

sycomore

Mission-
Driven
Company
Report

Preface

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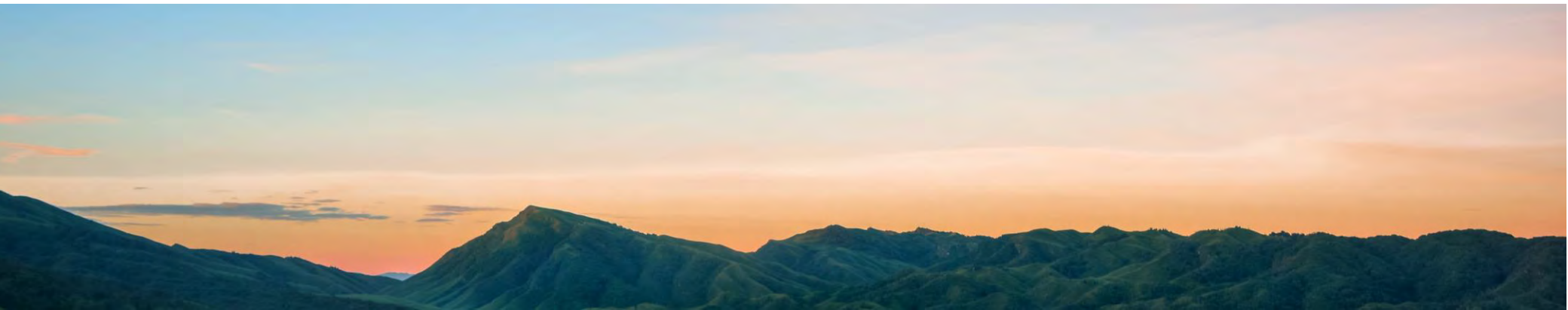
We invest to develop a more sustainable and more inclusive economy and to create positive impacts for all of our stakeholders. **Our mission is to give a human dimension to investment.**”

Our mission embodies how we view our role as investors: **taking a long-term approach and working closely with companies as one of their stakeholders – alongside their employees, their clients, their suppliers, the society, and the environment.** Hence the need for us to take a close look at our own practices and behaviour with our stakeholders, and act responsibly with each and every one of them. Our goal is to set an example for our clients and for the companies in which we invest: we have to be exemplary if we are to guarantee the consistency and credibility of the standards we expect of our portfolio companies. This report continues our series of CSR reports published since 2011 but also marks an important milestone, since it covers our first full year as a mission-driven company.

A main focus in 2022 was **adapting our methodologies, tools and documentation** to new rules governing sustainable finance, introduced by the Sustainable Finance Disclosure Regulation (SFDR) in Europe and the **entry into force of Article 29 of the Energy and Climate Law** in France. We expanded our Mission Committee to include independent external members whose diverse and complementary areas of expertise enable them to constructively challenge Sycomore AM's progress in accomplishing our mission.

For example, this year, we published a new version of our [Natural Capital Strategy](#), which was presented to and discussed by the Mission Committee. Having pledged to develop responsible investment practices and taken part in the work conducted by the French Sustainable Investment Forum (FIR) and FranceInvest on impact investing in 2020, we participated in a Paris financial centre initiative dedicated to impact financing, coordinated by **Finance for Tomorrow**, and led the development of an Impact Charter for investors. We pursued our R&D work on biodiversity and climate impact measurement within our portfolios and obtained validation from the **Science-Based Targets initiative** of our climate targets, which are aligned with a 1.5°C trajectory. We also continued to invest in our own human capital; as of the end of 2022, we are happy to employ **75 people**.

This mission-driven company report encourages us to continue to promote transparency and to lead by example. It describes our initiatives in detail and enables you to follow our progress. It also includes the Mission Committee's opinion on the achievement of our goals. The report complements our [Sustainability and Shareholder Engagement Report](#). We welcome any feedback and wish you a pleasant read!



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01 Our mission

1.1 Our goals

Founded in 2001, Sycomore Asset Management is an entrepreneurial asset management company specialised in **responsible investing**. Driven by our commitment to combine purpose and performance, our teams' objective is to deliver sustainable performances by identifying the levers that create long-term value.

To be viable for future generations, an economy is dependent upon resources offered by healthy ecosystems and on the stability of fair societies. The financial industry can contribute to achieving the United Nations' 2030 agenda—the global framework for building a more sustainable and inclusive economy: **according to the United Nations' Conference on trade and development, a further \$5-7 trillion per year are needed to achieve the Sustainable Development Goals set in the 2030¹ agenda.**

In this context, we believe that **the financial sector has a key role to play in developing an economy able to address major environmental and social issues**: it is our responsibility to ensure our investment decisions serve a more sustainable and inclusive economy and to encourage companies as they transform to meet these challenges. **As an engaged player and in keeping with our approach as a responsible investor, we have chosen the following wording for our mission:**

“ We invest to develop a more sustainable and more inclusive economy and to create positive impacts for all of our stakeholders.
Our mission: to give a human dimension to investment.”

This mission embodies how we view our role as asset managers: **taking a long-term approach and working closely with companies as one of their stakeholders – alongside their employees, their clients, their suppliers, the society, and the environment in its broadest sense.**

To achieve our mission, we have set ourselves **six social and environmental goals** design to account for our impacts on all our stakeholders. These formally define our priorities.

Our six mission-driven goals

1. To measure and **improve the environmental and social contribution** of our investments while communicating clearly and transparently with our clients.
2. To **continue** with the development of our **socially responsible investment offering**, aimed at creating positive impacts and combining purpose and performance.
3. To **offer** our employees a **quality working environment**, involve them in strategic decisions, and foster an entrepreneurial spirit through employee share schemes.
4. To **strengthen our own societal contribution** by sharing some of the value we create with non-profits, notably via the Fondation Sycomore.
5. To **deploy** our **responsible procurement policy** to support the creation of resilient ecosystems.
6. To **create long-term value** for our shareholders.

MORE ABOUT US

OUR METHODOLOGY FOR THE INTEGRATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE CRITERIA

A core element of our responsible investing strategy **at Sycomore AM is the integration, as of 2008, of environmental, social and governance considerations into the fundamental analysis of the companies in our investment universe.** This analysis plays a role in every investment decision – it impacts the risk premium attributed to a company in valuation methodologies, and it also determines whether a company meets strict ESG selection criteria. These criteria are established in accordance with the investment strategy of each fund.

Launched in 2015, our **SPICE** fundamental analysis model seeks to **improve our understanding of the risks and opportunities affecting the companies in our investment universe.** Beyond the integration of sustainable development principles into the company's daily operations, our model assesses the positioning of its products and services in response to societal and environmental challenges. It uses **90 criteria**, which our analysts evaluate based on data published by companies, dialogue with other stakeholders, and information supplied by ESG research and data providers.

Our SPICE model incorporates **metrics developed by Sycomore AM to make the analysis as objective as possible and fill the gaps left by the most commonly used measures.** Two of these metrics assess the net environmental and societal contribution of a company's products and services:

- **Net Environmental Contribution (NEC)²**
- **Societal Contribution (SC) of products and services**

Our methodologies are published on our [website](#)³. This is because, aside from our compliance with regulatory requirements now in force, we believe that **transparency** is key to sharing current best practice and directing investments toward solutions to today's challenges, especially given the lack of any homogeneity in ESG ratings.

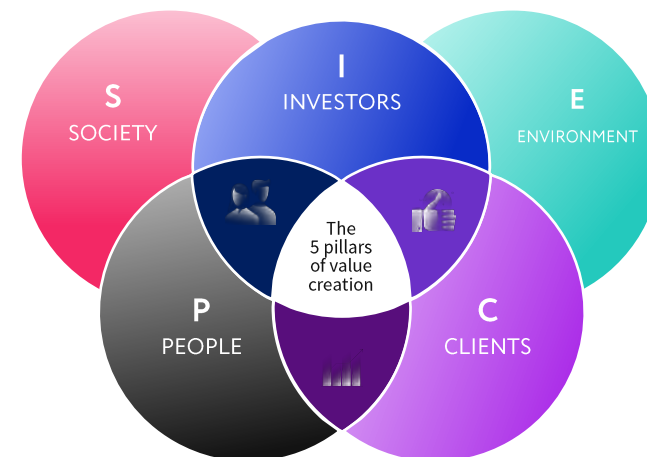
²The NEC was co-developed by Sycomore AM starting in 2015 and is currently being enhanced by the [NEC Initiative](#), a mission-led company created in 2021.

³Our [ESG documentation](#) is available on our website. The documents presented under Policies include [our ESG Integration and Shareholder Engagement Policy](#). The [Strategies](#) section presents our approaches to assessing environmental and societal contributions.



1.1 Giving a human dimension to investment

Our six mission-driven goals are designed to account for our impacts on all stakeholders, in keeping with our **SPICE** fundamental analysis model, which is structured around interactions between the company and its stakeholders. We are convinced that a company can only create long-term value if it is shared with all its stakeholders.



SOCIETY

Our main lever for contributing positively to society is through our investment strategies. Our assessment of a company's net societal contribution covers the following dimensions: access and inclusion, health and safety, economic and human progress, and employment. Our societal contribution includes spending some of the value we create through the Foundation Sycomore and sharing the management fees generated by our thematic funds to support non-profits. We also help by encouraging the financial industry as a whole, through our advocacy in the financial community, to accelerate the transition towards a more sustainable and inclusive economy. Likewise, we influence individual companies through our voting and engagement policy.

SUPPLIERS

Our activities involve the participation of many partners in the financial ecosystem – financial and extra-financial research, trading, brokerage, custodian banks – as well as partners providing other services – reception, audit and consultancy services, cleaning, supplies, etc. We establish equitable and transparent selection procedures and develop trust-based relations with these partners. We also apply our responsible procurement policy, which selects – where possible – partners that implement a corporate social responsibility approach.

PEOPLE

We firmly believe that employee fulfilment is an essential factor for fostering engagement and ensuring the successful achievement of the company's mission; we make sure our staff are offered a quality working environment by remaining attentive to their needs and requests. We conduct regular engagement surveys and take actions based on their outcome. Employee share ownership is also a key tool for giving employees a stake in the company's success.

INVESTORS

Our approach to investing stems from our conviction that a company can only create sustainable value if this value is shared among all of its stakeholders. As a result, the commitments we make to our stakeholders contribute to creating sustainable value for our shareholders. Our business model is founded on our responsible investing approach, which our shareholders actively seek. We undertake to ensure that our strategic priorities continue to support and strengthen this approach.

CLIENTS

Since the creation of Sycomore AM, our commitment has been to offer financial returns as well as investments with a purpose. We report on the financial and sustainability performances of our investments on the first day of each month. In addition to developing metrics aimed at assessing the societal and environmental contributions of our investments, we have committed to obtaining the government-backed SRI label for our entire long-only equity fund range. Our focus today is to develop projects involving socially responsible investment products and generating positive impacts.

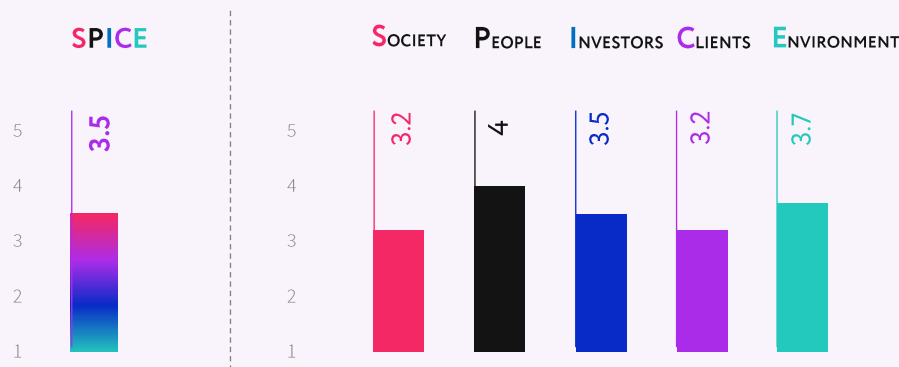
ENVIRONMENT

Our impact on the environment is primarily produced by our investments. Our priority is to contribute, through our investments, to the ecological transition. Our approach when assessing the contribution of a company's business activities to this transition, described in our [Natural Capital Strategy](#), is based on the positive and negative physical impacts of the products and services provided, throughout their lifecycle; we naturally examine impacts on the climate, as well as on biodiversity and resources – in sum, on nature. To this end, we tested and rolled out a specific scientific metric, the **NEC** – for Net Environmental Contribution – which offers full transparency and is supported by the [NEC Initiative](#). We are committed to supporting the NEC Initiative, monitoring the NEC within our funds, and improving Sycomore AM's own NEC as a company, in line with the trajectory we are pursuing to 2030.

1.2 Our achievements

Our 2022 assessment

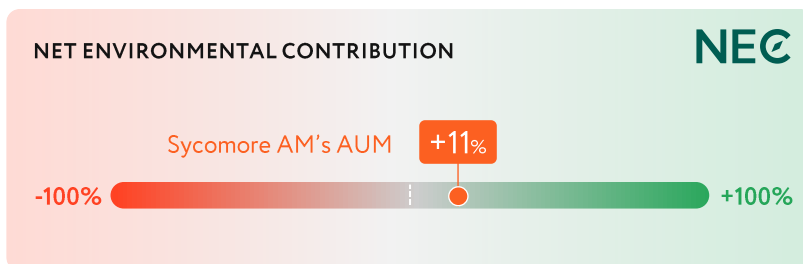
WEIGHTED SPICE RATINGS FOR SYCOMORE AM IN 2022



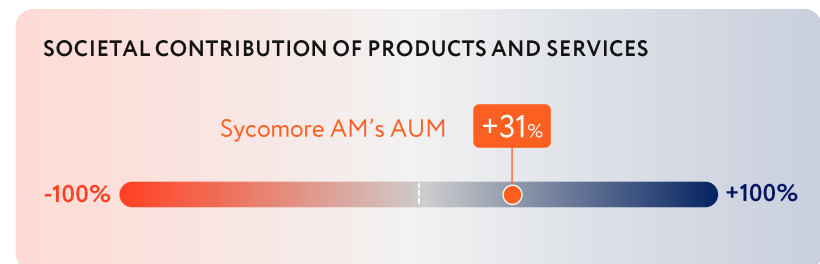
By applying our analysis model to our asset management company, we are setting an example for our stakeholders, such as the companies in which we invest. We are also enabling our continuous improvement by measuring our progress and identifying areas for improvement. We calculate our SPICE rating every two years.

At the end of 2022, Sycomore AM's SPICE rating was 3.5/5. This rating, which is above the average of 3/5, reflects a robust business model, strong performance on human capital issues, and the deployment of a range of SRI funds designed to contribute positively to societal and environmental challenges through our investments.

The net environmental contribution of Sycomore's investments was +11% and their societal contribution was +30%. These scores reflect how our investments are directed to companies whose products and services are helping to solve environmental and societal issues.



2022 coverage ratio by weight: 96%



2022 coverage ratio by weight: 99%

1.2 Our achievements

Our progress report

The table below presents, for each of our six mission-driven goals, the relevant **medium-term targets** and the **action taken and resources deployed in 2022** to reach them. It also presents the key **performance indicators** enabling us to measure our progress towards achieving our goals.

GOAL #1

To measure and improve the environmental and social contribution of our investments while communicating clearly and transparently with our clients

→ Achieve an NEC of +20% for our investments by 2030

→ Continue R&D on environmental issues

→ Increase the societal contribution of our investments

→ Manage negative externalities

→ Engage companies in improving their net E&S contributions

→ Communicate clearly and transparently with our clients

★★★
PROGRESS



2022 RESULTS

NEC of +11%

Validation by the SBTi of a 1.5°C target for our climate goals

SC of +31%

220 areas of improvement communicated to 107 companies

ACTION TAKEN AND RESOURCES DEPLOYED IN 2022

- Revision of our Natural Capital strategy
- Definition of a sustainable investment including a minimum NEC of +10%

- Continuation of R&D on the Corporate Biodiversity Footprint
- Involvement of Sycomore AM in developing the NEC 1.1
- Work on temperature scenarios
- Membership in the Taskforce on Nature-related Financial Disclosures

- Publication of the societal contribution of our investments
- Training of investment teams in the methodology
- Definition of a sustainable investment involving a minimum societal contribution of +30%

- Further development of the human rights component in SPICE
- Participation in an experiment with Human Resources Without Borders, through the French Sustainable Investment Forum (FIR), resulting in a set of criteria to analyse companies' exposure to forced labour and child labour
- Definition of a policy to assess principal adverse impacts

- Review of our shareholder engagement policy and our voting policy
- Engagement campaigns (Say On Climate, Carbon Disclosure Project reporting, the 30% Club, etc.)

