance of calculating and reporting any gender pay gaps within a representative sample of employees (the CSRD should be useful especially on this second point). Despite the political and economic uncertainty last year, we are satisfied to note that the companies met their commitments and remained open to discussing these topics, demonstrating a genuine interest in sharing good practices.



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

30% Club Germany

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

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



3.1 Our dialogue and engagement initiatives

Our human rights initiatives

FOCUS ON NVIDIA (SEMICONDUCTORS)



Sycomore AM joined eight institutional investors in stating their shared concerns to NVIDIA regarding the **potential 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.

This collaborative dialogue was initiated in 2021, and in 2024 we continued to express our expectations of NVIDIA on the need for **ongoing due diligence processes**, including verification of customers and distributors, **to reduce the risk of misuse of its technology**. We also emphasised the importance of effective grievance mechanisms and remedy processes, asking 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 launched an **AI ethics committee**, which looked at use case models, flagged potential problems and issued recommendations. However, NVIDIA has not yet implemented due diligence on the use of its products to ensure that they limit the risk of human rights violations, particularly in conflict zones.

We will continue to discuss these points in 2025. NVIDIA has informed us that it is working on releasing its human rights policy in 2025.



OUR COLLABORATIVE ENGAGEMENT WITH THE FRENCH SIF AND OUR PARTNER RHSF (FIGHT AGAINST FORCED LABOUR AND CHILD LABOUR)

In 2022, Sycomore AM joined an **engagement initiative to fight forced labour and child labour, led by the French Sustainable Investment Forum (FIR) and supported by Human Resources Without Borders (RHSF)**. In that year, we helped to build a set of criteria for use in quickly analysing a company's exposure to forced labour and child labour. Our goal is to ensure that risks to people are carefully monitored throughout the value chain of products or services, extending to the countries of origin. The criteria assess a company's level of knowledge on these issues, its commitment, targets of its policy, and the risk management measures it has implemented.

In 2024, based on the evaluation methodology developed, we continued the **phase of dialogue and engagement begun in 2023, targeting 10 French companies selected by investors and operating in high-risk sectors**. Sycomore AM is actively involved in the dialogue with five of these companies.

We have identified **key takeaways** from this first year:

- It is not always easy to broach complex issues. Companies have had varied reactions to our approach. However, taking collective action enabled us to move forward with our engagement initiatives in 2024 and even submit a written request to the shareholder meeting.
- Some discussions occasionally focused on controversies surrounding these issues. They served as a reminder of the need to take a more proactive rather than reactive approach, maintain contact with individuals with more expertise and/or seniority, and obtain much more accurate information on identifying risks to individuals and appropriate solutions.
- Because effectively reducing forced labour and child labour extends far beyond the scope of action of investors, multi-stakeholder collaboration bringing together investors, companies, government authorities and NGOs is essential.

This initiative will help us to **change the paradigm, taking our action in this area to a new level that extends beyond regulatory aspects and reporting requirements**: moving the focus from the company's risks to reducing risks for people. A report on the first year of this collaborative engagement action has been published in French.

3.1 Our dialogue and engagement initiatives

Our tech and consumers' mental health 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.

3.1 Our dialogue and engagement initiatives

Our pharma and patient protection initiatives

OUR ENGAGEMENT WITH **sanofi**

We continued to engage with Sanofi in 2024.

We had several discussions with the group about the **controversy surrounding Depakine** (sodium valproate), a drug used in the treatment of epilepsy and as a mood stabiliser for bipolar disorders. This medicine has been on the market since the late 1960s and is highly effective, but it must not be used by women during pregnancy, due to a risk of severe foetal malformations and neurodevelopmental disorders for children exposed in utero. This contraindication gradually became known with the advancement of scientific knowledge over time.

Sanofi has stated that it communicated about the **risk of congenital malformations** as of the early 1980s. It alerted the health authorities on several occasions starting in the early 2000s and requested that the drug's information documents be updated.

At 31 December 2024, civil suits had been brought against Sanofi France by 79 families, representing 133 people exposed to the drug in utero, for failure to inform in the patient information leaflet. Forty cases are pending. A few proceedings are also ongoing in Switzerland, Spain, Belgium, Ireland and the United Kingdom.

We also continued to monitor the **controversy surrounding Zantac**. Sanofi sold a generic version of this drug in the United States from 2017 to 2019. Legal action has been taken by many claimants who accuse Zantac of causing or contributing to the development of certain cancers, despite no evidence being found by the FDA or the EMA. Some of these cases have been settled out of court. At 31 December 2024, approximately 29,000 claims were still active.



In 2025, **we will continue to closely follow active litigation** in the Depakine affair. As for the Zantac controversy, it is likely that the claims will be resolved by the end of the year.

We commend the group's communications policy regarding controversies. Sanofi provides news on these topics on its website and regularly dialogues with investors.

3.1 Our dialogue and engagement initiatives

Our governance initiatives



OUR ENGAGEMENT WITH **RENAULT**

Renault is a high-conviction holding in several funds managed by Sycomore AM. 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 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 Implementation of our voting policy

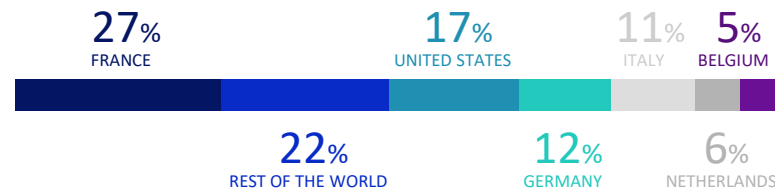
In 2024, we updated our voting policy and voted at **360 shareholder meetings** (414 in 2023), i.e. **98% of the shareholder meetings where we had voting rights** (98% in 2023).

We did not exercise our voting rights:

- either because **voting would have required share blocking for the period between share registration and the vote** (two shareholder meetings)
- or because of **an exceptional technical or administrative malfunction during the sending of voting instructions** (4 shareholder meetings)

The breakdown of shareholder meetings by country reflects the geographical exposure of our investments.

