

Engagement policy

Sycomore Asset Management

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SYCOMORE ASSET MANAGEMENT

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Sycomore AM Engagement policy

This document constitutes Sycomore Asset Management's engagement and shareholder dialogue policy. It sets out the grounds for Sycomore AM's engagement, its objectives, along with the tools, processes and practices leading to its implementation.

What role for engaged investors?

Sycomore AM firmly believes that company value creation is sustainable only if it is shared with all of its stakeholders.

As shareholders, we have a crucial role to play in encouraging these companies to integrate environmental, social and governance (ESG) considerations in order to foster sustainable development.

How does Sycomore AM define shareholder engagement?

Shareholder engagement consists in encouraging companies to improve their ESG practices over the long-run through a constructive and structured dialogue. Monitoring progress and reporting change are significant elements of such engagement practices.

Engagement takes root in the conviction that reliable ESG practices support corporations' sustainable performance as well as value creation for asset owners.

Implementation

For Sycomore AM, shareholder engagement consists in:

- ✓ Engaging in discussions with companies held in our portfolios to fully grasp their ESG challenges;
- ✓ Encouraging companies to disclose their ESG strategies, policies and performances;
- ✓ Calling upon companies to be transparent and instigate adequate and sustainable corrective measures following a controversy;
- ✓ Getting involved in collective engagement initiatives on a case-by-case basis;
- ✓ Asking questions, refusing to approve some resolutions or supporting external resolutions by exercising our voting rights;
- ✓ Deciding to sell a position if a lack of significant improvements persists.

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Sycomore AM does not seek to:

- ✘ Interfere in the definition of a company's strategy or its management;
- ✘ Request a seat on the Board of Directors.

Since its creation in 2001, Sycomore AM has sought to engage in meaningful dialogue with the companies it invests in. Our team of 16 portfolio managers meets hundreds of corporate leaders each year.

Thus, when meeting a company to talk about its environmental, social or governance (ESG) issues, we are eager to build a constructive dialogue, prompting mutual enrichment.

All data collected from these discussions or potential requests for improvement are gathered in Sycomore AM's proprietary database.

Available to the entire portfolio management team, a monitoring tab outlines all topics discussed with a company, any evolution in the discussion, people met and milestones potentially reached following a specific request by Sycomore AM.

Finally, we believe that a successful engagement approach lies in Sycomore AM's in-depth understanding of company-specific sustainable development issues. Company's progress depends, among others, on the type of challenges faced, the responsiveness of top management and investors' persuasiveness and perseverance. An engagement approach is often staged over several years.

Scope and themes covered

Our engagement policy covers all companies in our investment universe.

This policy covers the ESG themes described in our SPICE proprietary analysis model (S for Suppliers, Society and States; P for People; I for Investors, including corporate governance; C for Clients; E for Environment). Sycomore AM's investment team collects data covering more than one hundred criteria.

The analysis of these criteria provides a fundamental risk rating that has a direct impact on company valuation.

Reporting

The approach and internal analysis tool described above should allow us, as of 2017, to release information on the tangible inputs from our engagement policy.