- Training of teams in the Corporate Biodiversity Footprint, the SB2A and temperature scenarios
- Rollout of a new monthly report format that includes more ESG indicators, such as the SC, SDGs, the CBF, Taxonomy eligibility, and temperature metrics (SB2A and SBTi), as applicable to each fund
- Redesign of the website to highlight our various methodologies and improve access to documentation

1.2 Our achievements

GOAL #2

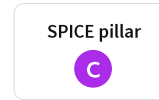
To continue with the development of our socially responsible investme offering, aimed at creating positive impacts and combining purpose and performance

→ Continue to expand our range of SRI funds and enhance our existing funds to create positive environmental and/or societal impacts

→ Maintain high ESG/SRI standards

→ Ensure the satisfaction of our customers

★
**PARTIAL
PROGRESS**



2022 RESULTS

24% of AUM classified as Article 9 4 under the SFDR⁴
72% as Article 8
4% as Article 6

91% of our AUM certified by an SRI label (or equivalent)⁵
FNG label
3/3 stars

ACTION TAKEN AND RESOURCES DEPLOYED IN 2022

- Launch of Sycomore Global Eco Solutions and Sycomore Global Happy@Work funds end December 2021
- Transition from the Sycomore Shared Growth fund to the Sycomore Social Impact fund
- Application of a stringent definition of a sustainable investment, resulting in a stricter selection of Article 9 funds and a high minimum percentages of sustainable investments for Article 8 funds

- Increase in resources allocated to labels

- Consistent follow-up and high responsiveness to customer requests
- Development of a webinar on our interpretation of the SFDR and our definition of a sustainable investment
No customer survey

⁴ Sustainable Finance Disclosure Regulation (SFDR) 2019/2088 of 27 November 2019.

⁵ Funds and mandates that are SRI-labelled in France or follow strategies equivalent to those of a labelled fund.



1.2 Our achievements

GOAL #3

To offer our employees a quality working environment, involve them in strategic decisions, and foster an entrepreneurial spirit through employee share schemes

→ Foster a company culture that promotes respect for employees and their well-being

→ Support employees' upskilling

→ Align employee compensation with mission-driven goals and with sustainability issues in general, meeting the requirements of the SFDR

★ PARTIAL PROGRESS

SPICE pillar

P

2022 RESULTS

Renewal of the Happy@Work label

Training budget: 1.05% of total payroll (target: 2%)

ACTION TAKEN AND RESOURCES DEPLOYED IN 2022

- New version of the company's internal rules and code of ethics that incorporates respect for human rights in the company
- Launch of the translation of the SPICE manual
- French language classes for non-French speakers
- English language classes for employees who are less proficient in English
- Internal taskforce on action to be taken to support employee well-being
- Updated services and benefits offered by the Social and Economic Committee
- In-house events: ski seminar, Christmas celebrations for children
- Participation of the majority of staff in at least one Fondation Sycomore initiative

- A series of Climate Fresk sessions for all employees
- ESG training leading to certifications (CESGA or CFA ESG)
- A variety of trainings identified through Skillup

- Integration of mission-driven goals into compensation policies in 2021, to meet the SFDR's requirements in terms of ESG integration. **Following this, no action in this area was identified by the Mission Committee in 2022. Employee performance goals relating to the mission are not specific.**



1.2 Our achievements

GOAL #4

To strengthen our own societal contribution by sharing some of the value we create with non-profits, notably via the Fondation Sycomore.

→ Share a portion of the value we create with non-profits, in keeping with our mission

→ Participate in the development of sustainable and inclusive finance

GOAL #5

To deploy our responsible procurement policy to support the creation of resilient ecosystems

→ Promote the responsible procurement policy

→ Formalise supplier monitoring

★★★
PROGRESS



2022 RESULTS

ACTION TAKEN AND RESOURCES DEPLOYED IN 2022

- Contribution to the 1% for the Planet organisation through the Eco Solutions fund range
- Continuation of the partial redistribution of fund management fees from Sycomore Social Impact
- One percent of Sycomore AM's net income donated to the Fondation Sycomore

- Reinforced communication about the NEC to all our stakeholders, our clients, and the financial community
- Membership in the NEC Initiative's supervisory board
- Participation in a Paris financial centre initiative dedicated to impact financing and coordination of the development of an Investor Impact Charter
- Various advocacy actions

X
NO
PROGRESS



▪ imp

- Inclusion of non-financial criteria in some calls for tenders but no traceability or continuous monitoring of the implementation of the sustainable procurement policy

Monitoring not implemented

1.2 Our achievements

GOAL #6

To create long-term value for our shareholders

→ **Establish active governance of the continuous improvement process in alignment with our mission**

→ **Maintain the equitable sharing of the value we create with all stakeholders and, therefore, a stable dividend distribution policy**

★ ★ ★
PROGRESS



2022 RESULTS

ACTION TAKEN AND RESOURCES DEPLOYED IN 2022

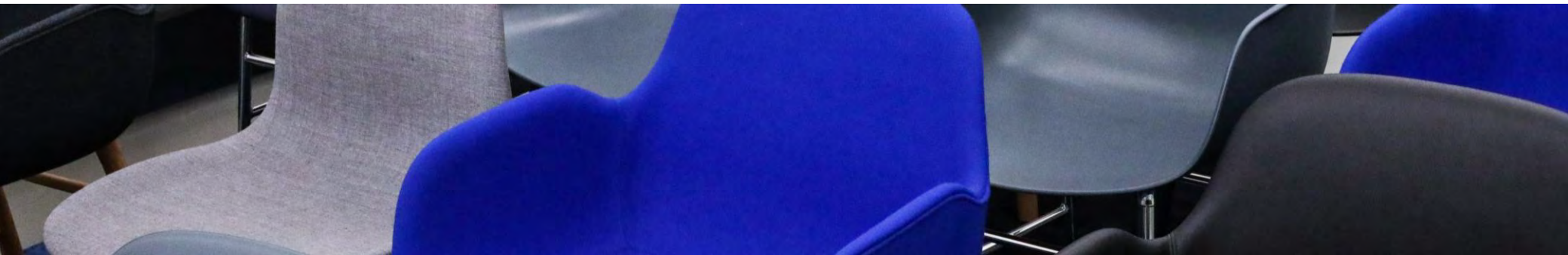
- Change in the Mission Committee’s composition to include outside experts
- Audit of our mission-driven status by an independent third party
- First mission-driven company report attached to the documents communicated ahead of the shareholder meeting
- More transparent communication on our governance and our mission-driven status on our redesigned website

Gender equality at work index: 89/100

Pay equity ratio, highest to median salary: 3.9 (capped at 25)

SPICE rating: 3.5/5

- Maintenance of an equitable model of value redistribution among the various stakeholders



THE MISSION COMMITTEE'S OPINION ON THE ACHIEVEMENT OF THE MISSION-DRIVEN GOALS IN 2022

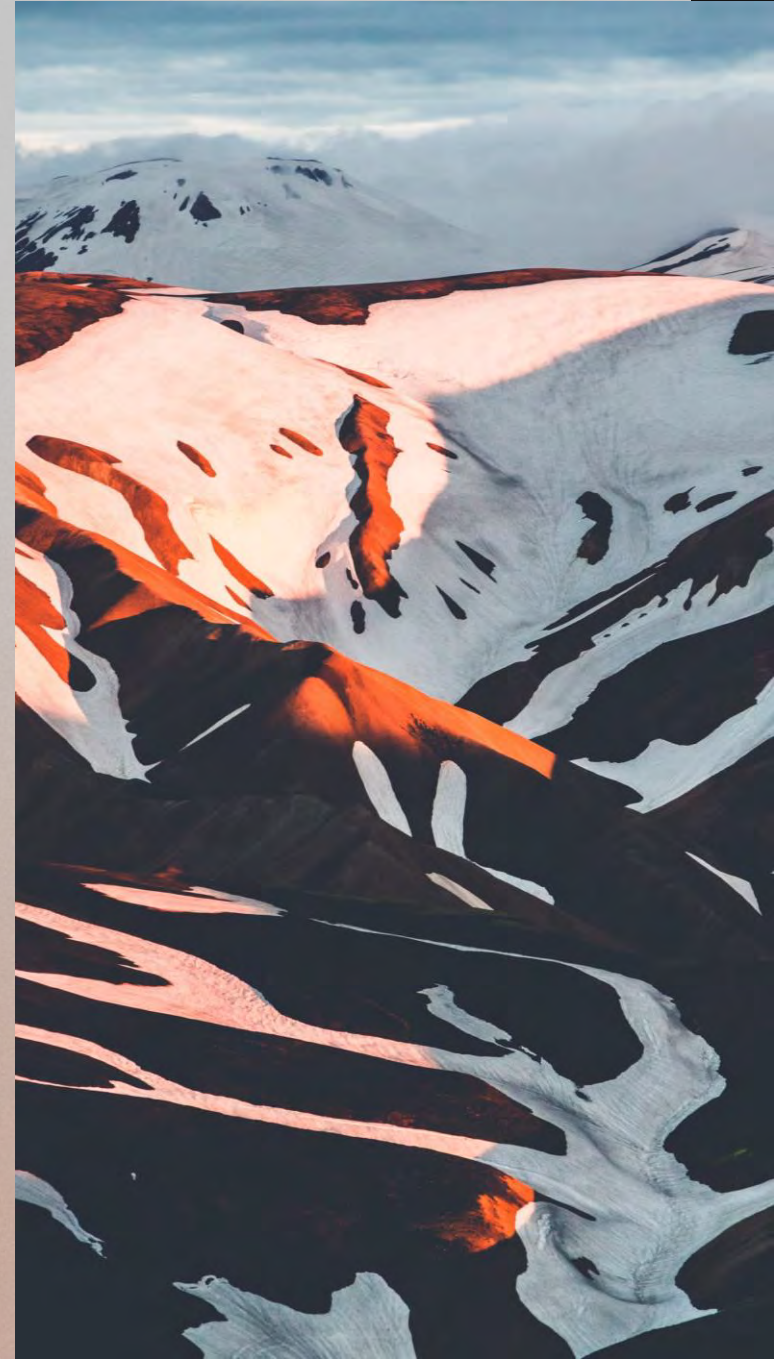
The achievements of 2022 and results for the indicators shown in the progress report are a testimony to Sycomore AM's continuous improvement to **fulfil its purpose and advance toward its six mission-driven goals**. Additional details on our 2022 achievements, as well as the Mission Committee's outlook and conclusions regarding each of our mission-driven goals, are provided in the following pages.

PRIORITIES FOR THE COMING YEARS

Other actions were initiated or unable to be achieved. The Mission Committee identified the following priorities for the coming years:

- **Definition of detailed pluriannual targets** to support the achievement of the mission-driven goals in the coming years
- Systematic implementation of our **responsible procurement policy**
- Implementation of levers that will ensure an **improvement in portfolio NECs** at the rate required to achieve the targeted +20% increase by 2030
- **Alignment of the compensation** of all employees with the mission, enabled by the setting of variable compensation targets specific to each profession
- Identification of the **training needs of employees** and personalised follow-up
- **Transparent communication of the results of the annual employee satisfaction survey** and the action taken as a result
- **Transparency regarding incidents** reported through the whistleblowing system and the action taken in response

In addition to making progress towards our mission-driven goals, Sycomore AM took further continuous improvement action: we **reviewed our internal whistleblowing system for ethics alerts** and did not observe the need to amend it; we continued our **taskforce on digital frugality**; and we updated our **carbon footprint, excluding investments**.

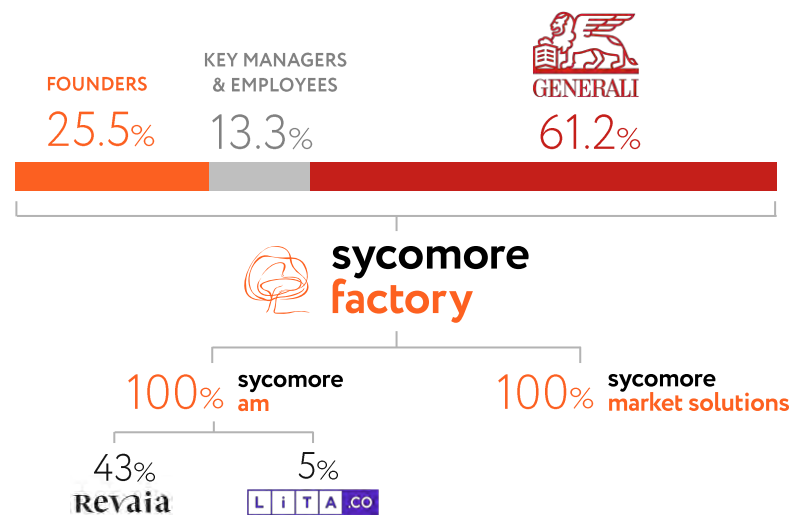


02 Our governance

2.1 Organisation and shareholders

OUR STRUCTURE

Since the **strategic partnership** signed on 5 February 2019 with **Generali Investment Holding S.p.A.**, a subsidiary of Assicurazioni Generali S.p.A., **Sycomore Factory's shareholder structure** has been the following:



Sycomore Factory owns 100% of Sycomore Asset Management and 100% of Sycomore Market Solutions (AMF registered brokerage firm).

Furthermore, Sycomore AM owns 43% of Revaia (formerly Gaia Capital Partners), a company dedicated to supporting the new generation of responsible entrepreneurs in the fields of technology and innovation in Europe. It also owns a **minority stake (5%) in Lita.co**, a **positive-impact fintech company**, whose long-term ambition is to become a responsible neo-bank. Lastly, Sycomore AM owns a 61% stake in the NEC Initiative SAS.

OUR COMMITTEES

Sycomore Factory's supervisory board

Sycomore Factory's supervisory board is accountable for the smooth running of the operating entities under its ownership, namely Sycomore AM and Sycomore MS. The Board is informed of the **strategic decisions made at operational entity level**, monitors their implementation, and may issue recommendations.

The Board has the authority to assess and approve **certain strategic decisions**, within a specific scope, that are taken at the entity level, due to their potentially strong repercussions – in terms of financial commitments or reputation, for example – on Sycomore Factory's shareholders (acquisition of a stake in a company, dismissal of the Chief Risk or Compliance Officer, etc.).

The Board includes **Christine Kolb, Emeric Préaubert, Cyril Charlot and Laurent Deltour**, as well as six members appointed by the Generali Group. It also includes two independent members. **Women make up 25% of the Board.**

DIRECTOR	ROLE	APPOINTMENT/RENEWAL
Carlo Angelo Trabattoni	Chairman of the Supervisory Board	Shareholders' agreement - 05/02/2019 Appointment as Chairman - AGM of 10/05/2021
Emeric Préaubert	Board member	Shareholders' agreement - 05/02/2019
Cyril Charlot	Board member	Shareholders' agreement - 05/02/2019
Laurent Deltour	Board member	Shareholders' agreement - 05/02/2019
Christine Kolb	Board member	Shareholders' agreement - 05/02/2019
Tim Rainsford	Board member	Shareholders' agreement - 10/05/2021
Bruno Servant	Board member	Shareholders' agreement - 05/02/2019
Hugues Aubry	Board member	Shareholders' agreement - 05/02/2019
Santo Borsellino	Board member	Supervisory Board meeting - 27/11/2019
Michele Patri	Board member	Supervisory Board meeting - 12/05/2020
Cécile Paillard	Independent board member	Supervisory Board meeting - 21/09/2020
Elisabetta Caldirola	Independent board member	Supervisory Board meeting - 21/09/2020

Sycomore AM's executive management is composed of two **governance bodies: the Board of Directors and the Executive Committee**, which are assisted by the **Steering Committee**.