BREAKDOWN OF SHAREHOLDER MEETINGS BY COUNTRY



At these 360 shareholder meetings, **5,646 resolutions** (6,543 in 2023) were submitted to the shareholders' vote – an average of **16 resolutions per shareholder meeting**. Our total of 1,096 negative votes* correspond to a **rejection rate of 19%** (21% in 2023). In fact, we submitted at least one negative vote to **90%** of shareholder meetings. The main reasons for voting against resolutions were a **lack of transparency**, a lack of **moderation** or alignment of **executive compensation** with the company's overall performance, requests for **capital increases** that went against the principles set out in our voting policy to protect the interests of minority shareholders, and the **lack of independence** or **diversity** of board members.

360 shareholder meetings with **voting rights**
(414 in 2023)

90% of shareholder meetings with **at least one negative vote***
(81% in 2023)

5,646 resolutions
(6,543 in 2023)

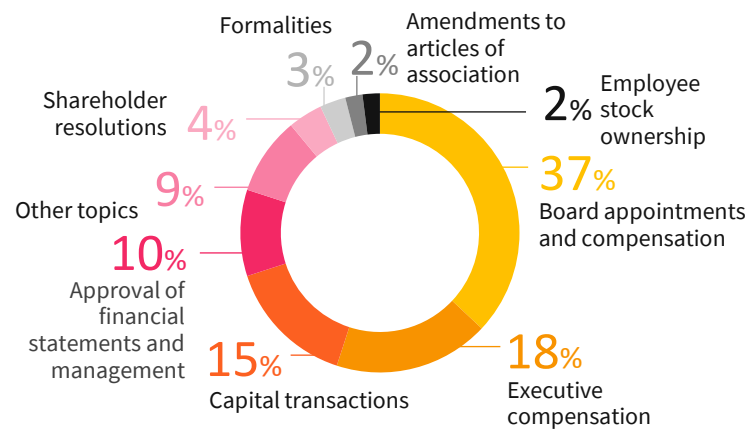
19% votes against
(21% in 2023)

* "Negative" votes include the following votes: against, abstain and withhold.



3.2 Implementation of our voting policy

BREAKDOWN OF RESOLUTIONS SUBMITTED BY CATEGORY



NEGATIVE VOTES BY TOPIC²⁰



²⁰ In contrast with previous years, starting in 2023 we no longer exclude resolutions to approve the remuneration report, which covers both remuneration of executive and non-executive directors. Votes on these resolutions, which were introduced by the transposition of the EU's Shareholders Rights Directive II into French law in 2020, are now included in the graph and the percentage of opposition to remuneration shown here. In the "Board appointments and compensation" category, we also no longer exclude "voto di lista" resolutions in Italy. In Italy, shareholders elect directors by voting for one of several lists of nominees proposed at the shareholder meeting. Voting "for" one list entails a vote "against" all the other lists, which can potentially increase this category's percentage of negative votes.



3.2 Implementation of our voting policy

Main reasons for negative votes

The resolutions that drew the most opposition from Sycomore AM concerned **executive compensation** and **authorisations for capital transactions**.



Regarding compensation (36% negative votes), the main reasons for opposition were:

1. a lack of **transparency** or a **lack of alignment or stringent standards for performance criteria** (relevance of financial and extra-financial criteria, their weighting, and the publication and justification of the level of achievement of objectives)
2. **long-term compensation plans with a short-term focus**, based on performance periods of less than three years
3. a lack of **moderation**



Regarding authorisations for capital transactions (35% negative votes), in line with the principles laid out in our voting policy, Sycomore AM voted against so-called “routine” requests, not related to a specific transaction, for share issuances reserved for specific beneficiaries (private placement, compensation for contributions in kind or public exchange offer). Operations of this kind go against the principle of shareholder equality by not allowing all investors to take part. We consider that shareholders should assess the strategic benefits of these actions on a case-by-case basis and generally do not wish to pre-approve them. Authorisations that can be used during a takeover period also feature among our main grounds for opposition. In the event of a public offer, we recommend that shareholders make their decision on a case-by-case basis. We are therefore not in favour of anti-takeover mechanisms.

For more information on the reasons for our negative votes, see our [2024 Proxy Voting Annual Report](#).

Shareholder resolutions

Sycomore AM supports shareholder resolutions that encourage companies to **improve their environmental, social and governance practices**, provided that they are aligned with our engagement policy. Those resolutions are analysed case by case to ensure that they are relevant, well-founded and detailed, so as to have real impact, without being overly prescriptive (as shareholders should not try to supplant directors or managers).

In 2024, shareholder resolutions were submitted to **53 shareholder meetings** in our voting scope. Twenty-four of these were in the United States, where for regulatory and cultural reasons it is more common for shareholders to submit proposals. Of the submitted resolutions, **72%** (63% in 2023) were about **governance issues** and **28%** (37% in 2023) concerned **social and environmental issues***.



We supported **70%** (68% in 2023) of **shareholder proposals relating to governance issues** (104 proposals out of 149). We vote in favour of resolutions aimed at improving the **equal treatment of shareholders**, such as the elimination of multiple voting rights. We also supported shareholder resolutions consistent with our recommendations concerning board composition, especially when the **board's independence** increased as a result. We voted in favour of resolutions that would enhance the **transparency regarding the compensation** of some executives. We do not support any resolutions allowing a shareholder to appoint representatives to the board or to change the composition of the board, without demonstrating the benefit for all stakeholders.



We supported **72%** (77% in 2023) of **shareholder resolutions concerning social and environmental issues** (42 out of 58), especially those calling for more transparency or more ambitious strategies with **respect to human rights, discrimination, lobbying activities, alignment of climate strategy** with the Paris Agreement, **gender equality** and the **societal impacts of some technologies**. On the other hand, we voted against resolutions that did not appear relevant, considering the firm's current practices or its exposure to the risk concerned.