2.1 Organisation and shareholders

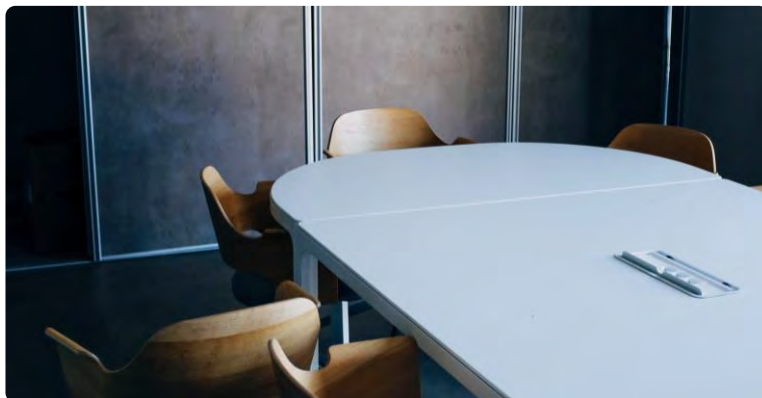
OUR COMMITTEES

Sycomore AM's Board of Directors

The **Board of Directors** sets the overall strategic direction for the company, its budgets and investment policies. It also ensures that these policies are duly implemented. It carries out any audits and checks as deemed necessary. The Board also meets to close the company's accounts and to approve any changes made to the UCITS. It includes the five members shown in the table below:

5
meetings
per year

DIRECTOR	POSITION	1ST APPT.	END OF TERM
Emeric Préaubert	Chairman and CEO	2020	2024
Cyril Charlot	Deputy CEO	2020	2026
Bruno Servant	Board member	2020	2026
Michele Patri	Deputy CEO	2020	2026
Santo Borsellino	Board member	2020	2026



Sycomore AM's Executive Committee

The **Executive Committee** is in charge of the daily running of the company. It is made up of the three founding partners, whose complementarity facilitates the company's team-based management approach to the sharing of duties – Cyril and Emeric run the Investment side, while Christine heads Strategy & Development – and to the decision-making process.

1
meeting
per week

The Executive Committee forms an **integral part of the Steering Committee**, which also includes nine managers – representing Sycomore AM's main business units (CROS*, Human Capital, Sales, Investment). It meets once a week to approve key business development decisions and to facilitate internal communications.



Cyril Charlot
Deputy Chief
Executive Officer

Christine Kolb
Head of Strategy and
Business Development

Emeric Préaubert
Chief Executive
Officer

*Compliance, Risk, Operations, System

2.1 Organisation and shareholders

OUR COMMITTEES

Mission Committee

As is the case every year, the **Mission Committee** has drawn up and followed an **action plan designed to help Sycomore AM achieve its mission-driven goals**. The Committee carried out follow-up after the audit of our status as a mission-driven company. It strove to maintain our B Corp™ certification by taking an active part in the initiatives led by B Lab France and by working on areas for improvement in view of the successful renewal of our B Corp™ certification in 2023. With the collaboration of the Steering Committee, the Mission Committee sought to identify outside experts to join its ranks.

As a result, **six outside experts joined the Mission Committee**: their diverse and complementary knowledge and experience was chosen to provide scrutiny of the methods employed and the action taken by Sycomore AM to achieve its mission-driven goals. The new committee met for the first time at the end of 2022. It discussed the company’s mission, the committee’s rules of operation and the new Natural Capital strategy prepared by Sycomore AM’s teams.

At the end of 2022, the Mission Committee had the following members:

External members



Anne-Lise Bance,
Académie des futurs leaders (Future Leaders Academy), impact mission freelancer, and governance and finance impact expert



Florence Didier-Noaro,
founder and CEO of innwise (sustainable strategy consulting for industry and finance), independent director, audit expert and sustainable finance consultant



Bertrand Bonhomme,
Sustainable Development VP at Michelin until March 2023 and sustainable development and stakeholder relations expert in the industrial sector



Caroline Le Mestre,
head of GoodCorporation France (business ethics and human rights), human rights specialist with experience in industry (TotalEnergies) and consulting



Guillaume Desnoës,
co-founder of Alenvi, Compagni and Biens Communs, executive board member and treasurer of the Communauté des entreprises à mission (a group of mission-led businesses), and social issues and mission-led business model expert



Cédric Ringenbach,
former head of the Shift Project, author of the Climate Fresk, teacher and lecturer on climate change, and CEO of Blue Choice (climate strategy consulting)

Les membres internes



Christophe Hourtoulle,
Institutional Investor Relations, France



Fatou Nicolas,
Head of Corporate Services



Anne-Claire Imperiale,
Head of ESG and Shareholder Engagement



Jean-Guillaume Péladan,
Senior Advisor, Environment



Francesca Mozzati,
International Product Specialist, Southern Europe

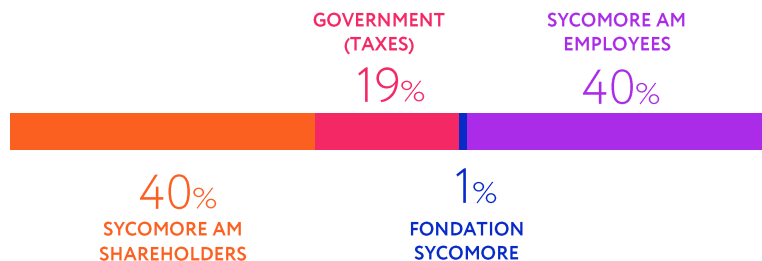
At the Mission Committee meeting in December, it was decided that **Christine Kolb** would join the Mission Committee, given her role as a founding partner and member of the executive committee.

2.2 Sharing the value we create

OUR CONVICTION

We firmly believe **a company can only create sustainable value if this value is shared with all its stakeholders**. Driven by this conviction, Sycomore AM pays particular attention to **the distribution of the value it creates with its stakeholders**, both in terms of its own operations and through its investments. Around 40% of the value created by Sycomore AM is redistributed to employees in the form of wages and bonuses; around 19% goes to the government in taxes; close to 1% of the operating income is allocated to the Fondation Sycomore, and the remainder, around 40%, is distributed to shareholders (all shareholder types, paid out as dividends).

SHARED VALUE



All of the income generated by Sycomore AM, from its French-domiciled “Fonds Communs de Placement” and from the Luxembourg SICAV, is **subject to French Corporate Tax (CT)**. In 2022, the average rate of CT (including the Social Contribution on Profits) applicable to Sycomore AM stood at **25.8% of taxable profits** (27.4% in 2021). This drop in percentage is the result of the **lowering of the common corporate tax rate from 26.5%** (in 2021) **to 25%** (applicable in 2022). Finally, all of the **Sycomore Factory** companies (including Sycomore AM) pay their taxes exclusively in France.

2.3 Ethics at the heart of our work

OUR ETHICS

The **Ethics Code** is a tangible expression of the company’s commitments in this area and enables our teams to develop a holistic understanding of the rules of good conduct applicable to all. Sycomore AM’s employees commit to performing their duties in compliance with the following **four guiding principles**:

1. **Act independently**, with loyalty, confidentiality, proficiency, care, and diligence
2. **Put clients’ interests first** and ensure they are treated equally
3. Identify, prevent, and **manage any risks of conflicts of interest** in the best way possible
4. **Manage portfolios** with autonomy, independence, and transparency with regards to markets and clients, while also ensuring an acceptable separation of duties

The Code also lists the rules applicable to personnel in terms of personal transactions, market trades, the use of IT tools and corporate communications. The Code is accessible to all staff members via intranet and is signed by all new members of personnel.

It was **revised in 2022** to reflect the **latest regulatory changes** and the **findings of the internal taskforce on human rights**. More detailed items, based on the findings of the human rights taskforce, were incorporated into a new set of internal rules. These updated rules emphasise respect for people as individuals and include the right to disconnect.

03 Our client commitments

3.1 Quality service that meets the high standards of all our clients

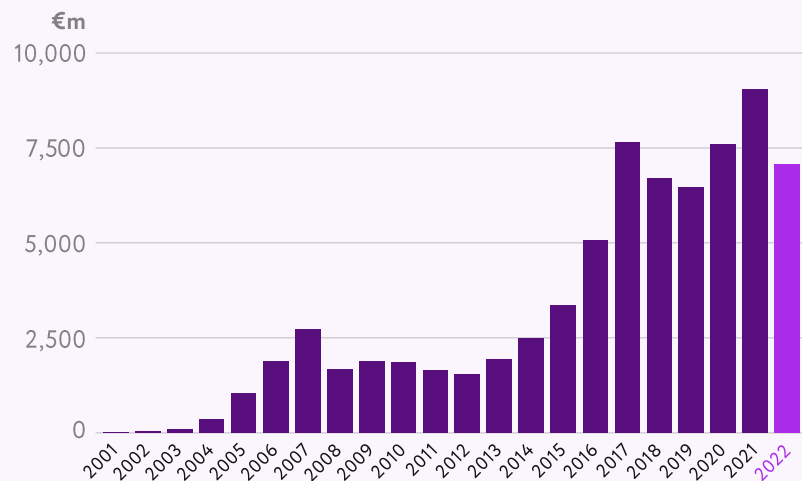
Business development at Sycomore AM is not limited to the work of the business development team. It **grows from the efforts of every team member to deliver excellent client service and build long-lasting partnerships.**

Human relations are central to our interactions with our clients and also drive our teams in their daily work.

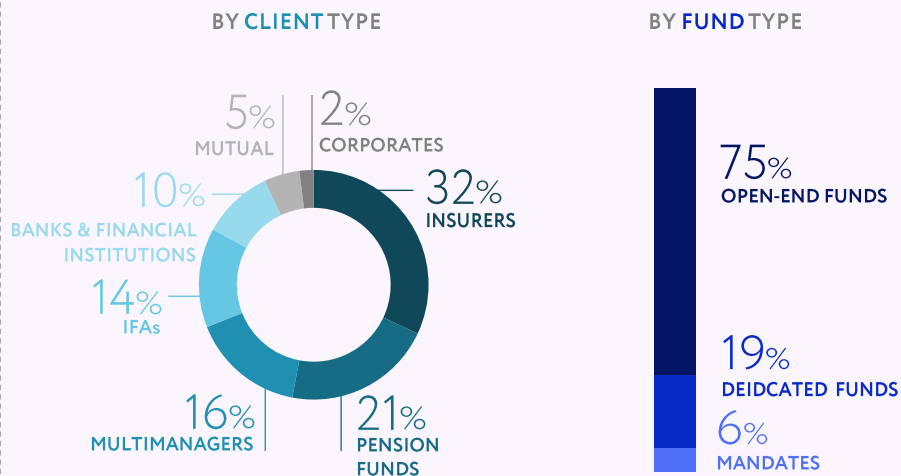
All of Sycomore AM's teams – investor relations, client service, marketing, investment, risk management and middle-office – **share the goal of delivering quality service** that meets our clients' highest requirements and standards.

At 31 December 2022, Sycomore AM managed assets worth €7.1 billion, of which 36% on behalf of international clients. We manage assets for various investor types, chiefly institutional investors, private banks, and family offices.

GROWTH IN ASSETS UNDER MANAGEMENT SINCE THE CREATION OF SYCOMORE AM



BREAKDOWN OF ASSETS UNDER MANAGEMENT IN 2022



3.1 Quality service that meets the high standards of all our clients

2022 saw the redesign of our monthly reports, which now present the non-financial indicators of our portfolio companies more transparently. These indicators constitute essential criteria for socially responsible investing, for use alongside economic and financial indicators, which alone are insufficient to evaluate a company’s continuity and resilience.

The purpose of **ESG reporting** is to ensure **companies’ transparency regarding ESG issues, to better assess how they manage the associated risks** and, more generally, the **companies’ responsibilities toward the environment, society and their stakeholders**. Investors increasingly require information that is material, meaning that it significantly impacts the business model and performance of the company being assessed. But what they in fact need is “double materiality”. Information of this type enables them to assess how environmental and social issues impact the company’s activities and, conversely, how the company’s activities impact the environment and its sphere of influence.

In 2022, we sought to more systematically identify those portfolio movements relating to the **management of our sustainability risk exposure** and progress towards the goals of our **climate and biodiversity alignment strategy**.

Likewise, **quantifying the social impacts of economic activities** is a vast field that is currently developing fast. In this context, we remain exceedingly humble in our pursuit of precision and exhaustiveness. The Societal Contribution (SC) metric developed by Sycomore AM aims to compare, as objectively as possible, the ability of different business models to address the major social challenges facing us today.

For several years, we have published our investments’ **Net Environmental Contribution**, in addition to their **SPICE** fundamental analysis rating, and we are now systematically including additional information, in accordance with each fund’s objective. This information consists in an environmental analysis and a social analysis:

ENVIRONMENTAL ANALYSIS	SOCIAL ANALYSIS
<ul style="list-style-type: none"> ▪ EU Taxonomy ▪ Exposure to fossil fuels ▪ Carbon footprint ▪ SB2A temperature rise ▪ SBTi climate alignment ▪ Biodiversity footprint 	<ul style="list-style-type: none"> ▪ Societal contribution ▪ The Good Jobs Rating ▪ Human rights policy ▪ Growth in staff ▪ Gender equality at work
<ul style="list-style-type: none"> ▪ Exposure to the UN’s Sustainable Development Goals 	

To promote **transparency** regarding our **shareholder engagement initiatives**, we added a qualitative description of any ESG follow-up and news relating to companies in Sycomore’s portfolio. This includes updates on our dialogue with the companies, the areas for improvement we have recommended to them, the ESG controversies to which they may be exposed, and how we have voted at shareholder meetings. The **publication of the new reports** also provided an opportunity to **inform** and explain how our proprietary ESG metrics are used.

In our effort to lead by example in matters of transparency and client service, in addition to the monthly reports described above, **we provide our clients with the following:**



Detailed reports available between D+5 and D+8 (working days) including an SRI analysis



Portfolio inventories available upon request to meet regulatory and transparency requirements (Basel III, Solvency)



Tailor-made dedicated reports, both financial and extra-financial



Annual reports on sustainability performance, impact and shareholder engagement for each fund

3.2 Socially responsible and diverse funds

Active managers seeking sustainable

Designed to offer both purpose and performance, **our investment expertise** – which seeks to identify durable levers for growth – is split into **four main strategies**:

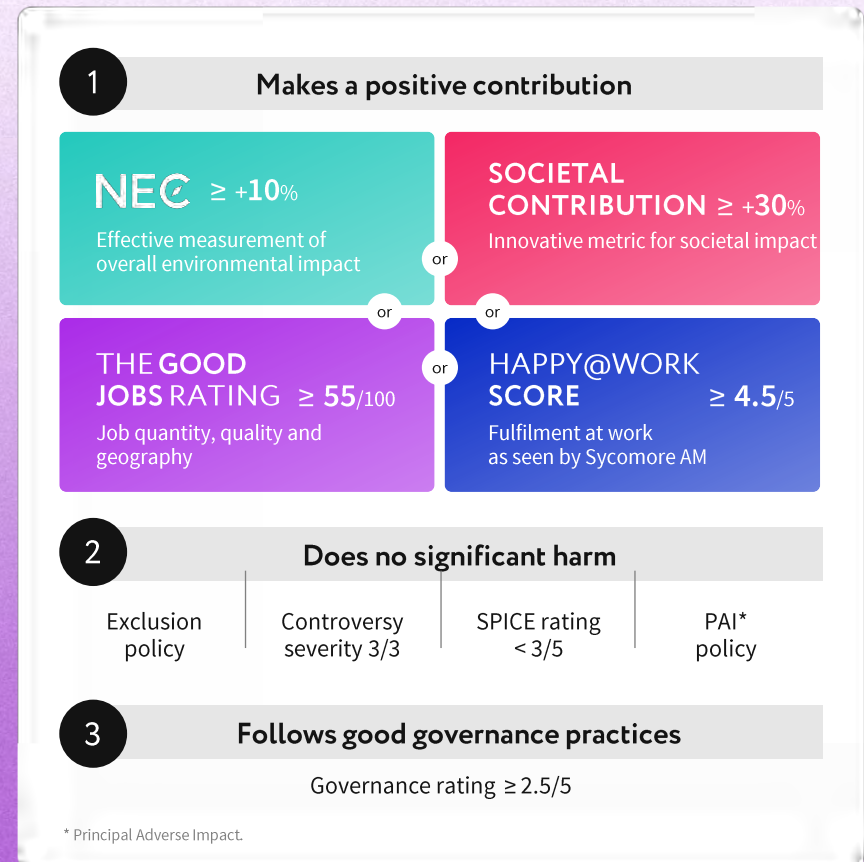
1. Equities
2. SRI Multi-themed and Thematic
3. SRI Crossover Credit
4. Flexible

The certification of our funds is a testimony to our responsible investment approach: at end 2022, our **Sycomore Europe Eco Solutions**, **Sycomore Europe Happy@Work**, **Sycomore Sélection Responsable** equity funds, our **Sycomore Sélection Crédit** credit fund and our **Sycomore Next Generation** wealth management fund obtained the renewal of the French government’s **SRI label** for another three years. An additional fund, **Sycomore Allocation Patrimoine**, also earned the government-backed SRI label following its integration as a feeder fund for the **Sycomore Next Generation** fund. Follow-up audits were conducted for our other labelled funds.

The certifications received in other countries reflect our international business development dynamics: some have received the **Towards Sustainability** label in Belgium, the **FNG** label in Germany or the **Umweltzeichen** in Austria.

Other labels reflect the specific characteristics of some of our funds, such as the **Greenfin** label for **Sycomore Europe Eco Solutions** or the **Relance** label for **Sycomore Sélection PME**. All of the funds promoted by Sycomore AM that have been awarded Germany’s FNG label received the highest grade of **3 stars**, in recognition of ambitious and exemplary SRI strategies.

In 2022, in preparation for Level 2 of the SFDR, the SRI teams developed a **common definition of a sustainable investment for use by Sycomore Asset Management**. The definition uses our established metrics to set high standards of selection in each investment universe and can be represented as in the illustration below:



3.2 Socially responsible and diverse funds

The purpose of our fund range is to combine both financial and extra-financial performance to support the development of a more sustainable and inclusive economy. It encompasses impact funds, which include sustainable investments as defined above, representing 100% of the assets under management, SRI funds, with a minimum share of sustainable investments ranging from 50% to 70%, and “ESG transformation” funds made up of at least 25% sustainable investments.

OPEN-END FUNDS PROMOTED BY SYCOMORE AM BY ASSET CLASS, SFDR CLASSIFICATION AND LABELS⁶

FUND	FOCUS	SFDR*	% SUST. INV.	LABEL(S)
EQUITIES				
ENVIRONMENTAL				
Sycomore Europe Eco Solutions	Companies engaged in the ecological and energy transition	Article 9	100%**	1 • 2 • 6 • 8
Sycomore Global Eco Solutions	Companies engaged in the ecological and energy transition	Article 9	100%**	
SOCIAL				
Sycomore Social Impact	Growth securities with a positive social impact (“for a better life”)	Article 9	100%**	1 • 6 • 7 • 8
Sycomore Europe Happy@Work	Companies focusing on human capital as their leading performance driver	Article 9	100%**	1 • 6 • 8
Sycomore Global Happy@Work	Companies focusing on human capital as their leading performance driver	Article 9	100%**	
Sycomore Inclusive Jobs	Companies supporting the creation of durable, inclusive employment	Article 9	100%**	1 • 3
Sycomore Sustainable Tech	Responsible companies in the tech industry	Article 9	100%**	1 • 5
Sycomore Global Education	Companies supporting lifelong quality education	Article 8	Min. 70%	1
MULTI-THEMED				
Sycomore Francecap	Our main convictions in the French market	Article 8	Min. 70%	1
Sycomore Sélection Responsable	Multi-themed selection of responsible companies	Article 8	Min. 70%	1 • 6 • 7 • 8
Sycomore Sélection Midcap	Responsible selection of small and mid caps	Article 8	Min. 50%	1
Sycomore Sélection PME	Our main convictions on SMEs and ETIs	Article 8	Min. 50%	1 • 4
SRI CREDIT				
Sycomore Sélection Crédit	Responsible selection of European bonds	Article 8	Min. 50%	1 • 6 • 7 • 8
Sycoyield 2026	Fund of bonds mainly maturing in 2026	Article 8		
FLEXIBLES				
Sycomore Partners	Conviction-driven equity strategy with exposure varying from 0% to 100%	Article 8	Min. 25%	
Sycomore L/S Opportunities	Flexible long/short management on equities	Article 8	Min. 25%	
Sycomore Next Generation	Flexible SRI wealth management fund	Article 8	Min. 50%	1 • 6
Sycomore Allocation Patrimoine	Flexible wealth management fund	Article 8	Min. 50%	1



* Article 9: sustainable investment objective. Article 8: addresses environmental and/or social issues. ** Excluding money market funds, cash and derivatives.

⁶ At the end of 2022, the 18 open-end funds promoted by Sycomore AM accounted for x% of the assets under management by Sycomore AM. Sycomore AM also manages mandates, segregated funds, open-end funds on behalf of Generali and funds of funds that are not presented in this report.

3.2 Socially responsible and diverse funds

Consistent with our mission, our teams expanded our range of impact-seeking funds with a sustainability focus, with the **launch of two new thematic funds and a reinforced ESG strategy for two existing funds.**

OUR NEW THEMATIC FUNDS

Launch of **Sycomore Global Eco Solutions**

A global selection of companies contributing to the ecological transition

The **Sycomore Global Eco Solutions fund is invested in international listed companies of all capitalisation sizes.** It is made up only of **companies whose business models contribute to the ecological transition as assessed by their Net Environmental Contribution (NEC)** with respect to a wide range of aspects: renewable energy, energy efficiency and electrification, green mobility, natural resources, renovation and construction, circular economy, food and environmental services. It excludes companies whose activities significantly destroy biodiversity or contribute to global warming or whose environmental, social or governance rating is too low.

Launch of **Sycomore Global Happy@Work**

A responsible selection of international companies with a focus on the value of human capital

Sycomore Global Happy@Work invests in international companies that pay particular attention to human capital, an essential performance driver. Through this selection, the fund seeks to contribute positively to the social issues highlighted in the **UN's Sustainable Development Goals.** Stocks are selected on the basis of rigorous fundamental analysis combined with in-depth ESG research, focusing on a company's ability to promote employee fulfilment and engagement, using a proprietary assessment framework. The analysis draws from the opinions of field experts, human capital managers and employees and from on-site visits. **The funds seeks to outperform the MSCI AC World index over five years.**

These two funds complete our strategies launched in 2015 – contribution to the energy and ecological transition and contribution to human capital – with two equity funds mainly invested in European stocks, **Sycomore Europe Eco Solutions** and **Sycomore Europe Happy@Work.** These funds qualify as **Article 9** funds, according to our definition of a sustainable investment.

TRANSFORMATION OF EXISTING FUNDS

Sycomore **Shared Growth** is now **Sycomore Social Impact**

With the ambition to **allocate the assets entrusted by investors to the projects that show the most promise,** in terms of financial returns as well as positive impacts on the society and the environment, we launched the **Sycomore Shared Growth** fund 20 years ago. The fund's initial objective was to **benefit from the growth potential of companies that show resilience against economic cycles and have excellent long-term visibility.**

Over the past 20 years, we therefore focused on research **to identify a common characteristic in companies that resist business cycle fluctuations:** their products, services, and business activities provide solutions to major societal issues. In addition, they often meet essential needs. Our frequent interactions with these companies and detailed understanding of the realities they face have enabled us to **gradually refine our selection process to identify companies whose products and services help shape a safer, healthier world for everyone, and whose social impact is both positive and measurable.** We chose to change the name of the Sycomore Shared Growth fund to Sycomore Social Impact to better reflect our focus in selecting stocks, enabling us to support companies making a highly positive social impact.

Sycomore **Allocation Patrimoine** has become a feeder fund of **Sycomore Next Generation**

This decision was made as both funds share very similar investment strategies, though the master fund **Sycomore Next Generation** goes one step further as it applies a certified Socially Responsible Investment approach. **Sycomore Allocation Patrimoine was certified with the SRI label in 2022.**

3.2 Socially responsible and diverse funds

Sycoyield 2026

Lastly, in 2022, to offer investors significant returns in a context of rising interest rates, we launched a fixed-maturity bond fund with screening and selection filters, called **Sycoyield 2026**. It invests mainly in **high-yield corporate bonds issued in euros**, with a maturity date mainly in 2026 and which are intended to be held to maturity. The selection of issuers takes into account **environmental, social and governance issues**.

2023 OUTLOOK

We will continue to develop our SRI funds in 2023, in particular, with the following:

1. An increased reliance on extra-financial criteria within our flexible allocation strategy, as seen in the project to transform the Sycomore LS Opportunities long/short fund into a feeder fund of Sycomore Partners, a flexible fund. This decision was made as both funds share very similar investment strategies, though the ESG approach taken by the future Sycomore Partners master fund will go further, by applying a certified Socially Responsible Investment approach to support companies making an ESG transformation.
2. The expansion of our international equity funds, Sycomore Global Eco Solutions, Sycomore Global Happy@Work and Sycomore Sustainable Tech, whose investment teams will be bolstered in 2023.

3.3 Industry-recognised investment

— REFLECTING OUR STANDARDS OF EXCELLENCE —

Our awards recognise our drive to align our investment approach with our clients' interests.

In 2022, we received multiple accolades distinguishing our integration of environmental, social and governance issues into our investment process.



**Best Asset Management Company
Entreprises & Finance Durable Awards**
(Sustainable Finance category)
run by AGEFI



**Gold Award (Top d'or 2022)
Entrepreneurial Asset Management Company
Awards**
run by Tout sur mes finances



ESG Champions 2022
run by Mainstreet Partners



**Second Place, Best Environment Fund
Third Place, Favourite ESG Company
for Sycomore Europe Eco Solutions**
run by H24 Finance

3.4 A close and responsive partner

Frequent contact with our stakeholders

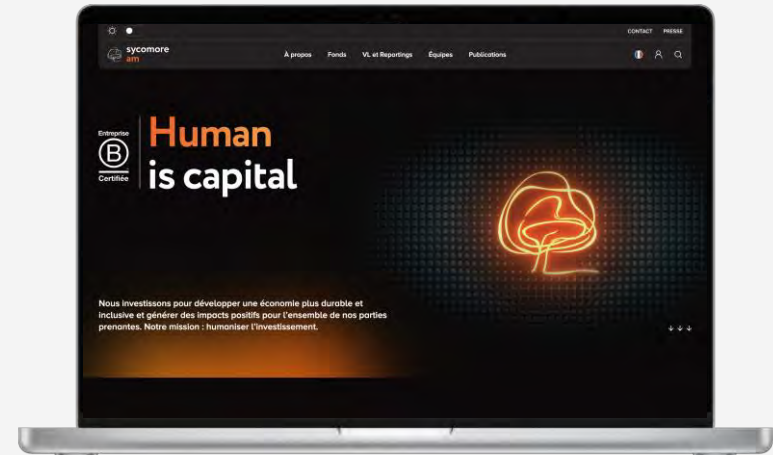
In 2022, we held new **events for our clients** and continued to participate in **conferences in the financial community** on topics such as **sustainable asset management** and **company transformations**.

For example, we held a conference on **Transition, from words to deeds**, with **Catherine MacGregor**, CEO of **ENGIE**, which was attended by institutional, bank, insurance, asset management and corporate players.

We also ran frequent **webinars** to keep our clients informed all year long of our analysis of macroeconomic changes and our strongest investment convictions in that context. Our investment teams presented their approach to the issues raised by the energy and ecological transition through the **Eco Solutions** strategy and to social impact issues through the **Happy@Work** strategy and the multi-themed allocation fund **Sycomore Next Generation**.



Our experts also participated in **SRI events** organised by AGEFI, such as its ESG & Impact Investing Forum and its Biodiversity Conference. They also took part in the Parlement des Entrepreneurs d’Avenir, the Geneva Forum for Sustainable Investment in Switzerland, the Citywire Frankfurt ESG Forum in Germany, and the Rankia event in Andorra.



Through our active presence on **social media**, we continued to communicate on responsible investing. Client relations having become increasingly digital since the pandemic, **2022** saw an increase in **the amount of digital content** published. We recorded more than **30 videos**, produced in-house, mainly using our own **film studio at Sycomore AM**.

Meanwhile, **our LinkedIn account** recorded a 20% rise in the number of followers, now at around **14,000 subscribers**. As in 2021, we observed that the native video format boosted the efficiency of our social media communications.

Lastly, a **new version of our website** was launched in October 2022, with the aim to better reflect our brand image while making it **as intuitive and interactive as possible** for our clients.

The content of our new website has been enriched: it now highlights our responsible investing mission and provides more transparency into our governance, our methodologies, our commitments and our news. In two clicks, our clients can reach the information they want: fund descriptions, net asset value, strategies, reports required under Article 29 of France’s Energy and Climate Law, and more. **The user experience has been optimised** and now includes a **dark mode** for vision-friendly use and a 40% to 60% reduction in energy consumption compared to the standard mode, thereby supporting our efforts toward environmental responsibility.

THE MISSION COMMITTEE'S OPINION ON THE ACHIEVEMENT OF GOAL #2

“ To continue with the development of our socially responsible investment offering, aimed at creating positive impacts and combining purpose and performance.”

2022 REVIEW

- Sycomore AM continued to **deploy new global strategies aimed at delivering positive environmental and societal impacts**. Its range of SRI-certified funds has grown considerably over the past few years, reaching **91% of assets under management at end-2022**. This expansion aligns with the company's search for positive impacts within long-standing SRI funds and the creation of sustainable thematic funds in recent years.
- In preparation for the entry into force of Level 2 of the EU's SFDR on 1 January 2023, **Sycomore AM developed a stringent definition of a sustainable investment** and reviewed the positioning of its entire fund range, with most of the funds being assigned a minimum sustainable investment percentage of 50% to 100%.
- In addition, to ensure **clear and transparent communication** with clients, a **redesigned monthly report** presenting ESG impact indicators in greater detail was launched at the same time as a new website highlighting Sycomore's SRI publications.
- **Sycomore AM's teams are proud** to have achieved their goal to continue to develop its socially responsible investment offering, aimed at creating positive impacts and combining purpose and performance.

2023 OUTLOOK

Strengthening these positive results with client feedback, which could be obtained from a **satisfaction survey to be conducted in 2023**, has been identified as a priority by the Mission Committee.



04 Our human capital

Human capital, our primary factor of success

OUR VISION

“ In today's world of data and algorithms, we value human capital. We are a group of women and men united around a common goal pursued in our different professions: **creating sustainable value**. We are convinced that a company can only create sustainable value if this value is shared with all of its stakeholders. We invest to develop a **more sustainable and more inclusive economy** and to create positive impacts for all of our stakeholders.

Our mission:
To give a human dimension to investment

Our ambition:
To deliver performance through purposeful investments

OUR VALUES

To steer us in our daily business operations and fulfil our objectives, we focus on **three key values** chosen by Sycomore AM's employees:

audacity, cohesion, and engagement, while nurturing a mindset of goodwill.

To bring these values to life in our daily work, we have translated them into principles for action. Through our **audacity**, we cultivate a spirit of open-mindedness and intellectual curiosity in order to break with industry standards and set ourselves apart. We encourage risk taking and accept failure.

“If you want to go fast, go alone. If you want to go far, go together.” Thanks to our group **cohesion**, we share the successes and learn from our failures together. Each individual's full commitment enhances our collective performance. Our strong **engagement** enables us to build the future together through our daily actions.