* The larger share of shareholder resolutions on governance issues can be attributed to a change in methodology: previously, we excluded “voto di lista” resolutions pertaining to lists of board nominees proposed by shareholders. “Voto di lista” proposals account for 66% of the 112 shareholder resolutions on governance issues.

3.2 Implementation of our voting policy

Say on Climate resolutions

In 2024, Sycomore AM voted on **89 resolutions (93 in 2023)** focusing on **environmental and/or social** topics. Of these, 58 were shareholder resolutions (65%, discussed in the preceding section). We supported 100% of the board's resolutions on social issues (11 resolutions on donations) and the approval of sustainability reports (11 resolutions).

In all, we voted on nine Say On Climate proposals, including seven submitted by management.

	Voting by Sycomore AM			Approval rate at the close of the shareholder meeting
	Abstain	Against	For	
Amundi		×		92.8%
EDP-Energias de Portugal			×	99.4%
Eramet		×		97.4%
GEA Group			×	98.4%
Gecina			×	91.8%
Unilever		×		91.5%
TotalEnergies		×		74.6%

The main reason for negative votes on Say on Climate proposals was a **lack of maturity of the proposed plans**:

- incomplete short-, medium- and long-term targets
- targets that insufficiently cover Scopes 1, 2 and 3 and/or a lack of precision in the scopes of action
- a lack of precision regarding the means implemented to reach the objectives

FOCUS ON OUR SAY ON CLIMATE VOTE

AT ERAMET



In 2024, Eramet submitted its climate strategy to a shareholder vote for the first time. It met with 99.04% shareholder support. We analysed the Say on Climate resolution against the criteria outlined in our voting policy, drawing on the public analysis carried out by the French Sustainable Investment Forum (FIR) and Ademe. While applauding the transparent disclosure of each action's contribution to Scope 1 and 2 targets, we also discussed several improvement opportunities with the company:

- Distinguish and publish carbon footprints product by product, ideally setting specific reduction targets for each
- Set a carbon emissions reduction target for Scope 3
- Establish a link between the intensity reduction targets and the absolute targets for Scopes 1 and 2 by 2035 and specify the planned investments for the various levers being deployed, along with a more detailed timeline
- Submit an updated climate strategy to a shareholder vote within three years.

We therefore voted against the resolution and encourage the group to act on these areas for improvement and revise its climate strategy accordingly.



3.2 Implementation of our voting policy

Our action at shareholder meetings



In 2024, Sycomore AM submitted **three external resolutions** to the shareholder meeting of Peugeot Invest held on 24 May 2024. These resolutions were filed collaboratively with Moneta AM and the French Association of Minority Shareholders (ADAM). In line with our engagement initiatives conducted with the company, in particular on governance issues, our proposals concerned: **the dividend payout, the performance criteria included in executive compensation, and the required stock ownership for board members.**

Description of resolution	ESG category	% of votes in favour	Source
A. Distribution of a dividend equivalent to 2.5% of NAV, which would be €5.97/share, versus €3.25 as proposed by the board	G	3.45%	Company website
B. Introduction of share price and a reduced discount compared to a sample of peer companies as criteria for executive compensation, to encourage executives to narrow the trading discount to NAV	G	3.53%	
C. Obligation for board members to own at least 500 shares to give them a vested interest in the share's value	G	5.22%	

Based on the proposals we submitted, items were also added to the agenda to review: **the introduction of share price and a reduced discount as criteria for executive compensation; board assessment and meeting proceedings without the presence of executives; transparency on related-party agreements.** These resolutions did not garner a majority of votes in favour. However, we noted positive step forward concerning our last item on the agenda in connection to related-party agreements. An amendment was made to the trademark licence agreement, which included payment of an annual royalty of 3% of the dividends received by Peugeot Invest in respect of its shareholdings to EPF. In March 2024, this royalty fee was capped at €1 million.



Sycomore AM also co-submitted a resolution to the shareholder meeting of TotalEnergies. As the term as Chairman of **Patrick Pouyanné** was up for vote by shareholders, we co-submitted, on the initiative of Ethos, a resolution on the separation of the functions of Chairman of the Board of Directors and Chief Executive Officer: "The shareholders would like to invite the Company's Board of Directors, by means of an advisory vote, to decide, in accordance with article 15 of the articles of association, that the office of the Company's Chief Executive be assumed by a person other than the Chairman of the Board of Directors, without changing the Company's articles of association."

By and large, **the separation of functions is acknowledged as good governance practice**, and combining the corporate offices of Chairman of the Board of Directors and of Chief Executive to be held by the same individual presents an inherent risk of conflict of interest. In the situation of TotalEnergies – more specifically, the group's size, the climate challenges involved in its activities, the board of directors' current operating procedures, and the conditions in which the top executive fulfils his duties – shareholders are requesting that the company change its governance by separating the roles of chair and CEO. The intent is not to challenge M. Pouyanné's position as Chief Executive Officer of the TotalEnergies group, but rather to improve governance within the board. The separation of roles could improve the board of directors' checks and balances, particularly in discussing the company's climate and transition issues. This move could also improve shareholder dialogue on a topic over which the CEO has full control, given that many investors do not believe that TotalEnergies' transition strategy is ambitious enough. Despite these positive points, TotalEnergies' Board of Directors refused to include the resolution on the agenda of its shareholder meeting.

In continuity with our engagement action with the company, we expressed our opposition to the **renewal of Patrick Pouyanné's term as Chairman and to the company's Say On Sustainability resolution.** We recognise the company's progress in providing more transparent information. However, based on the targets presented, we cannot ascertain whether the company's strategy aligns with the goal of limiting global warming to 1.5°C or whether it is compatible with the stated ambition to achieve carbon neutrality by 2050. Consequently, we encourage the company to increase its share of CapEx allocated to low-carbon energy and emission reduction solutions from 33% to 50% by 2028, in line with International Energy Agency recommendations, to set new Scope 3 emissions reduction targets, given that it met its 2025 target by the end of 2023, and to restrict the use of emissions capture technology to residual emissions.