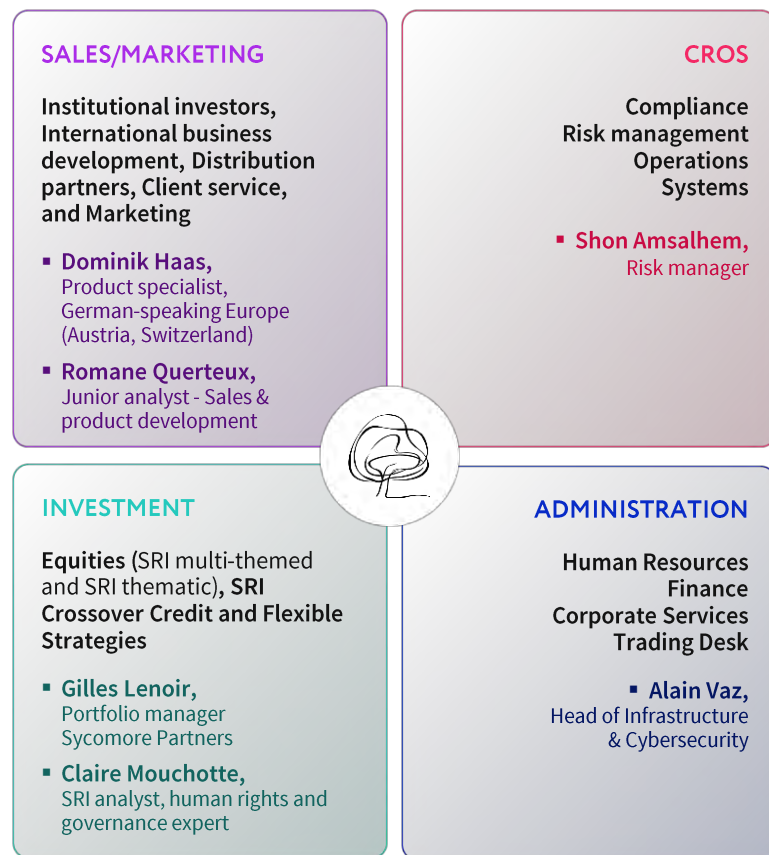
Amaury Eloy
 HEAD OF
 HUMAN CAPITAL

We believe goodwill is the key to a company's vitality. When this goodwill is sincere (i.e. upheld by senior management who epitomise these values in their relations with others) and when it is assimilated and disseminated throughout the company, this mindset means team members are free to be truly themselves; it can open up their creativity, intelligence and initiative, without fear of petty or authoritarian management practices. Goodwill fosters trust, transparency, critical thinking, and constructive feedback. In essence, it prevents an organisation from becoming 'fossilised'. It is a source of collective interest and personal fulfilment. Rethinking the way we work based on goodwill is a revitalising exercise for any manager.

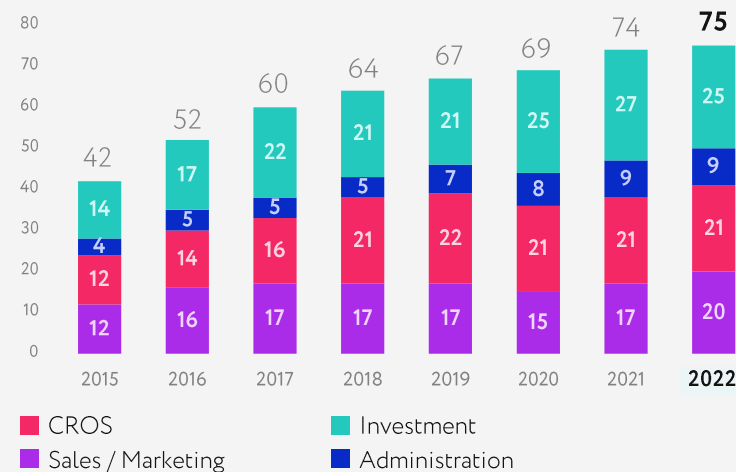
4.1 Our employees

At end-2022, Sycomore (Sycomore Factory, Sycomore AM and Sycomore Market Solutions) employed **75 people**, an **increase of 1.3%** (one additional employee) compared to 2021. Aside from the recruitment of a Head of Infrastructure & Cybersecurity, job openings were filled position by position. **Staff turnover came in at 7.4%** in 2022 (compared to 11% in 2021) and is therefore less than the average of 11% recorded between 2015-2021.

Sycomore AM is organised in four units that interact daily with one another. Six new employees joined the company in 2022.



SYCOMORE AM HEADCOUNT GROWTH PER UNIT



GENDER BREAKDOWN AT DIFFERENT ECHELONS OF THE STRUCTURE



In 2022, **Anne-Claire Abadie** (manager of the Eco Solutions range) and **Anne-Claire Imperiale** (head of ESG and Stewardship) joined the Steering Committee. As a result, **women now make up 25% of the Steering Committee members**. The average age of our employees is **40.5 (+1 year)**, with 36% of staff between ages 26 and 35. **At end 2022, 100% of our staff were employed with a permanent contract and management (“cadre”) status.**

4.2 Our **compensation** policy and pay **equity**

Sycomore AM has set up a **compensation policy**⁸ based on the principle of shared value. Under this principle, **30% to 40%** of the value created by the company is redistributed as wages and bonuses, in keeping with our strong focus on human capital and our SPICE analysis model, according to which a company can only create sustainable value if this value is shared among its stakeholders.

In this regard, our compensation policy has established the two following principles:



The **overall pay equity ratio** (after income tax and including employee savings plan benefits) is **capped at a multiple of 25 times the median salary**. In 2022, the ratio was **3.9** (versus 5.4 in 2021), well below the limit. For the sake of comparison, the average pay equity ratio in the SBF 120 was 54 in 2022⁸.



The **annual profit-sharing bonus paid annually by Sycomore AM is identical for all employees** (pro rata to the number of months worked during the year), regardless of the individual's tenure or wage level – which is particularly appreciated by our younger employees. In 2021, Sycomore AM signed a Group Profit-Sharing Agreement which will **strengthen the profit-sharing policy and thereby benefit all employees**.

In addition, the compensation policy includes **targets for all positions in the company regarding their contribution to Sycomore AM's mission**. For fund managers and analysts, variable compensation hinges on the effective application of ESG criteria. The policy therefore **incorporates sustainability into variable remuneration, as required under the EU's SFDR**.

For the 2022 financial year, after consulting with the Social and Economic Committee, Sycomore AM decided to allocate a **value-sharing bonus** consisting of the lump sum of €3,000, the maximum permitted by law, to boost the purchasing power of the lower-earning 45% of staff (32 employees).

To ensure that our remuneration remains attractive, we mandate the independent consultancy firm **McLagan** (AON group) to conduct a **compensation survey** every four years.

Finally, we believe that **employee share ownership** is an important tool, alongside employee recognition and pay equity, for aligning employees' interests with the company's success in its mission. For this reason, in 2022, we chose to open the scheme to an even larger number of employees. At the end of 2022, **37 employees** (51% of all staff) held stock in the company. Together, they owned **13%** of the share capital.



⁷ For more details on our approach, our [remuneration policy](#) can be downloaded from our website, on the Legal information page.

⁸ Research conducted by WTW among 115 companies in the SBF 120, including 39 in the CAC 40 having published their Universal Registration Document at 23 June 2023.

4.2 Our compensation policy and pay equity

FOCUS ON THE GENDER PAY EQUITY INDEX

In 2022, our gender pay equity index – calculated since 2019, in compliance with regulations – was **89/100 points for Sycomore AM**, compared to 78 points in 2021, an **11-point improvement**.

Note that for companies employing between 50 and 250 people, the index is based on **four indicators**:

- 1. The gender pay gap:** Sycomore AM's score of **39/40 in 2022** indicates a **weighted gender pay gap of 0.5%** observed for validated groups (a validated group includes at least three men and three women in the same age bracket and same job category), covering **45.6% of the workforce**.
- 2. The gender gap in annual pay rises:** our score was **35/35 in 2022**.
- 3. The percentage of female employees that received a pay rise on their return from maternity leave:** our score was **15/15 in 2022**.
- 4. The number of men and women among the ten highest paid employees:** our score was **0/10** in 2022. This indicator is down 5 points, since only **one woman** (versus two in 2021) **placed among the ten highest paid employees at Sycomore AM in 2022**.

CHANGE IN METHODOLOGY

As announced in the [Sycoway As a Company](#) report published in 2021, to ensure that our rating accurately reflects the reality of gender equality within Sycomore AM, we implemented a position-based methodology, with the approval of the Social and Economic Committee. In a situation where all employees have management ("cadre") status, this methodology appears more relevant. **With the new methodology, the tolerance margin for pay gaps between men and women in equivalent positions is only 2%, compared with 5% using the previous methodology based on socio-economic category.** The significant jump in our index this year results from this change in methodology. The indicator for the pay gap rose from 23/40 to almost the highest score, 39/40, an increase of 16 points.

OUTLOOK

The gender pay equity index is an indicator that is monitored closely by the Compensation Committee, which is keen to see the index continue to improve. To maintain gender equity in pay and meet the quotas required by the Rixain law, Sycomore AM aims to ensure, by 2030, that women make up **40% of the staff authorised to issue trading orders** (compared with 38% in 2021 and 29% on average among French asset management companies, source AFG – 2021).

4.3 Well-being at work

Social support for employees

Sycomore AM is proud to offer its employees access to **concierge services**, free of charge. These services, in place since 2017, are provided by **Responsage**, which serves employees who are caregivers and offers them personal support. The company addresses employees' concerns on social issues affecting them personally as well as their family, while respecting their right to privacy. Every year, between 5% and 10% of Sycomore AM's staff use the services provided by Responsage to solve personal problems needing **social support** and/or **solutions**.

Similarly, Sycomore AM has set up an active policy to **support employees who are also parents of young children**. It includes a financial contribution towards the cost of **daycare** (20 places funded in 2022 compared with 19 in 2021), thereby helping employees in need of childcare solutions and improving the **work/life balance** of working parents in the company.

Team building

Team-building exercises help to strengthen cohesion and improve dialogue throughout the company – when circumstances allow these events to take place. Sycomore AM considers it important to regularly hold seminars bringing all employees together. **The 2022 seminar was held in Chamonix**, at the family-friendly ski area Les Houches, where skiing, hiking and other attractions kept the teams busy. The visit to Mont Blanc on the last day was a particularly stunning way to wrap up this retreat “in the clouds”.



A modern working environment

Sycomore AM moved into its current premises nearly a decade ago. Since then, working practices have changed radically, both in France and elsewhere in the world, in response to **the digital transition, the advent of virtual cloud infrastructure, a renewed interest in open, collaborative work spaces, and of course the rise of remote work** that began during the Covid-19 pandemic.

In this new context, to increase our teams' operational efficiency, facilitate communication, create a comfortable work environment, and satisfy their desire to see each other in the office, Sycomore AM began a **redesign of its work spaces**. An in-house taskforce has been created, and Sycomore AM has hired an architect to rethink the way we use the premises and review our office organisation.



IT network efficiency:

- **Ensure the same network quality, security and speed** whether the employee is working remotely or in the office, using a virtual cloud infrastructure.
- **Reduce the number of machines and their running hours per day** to save energy.



A variety of work spaces: Design spaces according to how they are used, with soundproofed areas for phone conversations, meeting rooms for videoconferencing, collaborative working spaces, and traditional workstations that offer an environment free from distractions and noise.



Communication and operational efficiency: The biggest consequence of the above changes will be an **encouragement for teams to mix** and engage in more effective, higher-quality and more personal interactions.

4.3 Well-being at work

Digital frugality

by David Richard, Chief Technology Officer

Four staff members form the **Digital Frugality** task force: **Jean-Guillaume Péladan, Olivier Cassé, François Bonnel and David Richard**. The objective of the taskforce is to **identify the best practices that will help save energy through the use of IT tools made available to staff**.

The key issues identified so far are:

- emails
- files
- digital frugality when working from home or in the office
- best practices put forward by software companies (such as Microsoft) or advisory agencies (such as the French agency for ecological transition, ADEME)

For educational purposes, the conclusions that have emerged from these meetings will be included in the onboarding manual under a Best Practices heading.

In 2022, the taskforce mainly focused on **implementing cybersecurity tools**, under the guidance of **OneSecurity**, Generali's cybersecurity entity. Meanwhile, by migrating Microsoft Exchange to a dedicated Microsoft 365 tenant, Sycomore AM saved on support costs and the energy consumed by four servers that until then had been maintained by Sycomore AM. With this migration, more than 3 TB of data was moved into the cloud. As part of its green IT approach, Sycomore AM's IT department plans to invest in new infrastructure in 2023, mainly to reduce energy consumption and the use of IT hardware. The technology will be concentrated on only two servers and enable 100% of the current production servers to be virtual machines. The project will use the same technology to create virtual user workstations, thereby eliminating any physical dependency on the company's head office. In the future, **each user will potentially consume less electricity and use less IT hardware**.



4.4 Career development and employability

Training

At Sycomore AM, we care about developing employees' skills and careers, **emphasising training as a lever for employee fulfilment and performance**. Some training modules are compulsory, such as AMF certification for employees who need it to carry out their duties. Other training needs were **identified during annual performance reviews**, including foreign language skills, financial analysis (CFA), sustainability (via programmes such as CFA ESG and CESGA) and management. Under our training policy, staff members can also choose their own programmes (outside of the compulsory modules). The [skillup.co](#) platform provides all employees with access to **more than 20,000 training programmes** on areas in line with their needs and/or interests.

We also provide **in-house training programmes** designed to facilitate the **transfer of knowledge and skills between staff members**. More specifically, we provided an average of about 12 hours of ESG training per employee in 2022. This average includes five hours of training for employees who are less concerned with ESG in performing their day-to-day duties and up to 100 hours or more for those who aim to gain more extensive expertise on sustainability issues.

External training **expenses** covered by Sycomore AM amounted to **1.05% of fixed payroll costs**. This percentage increased to more than 2% after the introduction of the skillup.co platform and during the pandemic (2020/2021) but has since fallen short of our targets. For 2023, we are designing a skills development plan and a system that better translates these targets into individual indicators, as a way of working towards our goal of creating “employee learners” (three hours a week spent on professional and personal development and upskilling).

Finally, Sycomore is keen to **contribute actively to the transfer of knowledge and skills to student interns who are starting out in their careers**. The Covid-19 pandemic and widespread remote working practices made it more difficult than usual for final year students to find an internship. Sycomore AM stepped up its efforts and brought in as many as 13 interns to its different teams in 2021, up from 10 in 2020 and four in 2019. **This trend was confirmed in 2022, with 26 interns hired.**

Becoming “employee learners”

One of the initiatives implemented following the workshop on hybrid work methods is for each employee to **devote 5% of their time (two to three hours per week) to professional and personal development and upskilling** (hard skills, soft skills, technical benchmark, personal R&D). The employee withdraws from their day-to-day responsibilities and spends the time on in-house and/or external training sessions, professional groups, discussions and seminars.



Enhancing our management style

This new, hybrid organisational structure is intended to transition Sycomore AM towards a **more personal and consistent management style aimed at improving how we handle operational priorities and coordinate employees as a collective group**. In addition to drawing up an individual roadmap at the beginning of each year, changes will entail **more regular monitoring** and quarterly reviews between managers and their teams.

4.5 Social and Economic Committee

In 2022, new members were elected to the Social and Economic Committee (SEC) after the four-year term of office expired for the elected members.

As a result, the SEC now has **four elected members** and **four alternate members** (as against three elected members for the previous period of office). The SEC's governance team has kept the same members:



Chairman,
Amaury Eloy
*Management
representative*



Treasurer,
David Richard



Secretary,
Florence Jolin

The SEC also appointed one of its members to the role of **representative for matters concerning sexual harassment and sexist behaviour**. **Fatou Nicolas** will be responsible for developing awareness actions, organising training and implementing procedures for reporting and dealing with sexual harassment situations at Sycomore AM.

The Social and Economic Committee is a **negotiating body between Sycomore AM's employees and their employer**. The SEC acts as the main contact in discussing individual and collective matters with the employer. Every day, the SEC works to improve employees' sense of fulfilment, by implementing a variety of actions to develop their well-being. It also promotes health and safety at work. The Committee meets every month. The SEC has its own operating budget which covers its running costs as well as a budget for Social and Cultural Activities (SAC).

FOCUS ON THE WORK OF THE SEC

In 2022, the SEC continued to work on fostering employee well-being, advancing both on social and cultural initiatives.

The **delivery of fruit and bowls of walnuts** continued, a popular initiative among fruit lovers! The amount was adjusted from a 4 kg basket to a 3 kg basket and from two deliveries a week to one. As fruit pairs wonderfully with chocolate, each employee received a chocolate creation from La Maison du Chocolat for Easter, satisfying everyone's sweet tooth. In parallel, **sport lovers were able to have their sport activity reimbursed with proof of purchase via the Swile platform**.

After eating their recommended fruit and vegetables per day and practising regular physical exercise (for those who did), employees were able to get away for some R&R using their **holiday vouchers** distributed before the summer. However, we sincerely regret that, due to delays experienced by our chosen service provider in developing the platform, digital vouchers will not be available until some time in 2023. In addition to the holiday vouchers, employees also received **gift vouchers**. Their face value was brought back to their 2021 level, in line with regulatory limits, resulting in a 60% reduction.



Finally, in support of Sycomore, the SEC organised the **Christmas party for employees' families**, with musical storytelling, face painting for children, creative workshops, gifts from Father Christmas, and more. The menu included savoury and sweet crepes, foie gras and salmon, to the delight of big and small alike! And to ease the wait, in late November employees received a beautiful Advent Calendar by artisan chocolate maker Julien Dechenaud.

In 2023, SEC members plan to address a wider public by **extending the reimbursement of sport activities to cultural activities**.

THE MISSION COMMITTEE'S OPINION ON THE ACHIEVEMENT OF GOAL #3

“ To offer our employees a **quality working environment**, involve them in strategic decisions, and foster an entrepreneurial spirit through employee share schemes.”

2022 REVIEW

- The **Happy@Work label was renewed** following the results of the survey conducted in late December, confirming that Sycomore AM continues to provide an attractive and fulfilling work environment for its employees.
- Although the **training budget** was well **below the target** (1.08% vs. 2% of payroll), Sycomore AM ensured that employees were **educated and trained on sustainable finance issues**, through either in-house information sessions led by expert teams or external training. Climate Fresk sessions were organised for all employees.
- **Employee share ownership** is a priority in Sycomore AM's entrepreneurial culture. This is reflected in the share of capital owned by employees, excluding founding partners, which currently stands at **13%. More than half of employees were shareholders at the end of 2022.**
- The methodology for calculating the **gender equality** index was reviewed to provide a comparison by profession. The index was 89/100 at the end of 2022, compared with 78/100 at end-2021, primarily resulting from this change in methodology and an ongoing focus on the distribution of pay increases.

2023 OUTLOOK

In 2023, the Mission Committee will ensure that Sycomore implements actions to **improve the monitoring of training courses aimed at all employees**. More details could be provided on the procedures implemented to ensure that compensation aligns properly with responsibilities for all employees.



5.1 The societal contribution of our investments

Our main lever for creating positive societal contributions is, here again, through our investment strategies. For this reason, as part our mission, **we have included in our articles of association our pledge to measure and improve the societal contribution of our investments and to ensure transparent and informative communication with our clients.** To honour this pledge, we have had to **develop tools** enabling us to measure and report the contribution of our investments to the transformation of the economy: the Societal Contribution of the products and services of portfolio companies (SC) and The Good Jobs Rating.

Societal Contribution of products and services

Since 2017, Sycomore AM has been developing a proprietary methodology used to **measure the societal contribution of a company's products and services**⁹. The SC is a quantitative metric ranging from **-100%** to **+100%** that aggregates the positive and negative societal contributions of a company's various products and services. Societal issues are grouped into three pillars: **Access & Inclusion, Health & Safety and Economic & Human Progress.** **The total contribution is the sum of each activity's contribution to the three pillars,** determined as a percentage of the revenue each activity generates.

The methodology is based on social issues covered in the United Nations' **17 Sustainable Development Goals** and the **169 underlying targets**, which provide a common roadmap for public and private stakeholders to achieve a better, more sustainable future for all by 2030¹⁰. It also incorporates **macroeconomic and scientific data** from public institutions, as well as leading independent sources such as the Access to Medicine Foundation and the Access to Nutrition Initiative. Some issues included in our analysis are not directly addressed by the Sustainable Development Goals, such as cybersecurity and the fight against obesity.

Quantifying the social impacts of economic activities is a **vast field that is currently developing fast.** This task presents a **number of challenges**, starting with the diversity of issues and how they interact, the difficulty of quantifying social phenomena and measuring them objectively, particularities of local context, and the lack of consensus as to the solutions to address each issue. Acutely aware of these challenges, we remain exceedingly humble in our pursuit of precision and exhaustiveness. As such, the metric developed by Sycomore AM aims to **compare**, as objectively as possible, **the ability of different business models to respond to the major social challenges** we face.

Access & Inclusion



- Access to basic products and services
- Microfinance
- Access to energy
- Access to healthcare
- Inclusive economic model

3 Health & Safety



- Innovation in treatment
- Prevention and treatment
- Nutrition
- Pollution
- Cybersecurity

8 Economic & Human Progress



- Technological advances
- Circular economy
- Education / Culture
- Gender equality
- Peace and justice

¹⁰ For more information on the 2030 Agenda and the Sustainable Development Goals, please refer to: <https://sdgs.un.org/goals>.

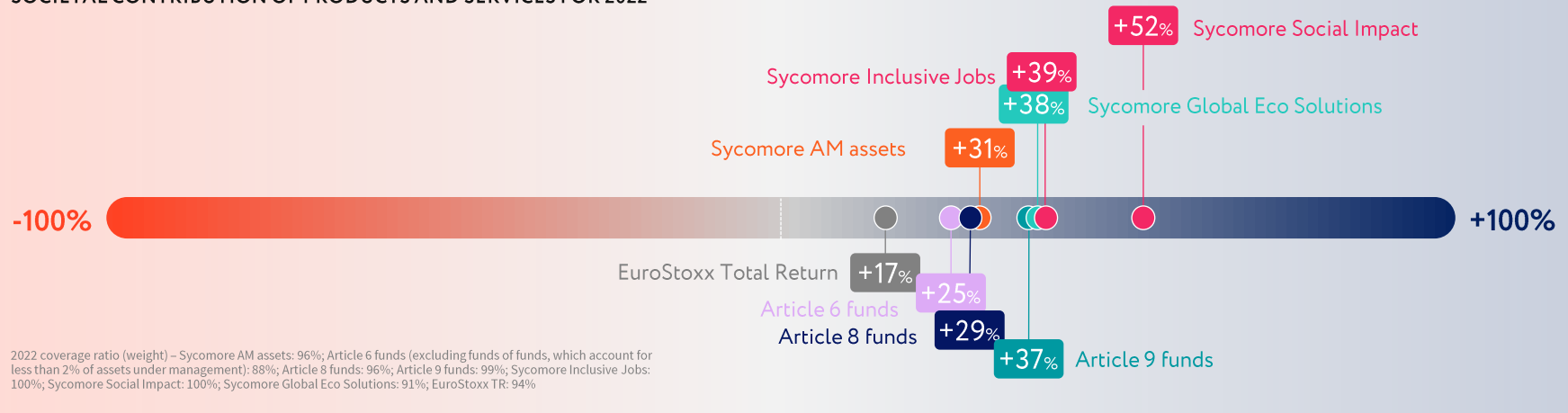
5.1 The societal contribution of our investments

Societal Contribution of products and services

At the end of 2022, the Societal Contribution of products and services for portfolio companies stood at 31% compared with 17% for the EuroStoxxTR. This significantly positive societal contribution reflects the positioning of 47% of the assets under management at end-2022, for which the SC is included in the investment criteria. For example, the **Sycomore Social Impact** fund focuses on

companies that offer solutions to global social challenges, with exposure to the healthcare, personal and household services, sustainable food and sustainable mobility sectors. Its societal contribution was 52% at end-2022.

SOCIETAL CONTRIBUTION OF PRODUCTS AND SERVICES FOR 2022



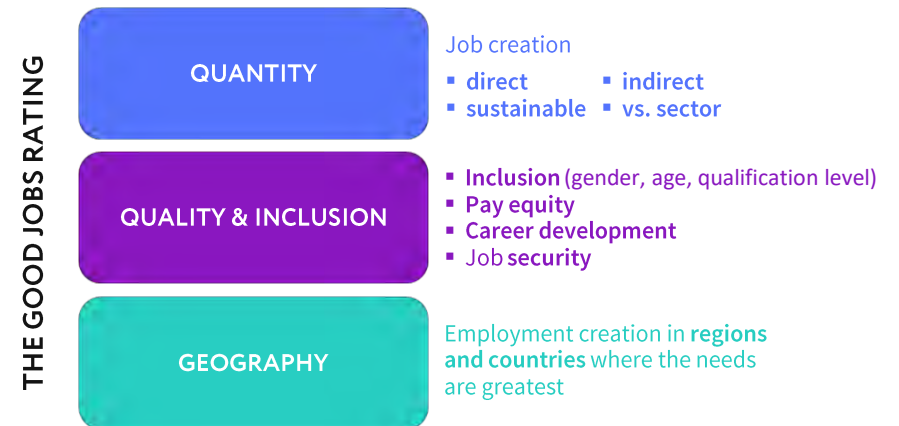
5.1 The societal contribution of our investments

The Good Jobs Rating: the societal contribution as an employer

THE
GOOD
ECONOMY

The Good Jobs Rating is an innovative data analysis tool developed in partnership with **The Good Economy** to assess a company's societal contribution as an employer. This covers a company's contribution to the UN's Sustainable Development Goal 8, promoting decent work for all.

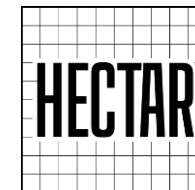
For more information on the social analysis of our investments and our funds' performance for these indicators, see [Chapter 2.4 of our Sustainability and Shareholder Engagement Report](#).



5.2 Sharing management fees with associations

In addition to developing investment strategies designed to contribute positively to societal issues, we share a portion of the management fees that we make on our thematic funds with non-profit organisations.

Since 2020, a percentage of the management fees from **Sycomore Social Impact** is redistributed to organisations that lead high-impact societal projects on the theme of "Transmission", in partnership with the **Fondation Entrepreneure**. The **Sycomore Global Education** fund has also had this philosophy of sharing management fees since its inception. In 2022, we decided to contribute to the non-profit organisation **1% pour la Planète** from the revenue of our **Eco Solutions** range of funds.



5.3 Our human rights policy

AS AN INVESTOR

In recent years, we have enhanced our **methods for analysing the exposure of the companies within our investment universe to human rights risks** and for managing these risks. This analysis is already covered by the Society pillar of our SPICE ESG proprietary model. As part of this initiative, three projects were implemented:

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 proposal to review the 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 United Nations' 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.

This work continued in 2022: the analysis was integrated into the SPICE process, with training provided for the management team.

Through the **French Sustainable Investment Forum (FIR)**, supported by the NGO **Human Resources Without Borders (RHSF)**, we took part in building a set of criteria for a quick analysis of companies' exposure to forced labour and child labour. It acts as a tool for making sure 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.**

Based on the evaluation methodology developed, this initiative will continue in 2023. Investors have selected **10 French companies** operating in high-risk sectors for a **phase of dialogue and engagement** to take place during the year.

In addition to this collaborative initiative, **human rights is one of the priority areas of engagement for 2023.** That involves dialogue with a selection of companies that are committed to adopting human rights policies and implementing actions in line with the UN's Guiding Principles on Business and Human Rights. One of the key focuses will be to **ensure that companies aim to identify and limit their exposure to risks of human rights violations, while protecting individuals, particularly vulnerable groups.** We will share human rights guidelines and best practices with them and inform them of new regulations in the regions we cover. This work is crucial for managing the principal adverse impacts (PAI) identified in the European Sustainable Finance Disclosure Regulation (SFDR).

AS AN EMPLOYER

As a business organisation, we created a taskforce to identify the key risks to which Sycomore AM is exposed in its stakeholder relations other than with investee companies. The taskforce **includes Amaury Eloy (HR), Anne-Claire Imperiale (ESG), Giulia Culot (Investment), David Richard and Fatou Nicolas (SEC).** Eight priority topics were raised:

- Working conditions and hours for employees and subcontractors
- Fair pay for employees and subcontractors
- Personal data protection and monitoring
- Freedom of association
- Whistleblowing systems
- Discrimination and harassment
- Right to disconnect
- Health and safety at work

The taskforce continued its work in 2022 and drafted concrete proposals for amendments to company rules and its code of ethics. A project under the responsibility of the SEC for 2023 could be to identify training courses for employees.

5.4 Shareholder engagement as a means of improving practices

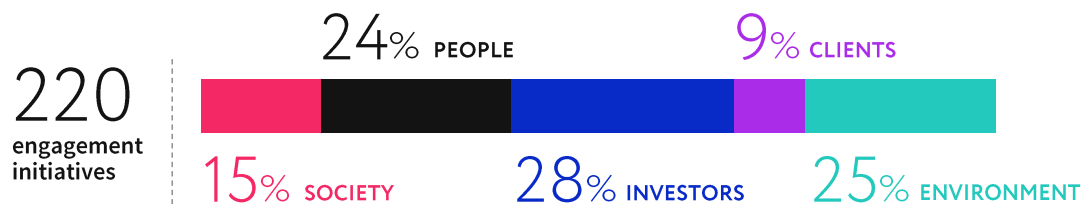
Firmly believing in the **importance of collaborative and collective work to develop ways that finance can be useful in addressing current societal and environmental challenges**, we are committed to promoting a sustainable economy and participating in expanding socially responsible investment **within our ecosystem and with 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.

Our **shareholder engagement and voting policies** are key tools that we use to accomplish our mission. 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**. We are convinced of the importance of this dialogue and the collective activism that we are a part of in developing business models that meet today's social and environmental challenges and as such contribute to creating long-term value for our clients.

Working from a **strategy based on progress**, we identify and regularly share best practices on **environmental, social, governance and human rights issues** with the companies from our investment universe. We encourage them to make these issues a central focus of their strategy and improve transparency on their resources and outcomes. However, as a minority shareholder, we do not try to interfere in defining strategy or seek a seat on the board of directors.

In 2022, we submitted **220 engagement initiatives to 107 companies** in our investment universe. Out of the shareholder engagement initiatives taken, **28% pertained to governance matters**, most of which were discussed ahead of the shareholder meetings – a period suited shareholder engagement. We maintained a sharp focus on **executive compensation** (transparency, moderation and alignment with the company's overall performance), which was the subject of **18 areas for improvement** submitted. We also continued our **engagement on human capital and societal issues**, which represented **29% and 18%**, respectively, of the areas for improvement submitted.



This dialogue provides the opportunity to share best practices and communicate our expectations about how their business models can serve social and environmental goals. Some dialogue takes place after **controversies arise due to negative impacts**, especially **on the environment or human rights**. When this happens, we initiate dialogue to fine-tune our analysis and, when possible, suggest areas of action that aim to manage and limit negative impacts on the stakeholders concerned and to prevent further controversies from occurring. **Other engagement actions are initiated as steps in implementing our exclusion policy**, in particular for energy companies undergoing transition. In this case, we promote the implementation of transition plans aligned with the Paris Agreement.

We voted at **490 shareholder meetings**, i.e. **97% of the shareholder meetings where we had voting rights** and nearly 99% of the volume of stocks in companies in which we held voting rights. For more information on our involvement with financial market organisations and our shareholder engagement actions and outcomes, please see our [Sustainability and Shareholder Engagement Report](#).

5.4 The Fondation Sycomore

The **Fondation Sycomore** is a tangible expression of our firm commitment to corporate citizenship.



Its history

Created in 2013, the Fondation Sycomore aims to **build bridges between young generations and the corporate world**. With the awareness that today's children are tomorrow's decision-makers and the firm belief that human considerations are central to developing a sustainable economy, we have chosen to focus our Foundation's work on secondary school pupils: from their school days and career choice decisions until they start their first jobs.

The Foundation is funded using a percentage of Sycomore AM's profits (1% of its operating income) and donations from Sycomore Corporate Finance.

Its purpose

Through their years of work and experience, Sycomore AM's team members have developed a sound understanding of the corporate world and the European economic landscape. **The Foundation's aim is to share this expertise, network and experience with the younger generations**. It guides children, teenagers, and young adults through their discovery of the business world, in meeting people and listening to their stories, so that they can fulfil their own ambitions and clarify their career path. Thanks to the support given by the Foundation, these students have benefited from valuable insights into the world of business.