04 Our governance to support sustainability

4.1 Governance

Sycomore AM's SRI strategy forms the core of our mission and strategy. It is **embodied at the highest level of the organisation**, from its beginnings by the three co-founding partners, **Émeric Préaubert, Christine Kolb and Cyril Charlot** and by **Denis Panel**, the new CEO since April 2023.

Anne-Claire Imperiale, Head of Sustainability, is in charge of **ESG research**. She oversees the work of the ESG analysts, steers changes to our ESG analysis methodologies and, more broadly, participates in the development and promotion of Sycomore AM's SRI policy. In addition, she defines the annual individual qualitative and quantitative key performance indicators of the ESG analysis team members and proposes the fixed and variable components to be integrated into remuneration plans. In close collaboration with the risk management team, she surveys the quality and efficiency of auditing tools and ensures that the investable universe of managed portfolios is effectively covered. She also selects the external service providers involved in ESG research activities. Anne-Claire Imperiale is responsible for changes to the policies underlying Sycomore AM's SRI approach (ESG integration, shareholder engagement, exclusion and voting policies, for example). These documents are updated every year. Significant updates are discussed by the Sustainability Committee, led by the Head of Sustainability and chaired by the CEO.

The investment team's responsibilities include making investments and managing them day-to-day on behalf of our clients, assessing companies and analysing them using our SPICE methodology, monitoring events that could affect a company's performance (current events, controversies, etc.), dialoguing with companies (engagement), exercising our voting rights at shareholder meetings and measuring the overall (financial and ESG) performance of our investments.

The ESG research team develops sectoral and thematic ESG expertise to be used in investment analysis and selection and conducts engagement initiatives, controversy analysis and voting. For each fund, **an ESG specialist** assists the investment team in monitoring the fund's sustainability objective and performance, implementing regulatory and contractual ESG criteria, and producing ESG reports.

4.2 Equality

Diversity is a key success factor of corporate governance and decision-making. Female representation is a useful indicator of a company's ability to promote diversity and equal opportunity. In addition, in 2015 McKinsey Global Institute estimated 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 2025²¹.

At the end of 2024, women made up **35% of the members of the management team**, compared to **33%** of the total workforce. In accordance with France's Rixain law (Art. L. 533-22-2-4), Sycomore AM has set a target for **women to hold at least one-third of the positions involved in the investment decision-making process by 2030**.

PERCENTAGE OF WOMEN ON THE INVESTMENT MANAGEMENT TEAM



²¹ McKinsey Global Institute, "The Power of Parity: how advancing women's equality can add \$12 trillion to global growth", 2015.

4.3 Compensation policy

In line with our compensation policy and Article 5 of the SFDR, **Transparency of remuneration policies in relation to the integration of sustainability risks**, the compensation of Sycomore AM staff consists of at least the following components:



- **Fixed compensation**
- **Variable compensation**, which rewards staff's individual and collective performance
- **Additional schemes**, which are part of a general, non-discretionary, company-wide policy that is either in effect or to be effective, such as profit-sharing and savings plans, as well as individual or collective retirement plans or funds ("Article 39" defined-benefit plans).

Some staff members may also:



- Be awarded **shares in the holding company that owns 100% of Sycomore AM**
- Be provided with **housing**, either for rent or free of charge

Sycomore AM strives to establish an appropriate balance between the fixed and variable components of the total compensation awarded to staff members. At the end of each financial year, Sycomore AM determines the added value created by the company to ensure fair after-tax distribution of income between salaried employees, shareholders and the company to finance its growth. This added value is determined by the management fees paid based on the fund assets under management. From that amount, all costs, excluding payroll, incurred by the asset management company are deducted. A percentage of this added value constitutes the total compensation budget (fixed and variable). This percentage is generally close to 40%.

Once this total compensation budget has been determined, **all staff members have an annual review in January, after which a theoretical amount of individual variable compensation is calculated**, within the limits of the total variable compensation budget. For all staff members, this assessment is based on **pre-determined key performance indicators** proposed by team managers and approved by an extended management committee, taking into account Sycomore AM's status as a certified B corporation.

Staff members involved in investment management and/or financial and/or non-financial analysis are paid based on their achievement of performance objectives aligned with their position and the overall results of the asset management company, assessed through the added value. For these staff members, the following factors are taken into account:



- The **share of each portfolio under management in the asset management company's added value** over the calendar year
- The **three-year ranking** (or less if the portfolio has been under management for less than three years) **of each portfolio under management** within a comparative universe determined by senior management at the beginning of each calendar year
- **Individual qualitative contribution** (stock monitoring, suggestions for improvement, analytical skill, availability for clients, contribution to the company-wide projects, managerial qualities, etc.)
- Effective consideration for **environmental, social and governance** criteria in line with Sycomore AM's status as a certified B corporation
- **Compliance with regulations**, procedures and internal organisational policies



4.4 Human and financial resources and tools

Human resources

At the end of 2024, the ESG team had seven members, accounting for 30% of our investment team. In addition to these seven specialists, three analyst-managers have a background in ESG analysis.