5.4 The Fondation Sycomore

Our key partnerships



Fondation pour l'écriture – Labo des Histoires

The Fondation pour l'écriture was founded in 2018 by the Académie des Sciences Morales et Politiques and the Fondation Sycomore, together with three other corporate foundations (Fondation Aéroports de Paris, Fondation M6 and Fondation SNCF). It **supports initiatives designed to pass on the pleasure of creative writing to a target audience of children, teenagers and young adults who would otherwise not have access to this activity.** The Fondation pour l'écriture supports the Labo des Histoires, which offers **children, teenagers, and young adults (under 25) free writing workshops** where they can develop their writing and reading skills, their imagination and their creativity. In September 2021, the Fondation pour l'écriture organised the first event held in celebration of writing and speech: La Belle Harangue.



Fondation Epic

The Fondation Epic, created by Alexandre Mars in 2014, identifies and financially supports organisations that **fight inequality affecting children and young adults regarding their access to education, healthcare, social security, or social and professional inclusion.** This vision is perfectly aligned with ours at the Fondation Sycomore. Hence, over the past five years we have developed a meaningful partnership and, through Epic, backed several of the organisations selected over three-year periods. In 2020, the Fondation Sycomore began supporting the Duo For a Job project.



The Hectar Farming Campus

Spanning more than 600 hectares of land just outside of Paris, Hectar offers a training campus, an innovation and startup accelerator as well as a regenerative farming pilot farm. Hectar also provides coworking and seminar facilities, with an awareness programme aimed at young people. As it believes that **raising children's awareness about the agricultural and environmental transition is key to preparing our future,** the Fondation Sycomore has formed a partnership with the Hectar "Learning House". This structure is also a venue for meeting inspiring professionals who will enable these young people to discover new career opportunities within the agri-business and farming industries.



United Way L'Alliance

As a long-standing partner of the Fondation Sycomore over the past five years, United Way L'Alliance **works with young people living in underprivileged regions or rural areas to improve equal opportunity and school attendance and to help them make informed decisions for their future.** The Fondation Sycomore takes part in organising "career days" at Sycomore AM's offices as well as on-site visits to introduce secondary school pupils from Tremblay-en-France to a wide range of professions.

5.4 The Fondation Sycomore

Organisations supported and new partnerships in 2022

Organisations from previous years that continue to receive support

The Fondation has a policy to support non-profits over a full three-year period. In 2022, it maintained its financial backing for the following organisations: Proxité, Massajobs, CulturePrioritaire, Osons Ici et Maintenant, l'École à l'Hôpital, Ecolhuma (formerly SynLab), Unis-Cité, Wake Up Café, Espérance Banlieues, L'Institut Imagine, La Grande Tribune, Caisse Étudiante de Solidarité Sociale et Environnementale (CESSE), Sport dans la Ville, and Lire pour en Sortir.



New partnerships in 2022

While the Fondation Sycomore continues to provide long-term support for the organisations listed above, it also looks for new partners every year to give everyone a chance. In 2022, we initiated partnerships with the Philharmonie de Paris and the Démon programme, Tirelires d'Avenir, Scholavie, Votre École Chez Vous (Rouen school) and Entreprendre pour Apprendre.



FOCUS ON ULIS/SEGPA CLASSES

In 2022-2023, the Fondation Sycomore was proud to support a ULIS and SEGPA class project with their teacher **Karima Ouzarou** to plan and take a class trip to Marseille in the spring of 2023. ULIS and SEGPA are organisations that work with teenagers with cognitive disabilities (ULIS) and learning difficulties (SEGPA), who can be marginalised at school and need to regain a sense of self-worth. The secondary school students will have the opportunity to discover a new natural marine environment in a region with a rich cultural heritage and do some sightseeing (the MUCEM museum, the Vieux Port, a soap works and a day trip to the Calanques). They will create a photo and video documentary that will be shown at the school at the end of the year. Throughout the school year, the SEGPA students will organise “take aways”, i.e., take-away breakfasts and meals to raise funds for their trip. We feel that it is important to highlight these types of initiative, which bring the class tremendous support in their work over the entire school year.

THE FOUNDATION'S GOALS FOR 2023

The Fondation Sycomore will continue with its initiatives and renew the partnerships that have been established over the years, while relying on regular support from Sycomore AM's employees.

After two challenging years, when physical gatherings were restricted by the pandemic, our goal for 2023 is to continue reaching out to organisations and meeting with all our partners and students through on-site events. The Fondation Sycomore will also celebrate its 10th anniversary in the autumn, providing the opportunity to meet with partners that have provided their support since its beginnings through a major cohesive event.

THE MISSION COMMITTEE'S OPINION ON THE ACHIEVEMENT OF GOAL #1

“ To **measure and improve the environmental and social contribution** of our investments while communicating clearly and transparently with our clients.”

2022 REVIEW

- **With the publication of the Societal Contribution of products and services for portfolio companies**, Sycomore AM successfully deployed its methodology. Split into different sector frameworks, the methodology mainly draws on the **169 targets of the UN's 17 Sustainable Development Goals** to identify the activities that contribute to societal and global priorities. Its high contribution of **+30%** is further proof that Sycomore AM's investment decisions support activities that have a positive impact on society.
- **Combining efforts to improve human rights with the measurement of the societal contribution** of portfolio companies' products and services has proved effective in achieving goal #1. Both are essential in enabling Sycomore AM to manage the negative impacts of its activities, notably in response to the European Sustainable Finance Disclosure Regulation.

2023 OUTLOOK

The Mission Committee has made it a priority to set a **target for the societal contribution of investments** for the next few years in order to achieve goal #1.



THE MISSION COMMITTEE'S OPINION ON THE ACHIEVEMENT OF GOAL #4

“ To **strengthen our own societal contribution** by sharing some of the value we create with non-profits, notably via the Fondation Sycomore.

2022 REVIEW

- Every year, the foundation's activities reflect Sycomore AM's pledge to **support young people at different stages of their schooling and provide them with an opportunity to learn about the corporate world**. Direct involvement by staff members in the foundation's activities is an important part of Sycomore AM's corporate culture and is perfectly aligned with its mission to deliver positive impacts beyond its asset management activities.
- Sycomore AM upheld its policy of **sharing value created by funds** by continuing to donate a portion of management fees from the **Sycomore Social Impact** and **Sycomore Global Education** funds and by joining the non-profit organisation 1% pour la Planète for the **Eco Solutions** range of funds.



06

Our impact on the environment

The environment is “shared capital” covering all public goods that provide ecosystem services, as defined by the Millennium Ecosystem Assessment in 2005. Since 2016, Sycomore AM has published its **Natural Capital Strategy** based on a scientific, holistic and transparent approach. **This approach considers the key environmental issues: climate, resources and biodiversity**, with no particular order of priority.

Sycomore AM's most significant environmental impacts are indirect and caused by the businesses we finance through our investments. As such, we pay considerable attention to improving our understanding, assessment and management of the risks, opportunities and impacts that are created.

Furthermore, we remain fully aware of our duty to set an example and therefore make efforts to **manage our own direct environmental impacts**. The main direct impacts are home-office commutes, business travel, and energy consumption and waste production at our offices.

In this section, we first present the **updates to our Natural Capital strategy**, added in 2022 in collaboration with our Mission Committee, followed by the **results** of our dashboard and details on our environmental footprint. We conclude with the **highlights** for 2022 at Sycomore AM, as part of our continuous improvement approach, and worldwide.



6.1 Our Natural Capital strategy

In 2022, we updated our Natural Capital strategy to spell out the resources implemented to meet our **2030 target: achieve an NEC of at least +20% for all our investments.**

In it, we provide details on the **three levers** we will use to reach that target:



AVOID

Select investments that reduce our exposure to significant environmental risks



ALLOCATE

Increase investment in companies providing solutions that enable the environmental transition through their products and services



ENGAGE

Help companies improve how they manage their impacts and dependencies on natural capital, with a focus on transitioning companies

More importantly, and in keeping with our approach since 2016, we want to use this strategy as a **tool for dialogue with all our stakeholders:** employees, customers, investee companies, partners, and so on. We hope that this will **clearly establish our position on key topics in responsible finance:** carbon neutrality, aligning portfolios with climate scenarios, contributing to an ecological and/or just transition through our investments, measuring the impact of our portfolios on biodiversity, and our shareholder engagement policy on these issues. Our dialogue on these rich and thought-provoking topics must remain within an educational mindset. We discussed how to achieve that with the Mission Committee, which provided valuable insight.

OUR EXCLUSION POLICY AND OUR SHAREHOLDER ENGAGEMENT APPROACH

Our exclusion policy aims to limit our exposure to fossil fuels and to companies that have not initiated their transformation in response to the energy transition. We choose to invest only in companies that have a formal and robust transition plan. This selection process is followed by monitoring and well-defined engagement initiatives that clearly state what we expect from their decarbonisation plans.



With this in mind, we continued our engagement initiatives with **TotalEnergies** and **Engie** in 2022 to discuss their energy transition strategies. We paid careful attention to **Say On Climate** resolutions submitted at companies' shareholder meetings. In all, we supported four Say On Climate initiatives, voted against three and abstained from voting on one, due to a lack of adequate information in our possession to assess it. To learn more about our voting policy on Say On Climate resolutions, see our [voting policy](#).



6.2 Our contribution pathway for 2030



In 2020, Sycomore AM became a **certified mission-driven B Corp™** committed to **increasing our alignment with the environmental and climate transition**. In 2021, we defined a quantified pathway to 2030 and set new milestones in terms of climate and biodiversity. Our pathway aligns with three sets of standards: **Article 29** of France’s Energy and Climate Law, which came into force in 2021; our approach as a certified B corporation; and the commitment we made, approved by the Science Based Targets initiative in 2022.

Our pathway is divided into three parts:

A main target: achieve an NEC of at least +20% by 2030 for all our assets under management. This is by far the most comprehensive (coverage of more than 95%) and difficult goal, as it requires both **biodiversity** and **climate** alignment. To achieve this goal, Sycomore AM will need to continue adjusting the range of funds it manages to be more environmentally focused, a process under way since in 2015.

Purely climate-related secondary targets expressed as a temperature rise in °C by 2100 compared with pre-industrial levels for our assets under management. These targets are calculated using two different approaches:

- 1. An SB2A implied temperature rise of less than 2°C**, as SB2A temperature models developed between 2020 and 2022 indicate that an implied temperature rise based on SB2A methodology of less than 2°C is consistent with an NEC above +20%.
- 2. A substantial rise in the percentage of equity and bond investments with targets validated by the SBTi**, until it reaches 56% in 2030 and 40% for 1.5°C targets, in line with the commitments made by Sycomore AM to the SBTi.

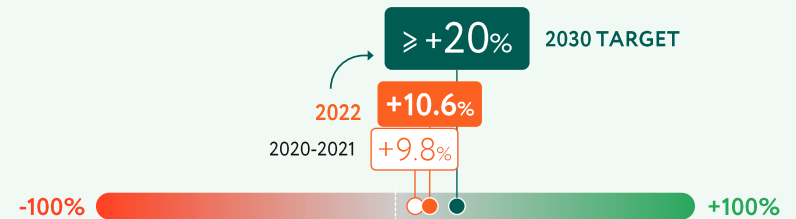
A company target for the carbon footprint of our operations, which is our third commitment to the SBTi. This involves maintaining a power supply that is **100% renewable** and a vehicle fleet that is **100% electric**.

INDICATOR	METHOD	2018	2019	2020	2021	2022	2030 TARGET
NEC (%)	NEC 1.0 across all AUM at 31/12/year Y (coverage > 95%)	+4%	+7%	+10%	+10%	+11%	≥ +20%
Implied temperature rise of portfolios according to SB2A (°C)	Science-Based 2°C Alignment method, SB2A, at 31/12/year Y, applied to all equity and bond investments (coverage of all equity and bond investments)	2.3°C (23%)	2.2°C (39%)	2.1°C (38%)	2.3°C (53%)	2.3°C (55%)	< 2°C (≤ 70%)
Share of portfolios aligned to a 1.5°C rise according to SBTi (%)	Equities and corporate bonds with an SBTi-approved target of a 1.5°C rise for all AUM at 31/12/year Y	1%	8%	14%	32%	40%	≥ 40%
Share of portfolios aligned to a rise of 2°C or less according to SBTi (%)	Equities and corporate bonds with an SBTi approved target of 2°C or less across all AUM at 31/12/year Y	3%	11%	22%	44%	49%	≥ 56%
Absolute GHG emissions for Scopes 1 & 2	In tonnes of CO ₂ equivalent/year (reduction as a % from the base year 2019)	NA	9 (0%)	3 (-66%)	3 (-66%)	3 (-66%)	≤ 4.5 (-50%)

6.3 Our 2022 results for assets under management

Net Environmental Contribution

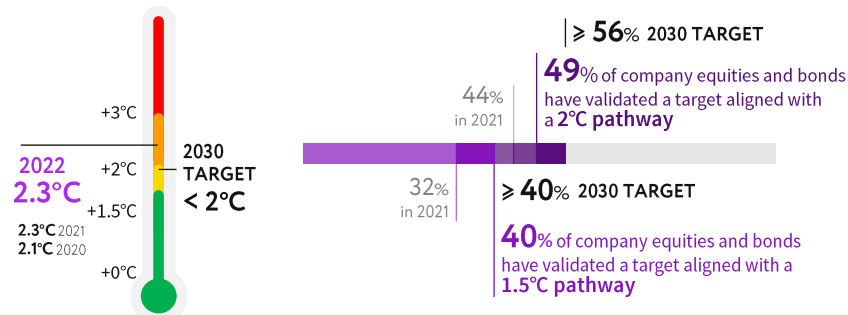
In 2022, the NEC of all our assets under management rose to +10.6%, a significant increase from +9.8% in 2021. As a basis for comparison, the NEC of the leading European indices is close to 0%, e.g. the NEC of -1.6% for the STOXX Europe 600 index¹¹. To meet the 2030 target, Sycomore AM would have to significantly increase the share of its funds with a NEC higher than +20%. This portion of the range – made up of four funds, [Sycomore Europe Eco Solutions](#), [Sycomore Global Eco Solutions](#), [Objectif Climat Actions 2](#) and a **mandate** – account for more than 13% of the total assets managed by Sycomore AM as at the end of 2022, up from 10% at end-2021.



The NEC for all our assets under management is on a steady increase but needs to rise faster to reach the 2030 target.

Climate

The **SB2A implied temperature rise remained stable at 2.3°C** covering 55% of assets, while the percentage of equity and bond investments that have set targets validated by the **SBTi has increased sharply to 49%**, versus 44% in 2021, and the percentage in line with the **1.5°C target rose from 32% in 2021 to 40% in 2022**, which matches the 2030 target level. These contrasting results clearly attest to the differences between the SB2A and SBTi approaches already highlighted in the [2021 Responsible Investor Report](#).



Net invested assets **accounted for 87% of assets under management at the end of 2022**. On this basis, we estimate that the percentage of all our assets under management **aligned with a pathway of a temperature rise of 2°C or less by 2100**, compared with levels during the period between 1850 and 1900, lies between the following two values:

- 16%, based on SB2A temperatures that are strictly below 2°C as an indicator for alignment, considering that, within the remaining 84%, 31.5% are not aligned and 52.5% are not disclosed;
- 42%, based on a short-term SBTi-approved target – “2°C”, “well-below 2°C” or “1.5°C” – as an indicator for alignment, bearing in mind that the information is not currently available for the remaining 58%.



The large discrepancy between the two figures provides further proof that these metrics should be interpreted carefully, though we do believe they are among the most robust in the market. We therefore share them for information purposes and as converging signals of a **partial and increasing alignment with the Paris Agreement**.