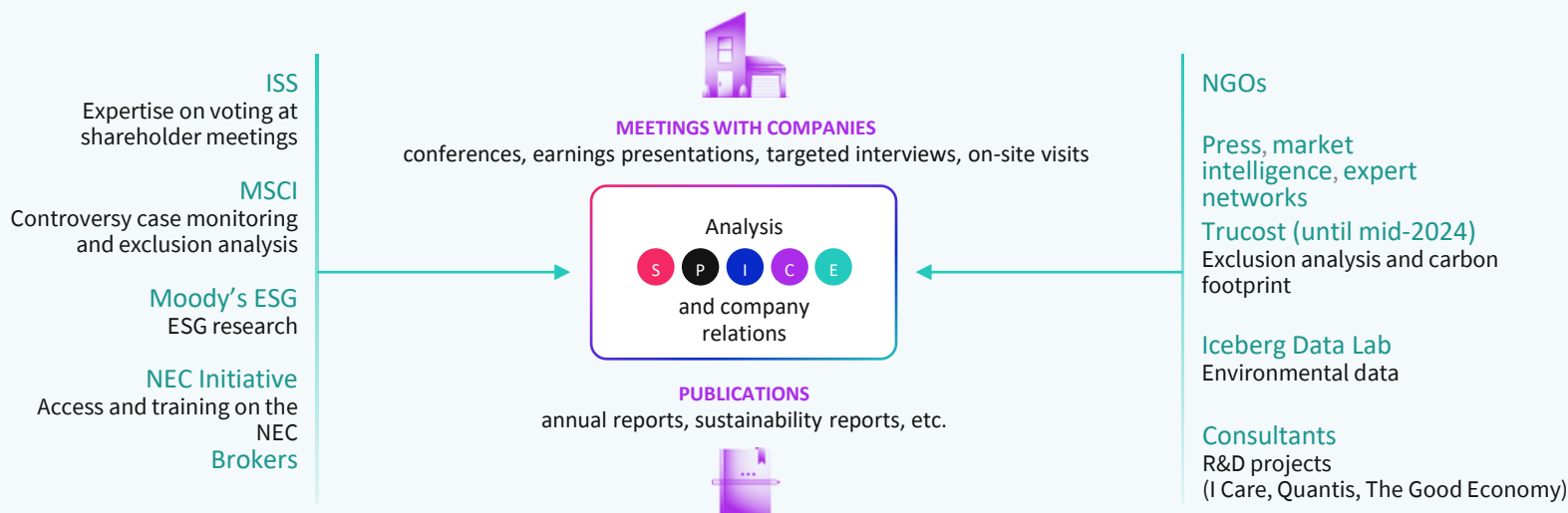
SRI and the contribution to social and environmental issues lie at the heart of our mission-led business model. All staff members, in their respective roles, play their part in deploying our SRI strategy. We also see to it that all our employees receive sustainability training. We provided an average of about five hours of ESG training per employee in 2024. This average is lower than in 2023 (12 hours) due to a long certification training course taken by several employees in 2023. The training taken in 2024 was short term and focused on sustainable finance, the new NEC 1.1 methodology as well as a test session on the biodiversity fresk.

Financial resources and tools

In 2024, Sycomore AM invested €2.5 million²² in its ESG expertise, i.e., 33% of spending on fund management expertise. Of that amount, Sycomore AM devoted nearly €0.5 million in 2024 to research and development, external service providers, ESG data providers and ESG training, representing just more than 24% of research and data expenditure.

Its tools (SPICE) and metrics used for analysis, selection and reporting (Societal Contribution of products and services, The Good Jobs Rating, NEC) are the result of more than 15 years of investment in internal and external expertise and IT development.

The investment team relies on the sources and partners indicated below. Moody's ESG research is no longer used as the firm discontinued its rating products in 2024. Since then, our fund managers have been working on incorporating more quantitative data from MSCI into our tools.



4.5 Transparency and communication

Due to the lack of a universal set of detailed sustainability standards, Sycomore AM **has always emphasised the importance of** transparency – whether regarding our methodologies or our results – as integral to its sustainable investment approach.

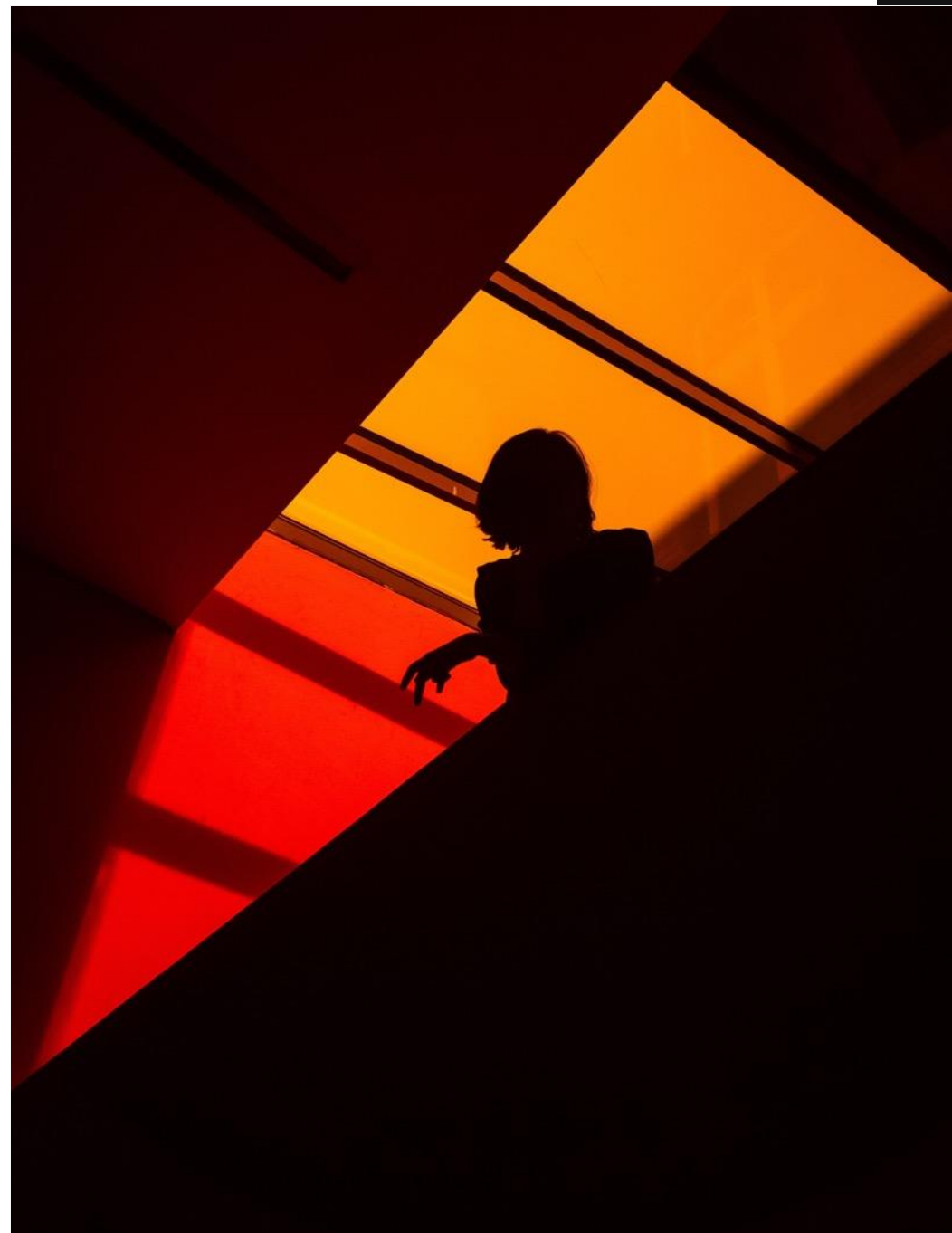
Our website has a section dedicated to [our ESG publications](#). They are organised in the following manner:

- **Policies:** ESG Integration Policy, Shareholder Engagement Policy, Voting Policy, Exclusion Policy, Principal Adverse Impact Policy, Human Rights Policy
- **Strategies:** Natural Capital Strategy, Social Charter, Responsible Tech Charter, The Good Jobs Rating methodology
- **Reports:** Sustainability Reporting Protocol, Mission-Driven Company Report, Sustainability and Shareholder Engagement Report of our asset management company, Proxy Voting Report, Principal Adverse Impact Statement, Sustainability Performance and Shareholder Engagement Reports of the SRI funds
- **Engagement:** press releases or reports relating to some of our engagement initiatives
- **PRI Reports:** full report submitted to the Principles of Responsible Investment and the assessment report

Starting in 2024, we no longer publish updated transparency codes. All of the information in these codes has been incorporated into Sycomore AM's ESG publications, the funds' legal documents and the funds' sustainability performance and shareholder engagement reports.

In addition to this documentation, pre-contractual appendices and periodic information, in compliance with the SFDR, are published on the pages of the website dedicated to each fund.

Since 2022, our monthly reports have been expanded to present more ESG indicators, **exposure to the UN's Sustainable Development Goals, controversies, voting and engagement initiatives.**



Appendix 1 – Cross-reference table

STRUCTURE OF SUSTAINABILITY DISCLOSURES CONTAINED IN THE ANNUAL REPORT, IN ACCORDANCE WITH CHAPTER 5 OF ARTICLE D.533-16-1 OF THE FRENCH MONETARY AND FINANCIAL CODE APPLICABLE TO INVESTMENT FUNDS WITH MORE THAN €500 MILLION IN ASSETS UNDER MANAGEMENT, SUBJECT BOTH TO ARTICLE 29 OF FRANCE'S ENERGY AND CLIMATE LAW AND TO ARTICLE 4 OF REGULATION (EU) 2019/2088 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 27 NOVEMBER 2019.

**CROSS-REFERENCES
WITHIN THE DOCUMENT**

I. Disclosures required under Article 29 of France's Energy and Climate Law

A	The entity's general approach to incorporating environmental, social and good governance criteria: entities subject to the disclosure obligations of Article 29 of France's Energy and Climate Law 2019-1147 provide information required by section III, paragraph 1, subparagraphs a), b) and e), of Article D533-16-1 of the French Monetary and Financial Code.	Our responsible investment approach Our fund statistics for each label
B	Internal resources deployed by the entity: entities subject to the disclosure obligations of Article 29 of France's Energy and Climate Law provide information required by section III, paragraph 2, of Article D533-16-1 of the French Monetary and Financial Code.	Human and financial resources and tools
C	The entity's approach to incorporating environmental, social and good governance criteria into its governance: entities subject to the disclosure obligations of Article 29 of France's Energy and Climate Law provide information required by section III, paragraph 3, of Article D533-16-1 of the French Monetary and Financial Code.	Governance Compensation policy
D	Engagement strategy with issuers or asset management companies and implementation of said strategy: entities subject to the disclosure obligations of Article 29 of France's Energy and Climate Law provide information required by section III, paragraph 4, of Article D533-16-1 of the French Monetary and Financial Code.	Our dialogue and engagement initiatives Implementation of our voting policy
E	EU Taxonomy and fossil fuels: entities subject to the disclosure obligations of Article 29 of France's Energy and Climate Law provide information required by section III, paragraph 5, of Article D533-16-1 of the French Monetary and Financial Code.	Environmental analysis of our investments
F	Strategy to align with the international goals set out in Articles 2 and 4 of the Paris Agreement on reducing greenhouse gas emissions and, where applicable, for financial products with underlying investments made exclusively in France, the national low-carbon strategy referenced in Article L. 222-1 B of France's Environment Code: entities subject to the disclosure obligations of Article 29 of France's Energy and Climate Law provide information required by section III, paragraph 6, of Article D533-16-1 of the French Monetary and Financial Code.	Environmental analysis of our investments
G	Strategy to align with long-term biodiversity targets. The entity provides a strategy to align with long-term biodiversity targets, delineating the scope of the value chain, which includes targets for 2030, and every five years thereafter, covering the following information: entities subject to the disclosure obligations of Article 29 of France's Energy and Climate Law provide information required by section III, paragraph 7, of Article D533-16-1 of the French Monetary and Financial Code.	Environmental analysis of our investments

Appendix 1 – Cross-reference table

STRUCTURE OF SUSTAINABILITY DISCLOSURES CONTAINED IN THE ANNUAL REPORT, IN ACCORDANCE WITH CHAPTER 5 OF ARTICLE D.533-16-1 OF THE FRENCH MONETARY AND FINANCIAL CODE APPLICABLE TO INVESTMENT FUNDS WITH MORE THAN €500 MILLION IN ASSETS UNDER MANAGEMENT, SUBJECT BOTH TO ARTICLE 29 OF FRANCE'S ENERGY AND CLIMATE LAW AND TO ARTICLE 4 OF REGULATION (EU) 2019/2088 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL OF 27 NOVEMBER 2019.

**CROSS-REFERENCES
WITHIN THE DOCUMENT**

I. Disclosures required under Article 29 of France's Energy and Climate Law

H The entity's approach to incorporating environmental, social and good governance criteria into its risk management, namely physical, transition and responsibility risks relating to climate change and biodiversity: entities subject to the disclosure obligations of Article 29 of France's Energy and Climate Law provide information required by section III, paragraphs 8 and 8b, of Article D533-16-1 of the French Monetary and Financial Code.

[Our fundamental company analysis model: SPICE](#)

I List of financial products referenced in Articles 8 and 9 of the SFDR: entities subject to the disclosure obligations of Article 29 of France's Energy and Climate Law provide information required by section III, paragraph 1 c), of Article D533-16-1 of the French Monetary and Financial Code.

[SFDR classification of our funds](#)

II. Disclosures required under Article 4 of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019

J Summary of the principal adverse impacts on sustainability factors: entities subject to the disclosure obligations of Article 4 of Regulation (EU) 2019/2088 provide information required under Article 5 of Commission Delegated Regulation (EU) 2022/1288 of 6 April 2022.

[SPICE analysis and sustainability risks](#)

K Description of the principal adverse impacts on sustainability factors and historical comparison: entities subject to the disclosure obligations of Article 4 of Regulation (EU) 2019/2088 provide information required under Article 6, paragraph 1 points a), b) and c), of Commission Delegated Regulation (EU) 2022/1288.

[SPICE analysis and sustainability risks](#)

L Description of policies to identify and prioritise principal adverse impacts on sustainability factors: entities subject to the disclosure obligations of Article 4 of Regulation (EU) 2019/2088 provide information required under Article 7 of Commission Delegated Regulation (EU) 2022/1288.

[SPICE analysis and sustainability risks](#)

M Engagement policy: entities subject to the disclosure obligations of Article 4 of Regulation (EU) 2019/2088 provide information required under Article 8 of Commission Delegated Regulation (EU) 2022/1288.

[Our shareholder engagement](#)

N References to international standards: entities subject to the disclosure obligations of Article 4 of Regulation (EU) 2019/2088 provide information required under Article 9 of Commission Delegated Regulation (EU) 2022/1288.

[SPICE analysis and sustainability risks](#)

Appendix 2 – Our publications as a responsible investor

Periodicity	Name	Description of content
APPLIED CONTINUOUSLY, UPDATED ANNUALLY	ESG integration policy	Our ESG integration policy is central to our company's identity and supports our mission. It presents our principles, analysis tools, and human resources dedicated to ESG integration and introduces our other policies.
	Shareholder engagement policy	Shareholder engagement is about encouraging companies to improve their sustainability practices by articulating areas for improvement through constructive dialogue and long-term monitoring. It is key to achieving our mission. Our policy describes the scope of our engagement actions, the choice of priority themes, our involvement in collaborative initiatives and refers to our voting and exclusion policies.
	Voting policy	Sycomore AM has been a member of the Association Française de la Gestion Financière (AFG) since it was founded, and our voting policy naturally takes its inspiration from the recommendations on corporate governance drawn up by the AFG. The policy is reviewed every year to take into account changing practices in investment and corporate governance. We exercise our voting rights independently and in clients' exclusive interest.
	Exclusion policy	Our exclusion policy describes the three levels of exclusion applied to our investment universe. The core policy applies to all funds and mandates and covers violations of the UN Global Compact, controversial weapons, coal, tobacco, and pesticides. The SRI policy applies to all SRI-certified funds and covers the following additional activities: conventional weapons and ammunition, conventional and non-conventional oil and gas, and the production of carbon-intensive electricity. The third tier covers exclusions specific to the Towards Sustainability, Umweltzeichen, FNG, Relance and Greenfin labels.
	Principal adverse impact policy	This policy presents how principal adverse impact indicators are taken into account in our investment decisions. We specify the exclusion thresholds assigned to each indicator to apply our definition of a sustainable investment in accordance with the SFDR.
	ESG performance reporting protocol	This document presents the indicators that are reported in the Responsible Investor reports of SRI funds and funds subject to requirements of Article 29 of France's Energy and Climate Law. It provides details on the indicators used (definitions, calculation and consolidation methodologies) and describes the different roles and responsibilities in reporting and auditing data.

Appendix 2 – Our publications as a responsible investor

Periodicity	Name	Description of content
APPLIED CONTINUOUSLY, UPDATED WHEN NECESSARY	Natural Capital Strategy	As a complement to our ESG integration policy, our Natural Capital Strategy summarises our approach to integrating environmental issues and the concept of natural capital. It follows the recommendations of the TCFD and aims to meet regulatory requirements for managing environmental risks within our portfolios. It also guides the improvement of our tools, processes, and investment practices.
	Social Charter	This document describes how we approach social capital for our stakeholders, in particular the companies we target as part of our investment strategy. Our strategy is fully aligned with our philosophy and positioning as a responsible investor. Through our approach, we assess the extent to which these companies address the key issues affecting the three stakeholders: consumers, coworkers and communities. The charter describes the 3A approach that we take for each stakeholder: avoid, assess, actively engage.
	Human Rights Policy	This policy is the result of an extensive consultation with all our employees and external stakeholders, conducted with the assistance of SILA Consulting. Aligned with the UN's Guiding Principles on Business and Human Rights, it provides a framework to ensure that human rights issues are duly taken into account in our own operations and in our role as an investor.
	Responsible Tech Charter	Developed in partnership with Revaia, this charter presents our responsible investor approach as applied to the technology industry.
	The Good Jobs Rating methodology	This document describes the methodology and underlying indicators used for The Good Jobs Rating, which assesses a company's ability to contribute to SDG 8 on decent work by creating quality and durable employment in regions where needs are greatest.

Appendix 2 – Our publications as a responsible investor

Periodicity	Name	Description of content
PUBLISHED ANNUALLY	For each fund Prospectus and KID	The fund prospectus and Key Information Document are the pre-contractual documents made available on the website page of each of open-ended fund. They are updated as required, to reflect regulatory changes or adjustments to the fund's investment strategy. They were edited in 2021 to meet the new transparency requirements introduced by the SFDR.
	Mission-Driven Company Report	This document reports on the achievement of our mission by presenting the progress made toward the goals defined in our articles of association. It is prepared by the Mission Committee.
	Sustainability Performance and Shareholder Engagement Report	This report presents the latest achievements of our responsible investor approach and shareholder engagement. It covers changes to our range of funds and analysis model, action taken to promote and develop SRI, our funds' sustainability performance, the results of our shareholder engagement, and our impact investing strategy for our thematic funds. The report meets the requirements of Article 29 of France's Energy and Climate Law.
	PRI Transparency Report	As a PRI signatory, we report on our responsible investment results and progress every year using the PRI questionnaire. We publish the detailed document, which includes all of our responses.
	Proxy voting report	In compliance with regulations, we publish statistics each year on the exercise of our voting rights at shareholder meetings. We also present our main reasons for voting against certain resolutions and for supporting resolutions with social or environmental objectives, if such is the case.
	For each fund Sustainability Performance and Shareholder Engagement Report	For each SRI fund, this report details how sustainability factors are taken into account and presents the fund's performance with respect to its sustainability targets. It meets the requirements of the French SRI label, provides SFDR disclosures on sustainable investments and, for funds with more than €500 million in assets under management, fulfils some or all of the obligations set out in Article 29 of the French Energy and Climate Law.
	For each fund Annual report and SFDR periodic reporting appendix	An annual report is produced for each fund, following the close of the fund's financial year. Since the year-end close of 31 December 2021, these annual reports include an appendix that meets SFDR requirements for Article 8 and Article 9 funds, providing details on sustainable investments made and how sustainability issues were incorporated into portfolio management.

Appendix 3 – PAI table

PAI indicator	Definition	2024 data (rebased)	2023 data	Unit	Coverage ratio (2024)	Source (2024)	Explanation of changes	Measures taken to manage residual PAIs
Carbon emissions	<i>Scope 1, 2 and 3 greenhouse gas emissions</i>	1,932,786	1,037,678	tCO ₂ e	82%	MSCI	Change in data source and improved coverage of Scope 3 emissions, mainly by using emissions estimates	Since the beginning of 2025, several investment funds aim to outperform their benchmark index in terms of Scope 1, 2 and 3 carbon intensity. Sycomore AM plans to review its environmental targets in 2025.
Carbon footprint	<i>Scope 1, 2 and 3 carbon footprint</i>	241	160	tCO ₂ e/€M	83%	MSCI		
Carbon intensity	<i>Scope 1, 2 and 3 carbon intensity</i>	513	235	tCO ₂ e/€M	83%	MSCI		
Exposure to fossil fuels	<i>Share of investments in companies active in the fossil fuel sector</i>	0.7%	2.7%	%	80%	MSCI	Stricter enforcement of the exclusion policy for fossil fuels in 2024 to comply with updates to several fund labels	Continued application of Sycomore AM's exclusion policy, one of the most rigorous in the industry.
Share of non-renewable energy cons & prod	<i>Share of non-renewable energy consumption and non-renewable energy production</i>	60%	56%	%	80%	MSCI	Lower portfolio exposure to renewable energy due to investment managers' stock selection	Continued application of Sycomore AM's exclusion policy, one of the most rigorous in the industry.
Energy consumption intensity per high impact climate sector	<i>Energy consumption in GWh per million EUR of revenue of investee companies</i>	0.4	0.5	GWh/€M	82%	MSCI	Insignificant change due to stock selection within these sectors in line with the exclusions applicable to each fund	Continued application of Sycomore AM's exclusion policy, one of the most rigorous in the industry.

Appendix 3 – PAI table

PAI indicator	Definition	2024 data (rebased)	2023 data	Unit	Coverage ratio (2024)	Source (2024)	Explanation of changes	Measures taken to manage residual PAIs
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	24%	12%	%	85%	MSCI	Change in data source, 2024 coverage ratio of 85%	Ongoing R&D on incorporating biodiversity issues into our investment strategy
Water pollution	Tonnes of emissions to water generated by investee companies per million EUR invested	3.0	0.5	tonnes /€M	16%	MSCI	Interpretation impossible: change in data source and 2024 coverage ratio of 16%	The exclusion of pesticide producers continues to apply. Concerning pollutants not covered by regulations, market watch and engagement actions are taken on forever chemicals (PFAS).
Hazardous waste production	Tonnes of hazardous waste generated by investee companies per million EUR invested	1.2	0.9	tonnes /€M	81%	MSCI	Change in data source, 2024 coverage ratio of 81%	No specific measures have been taken. Waste management issues are being integrated into our environmental analysis.
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	0.0%	0.0%	%	82%	MSCI	No change, no exposure.	The exclusion of companies exposed to very serious controversies continues to apply.

Appendix 3 – PAI table

PAI indicator	Definition	2024 data (rebased)	2023 data	Unit	Coverage ratio (2024)	Source (2024)	Explanation of changes	Measures taken to manage residual PAIs
Lack of processes and compliance mechanisms to monitor compliance with the 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	0.0%	0.0%	%	87%	MSCI	No change, no exposure.	No specific measures have been taken.
Unadjusted gender pay gap	Average unadjusted gender pay gap of investee companies	11%	7%	%	71%	MSCI		Engagement initiatives are taken to increase coverage (71% in 2024) and bridge pay gaps. One fund aims to outperform its benchmark index for this indicator.
Board gender diversity	Average percentage of female board members in investee companies	41%	36%	%	81%	MSCI		Our voting policy, which requires 40% women in all geographies, and our engagement initiatives aimed at improving diversity at all levels of organisations continue to apply.
Exposure to controversial weapons	Share of investments in companies involved in the manufacture or selling of controversial weapons	0.0%	0.0%	%	88%	MSCI	No change, no exposure.	The exclusion of controversial weapons continues to apply.



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