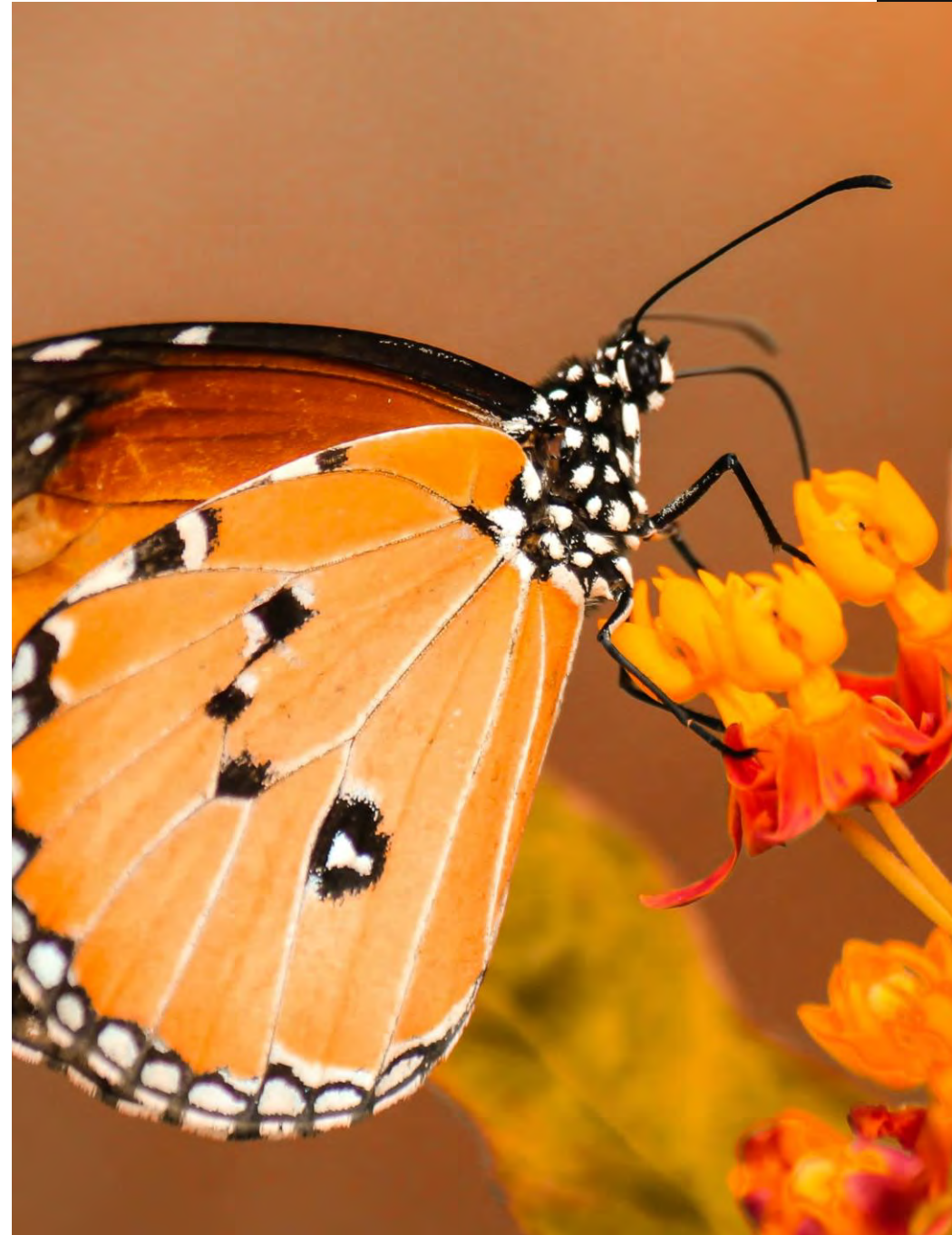
¹¹ NEC 1.0 score calculated by Sycomore AM on the basis of index constituents at 31 December 2022, with a coverage ratio of 96% (weight), and entry data provided by companies from 2018 to 2022.

6.3 Our 2022 results for assets under management

Biodiversity

In 2022, we measured our **aggregate absolute biodiversity footprint** for the first time, which is mostly determined (more than 99.9%) using the footprint of our assets under management. It came to **-506 km² MSA** for **Mean Species Abundance** (see pages 48 and 49 of the [2021 Responsible Investor Report](#)). That means that **506 km² of natural land is lost** with an average ratio of **-68 m² MSA per thousand euros** invested (covering 69% of all assets under management). This surface area is equivalent to about five times the surface area within Paris city limits.

As with the **aggregate absolute carbon footprint of our assets under management, estimated at 5.9 million tonnes of CO₂ equivalent** (see results below), **these figures have several limitations** (limits specific to each underlying methodology, aggregation method, double counting, overlap with footprints for pollution and solutions, etc.) and cannot be applied directly. However, they have the advantage of quantifying the order of magnitude of indirect impacts on the environment from financial products. In short, they are substantial. This reinforces **our belief that we must work to improve the content of our portfolios**.



6.3 Our 2022 results for assets under management

Carbon footprint

For portfolios, since 2015 it has been our choice to publish the carbon footprint of our funds, exclusively **for information purposes**. This indicator does not directly influence our investment decisions. While being aware of a company's carbon footprint, including ours, is essential and helps to identify and prioritise levers to reduce greenhouse gas emissions, **the use of an aggregate carbon footprint should be interpreted with precaution** and should not be used as a criterion in investment decisions for a number of reasons:

- **The carbon footprint does not distinguish between pure pollution and emissions generated to introduce solutions into the economy**, such as insulation, recycled or less polluting materials, reforestation or new renewable energy or electrification production capacity.
- **Greenhouse gas emissions (GHG) are rarely available over the entire lifecycle**, in particular for **Scope 3**, which covers the most emissions, and more specifically downstream Scope 3, which is often actually the largest source of emissions.
- **The aggregation methodology, which involves dividing known GHG emissions** (absolute carbon footprint) by a financial divisor (generally enterprise value), introduces **additional significant biases**.

A portfolio's weighted average carbon footprint and weighted average carbon intensity (i.e., dividing GHG emissions by revenue) are therefore not appropriate measures for implementing a strategy of decarbonisation or portfolio alignment.

Carbon footprints mostly reflect sector mixes, and any year-on-year changes for a stable sector mix can be primarily attributed to a rise or fall in markets. For example, as markets rose between 31 December 2020 and 31 December 2021, **carbon footprints generally declined between 2020 and 2021**, due to higher divisors in the calculation. **Then, with the overall market decline in 2022, the opposite phenomenon took place, and the weighted average carbon footprints of portfolios increased.**

For example, we have noted that, every year, **the funds that are best aligned with the environmental and climate transition are also the funds with the highest weighted carbon footprints**, as shown in the table below¹². The fund with the highest carbon footprint turns out to be **Sycomore Europe Eco Solutions**, the only **Greenfin**-certified fund within our range and the best aligned with the environmental transition. It also has the highest **NEC (+47% in 2022 and +48% in 2021)** and tops the climate alignment scores. Since 2022, we have seen the same situation with the biodiversity footprint measured using the **Corporate Biodiversity Footprint**.

Main open-end funds	NEC		Carbon footprint*	
	2021	2022	2021	2022
SRI AGEING POPULATION ¹³	-1%	0%	61	77
SYCOMORE PARTNERS	1%	1%	128	69
SYCOMORE SUSTAINABLE TECH	3%	3%	15	18
SYCOMORE GLOBAL EDUCATION	3%	3%	60	46
SYCOMORE FRANCECAP	2%	3%	227	198
SYCOMORE NEXT GENERATION	6%	5%	169	264
SYCOMORE SOCIAL IMPACT	4%	7%	110	121
SYCOMORE EUROPE HAPPY@WORK	6%	7%	108	103
SRI EUROPEAN EQUITY ¹⁴	7%	7%	96	119
SYCOMORE SÉLECTION RESPONSABLE	10%	8%	173	158
SYCOMORE SÉLECTION PME	12%	9%	239	249
SYCOMORE SÉLECTION CRÉDIT	7%	9%	224	257
SYCOMORE SÉLECTION MIDCAP	14%	14%	213	182
SYCOMORE INCLUSIVE JOBS	18%	18%	209	177
OBJECTIF CLIMAT ACTIONS 2	32%	30%	250	249
SYCOMORE GLOBAL ECO SOLUTIONS	35%	43%	120	193
SYCOMORE EUROPE ECO SOLUTIONS	48%	47%	293	323

¹² Sources: NEC 1.0 calculated by Sycomore AM on the basis of 2019, 2020 and 2021 data, with a coverage ratio of 96% to 100% (weight), carbon footprint for Scopes 1, 2 and upstream 3 on the basis of Trucost.S&P data, with a coverage ratio of 68% to 100% (weight), according to fund positions at 31 December 2022 and the 2021 Responsible Investor Report. ¹³⁻¹⁴ Managed by Sycomore AM on behalf of Generali Investments Luxembourg, provided as an example as Sycomore AM does not market this fund in France.
*Weighted average carbon footprint of portfolios in tonnes of CO₂/year and per million euros of enterprise value

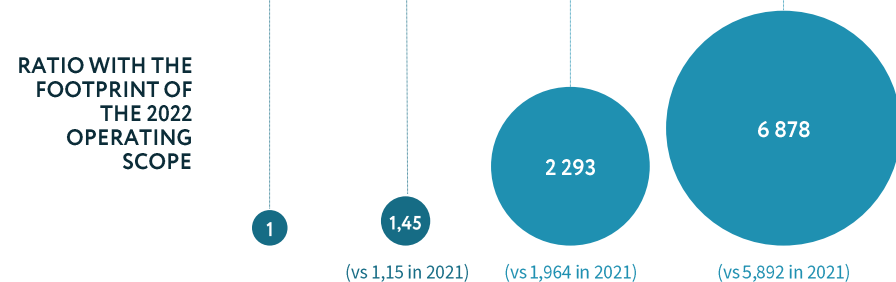
6.4 Our environmental footprint

As a company, we measure and seek to reduce our environmental footprint, especially our carbon footprint (established using GHG Protocol standards) across our value chain, excluding investments. We have both a **direct influence** (Scope 1 in terms of GHG emissions) on this footprint and an **indirect influence** through our energy purchases (Scope 2 in terms of GHG emissions), purchases of goods and services, and business travel (upstream Scope 3 in terms of GHG emissions). In addition, **we assess the footprint of our employee savings scheme**, which is not included in the standard carbon measurement protocol. In **2022**, the order of magnitude of our impacts, as illustrated by the carbon footprints of these various sources, **remained stable**. This measurement confirmed:

- A **factor of 300** between our Scope 1 & 2 GHG emissions and our upstream Scope 3 emissions
- A **similar order of magnitude for our company’s GHG emissions**, i.e. Scopes 1, 2 and upstream 3, and for our employee savings scheme, which became a key focus of our action
- A **factor of 2,000** between the GHG emissions of our downstream Scope 3 emissions, the portfolios under management, and our company (Scopes 1, 2 and upstream 3).

The following table shows **GHG emissions as measured in 2022, according to the GHG Protocol, compared with 2021** (shown in brackets). As explained above, the increase in the absolute and relative carbon footprint of employee savings schemes and investments primarily reflects the sector mix in which we invest. This effect is amplified by the market decline and consequent impact on enterprise value for the relative footprint. This does not imply whatsoever that portfolios delivered a poorer carbon performance. On the contrary, it is **consistent with the increase seen in the share of portfolios with a high NEC**.

COVERAGE	COMPANY Sycomore AM and I Care method ¹⁵		INVESTMENTS Trucost/S&P ¹⁶ and downstream Scope 3 estimated by applying a ratio of 2 to the sum of the other scopes	
	1, 2 and upstream 3, operating scope	Employee savings (not included in GHG Protocol)	1, 2 and upstream 3 of investments	1, 2 and 3 (upstream and downstream) of investments
ABSOLUTE FOOTPRINT IN TONNES OF CO ₂ E IN 2022 (2021)	864 (861 In 2021)	17252 (988 In 2021)	1,981 000 (1,691 000 in 2021 ¹⁷)	5,943 000 (5,073 000 in 2021)
2022 RELATIVE FOOTPRINT (2021)	11 tCO ₂ e per year and per FTE (11 in 2021)	17 tCO ₂ e per year and per FTE (15 in 2021)	267 tCO ₂ e per year and per € m in assets (189 in 2021)	802 tCO ₂ e per year and per € m in assets (567 in 2021)



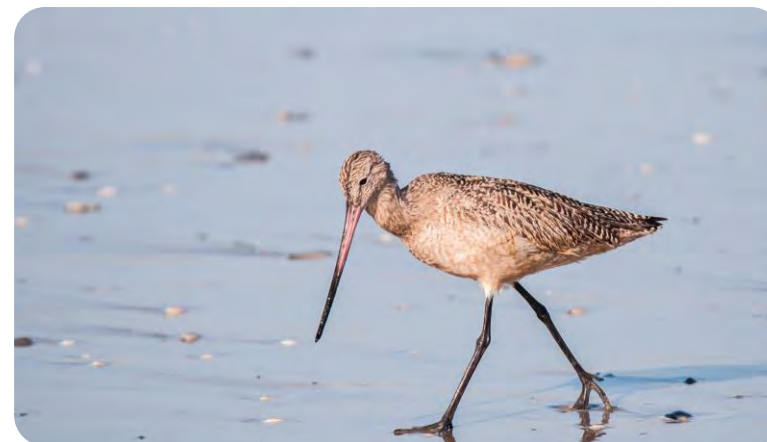
¹⁵ Assessment by I Care for 2020, with a margin of error of +/-37%, and assessment by Sycomore AM using the I Care method for 2021 with a calculated margin of error of +/-35%. ¹⁶ Aggregated Scope 1, 2 and upstream Scope 3 emissions data at 31 December 2021 and 31 December 2022 from Trucost/S&P, based on 2020 and 2021 data, with a coverage ratio of 85% in 2021 and 84% in 2022. Data for companies not covered by the ratio was estimated assuming that these companies produce similar emissions to those of the companies covered. These coverage ratios represented 79% and 74% of total assets under management in 2021 and 2022, respectively. ¹⁷ The figures published for 2021 and 2020 in the 2021 Responsible Investor Report showed a carbon footprint of zero (i.e., unknown) for assets not directly invested in companies. The 2022 calculation was more prudent, supposing that these assets – including underlyings such as cash, sovereign bonds and financial products – have a non-zero carbon footprint, estimated based on the weighted average carbon footprint of assets covered. This change in method resulted in an increase in the absolute and relative carbon footprints of about 10%.

6.4 Our detailed environmental footprint

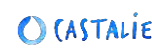






The measurement methodology built with **I Care** in 2021 has enabled us to **track our GHG emissions** as a company every year since 2019. The data is shown below in tonnes of CO₂ equivalent, as per the GHG Protocol¹⁸. **Purchases still account for most of our carbon footprint**, generating **85%** of the footprint in 2022 (compared to between 84% and 91% from 2019 to 2021). These purchases mainly comprise financial and non-financial data and services, or are for events that we organise or participate in. The increase in the footprint from business travel is due to a return to pre-Covid levels of mobility. All other sources decreased.

COVERAGE	2019	2020	2021	2022
TOTAL (SCOPES 1, 2 AND UPSTREAM 3)	765	630	861	864
SCOPES 1 & 2	9	3	3	3
BUSINESS TRAVEL	92	25	51	105
COMMUTING	4	2	6	2
NUMÉRIQUE	20	25	27	16
PURCHASES OF PRODUCTS AND SERVICES AND OTHER	640	575	774	736



On non-climate issues, in 2022 we continued our efforts to reduce our direct impacts, including:

-  **Continued use of Castalie water fountains**, eliminating the use of 25,686 bottles and the emission of 3.1 tonnes of CO₂
-  **Collection and recycling by Joyeux Recycleurs** of 224 kg of spent coffee grounds to produce 45 bags of compost and 19 kg of capsules to make 134 cans
-  **Continued participation in the SHRED-IT recycling programme** with 1.19 tonnes of paper collected, down 9% from 2021 (19 trees saved)
-  **Recovery of 10.5 kg of waste** (consumable IT and office supplies) by **Conibi** (consortium that recycles used printing consumable supplies from businesses to ensure this form of waste gets a second life), down 50% from 2021
-  **Collection of 3 kg of plastic caps and lids by Amours de Bouchons** (a non-profit that works to improve the living conditions of people with disabilities), down 50% from 2021.

¹⁸ The world's most widely used GHG measurement protocol, also used by the Carbon Disclosure Project and the Science Based Targets initiative, see <https://ghgprotocol.org/>. The calculation using the French Carbon Footprint methodology produces virtually identical results.

6.5 Our continuous improvement process

Our commitments require substantial, ongoing human and financial investment, which includes:



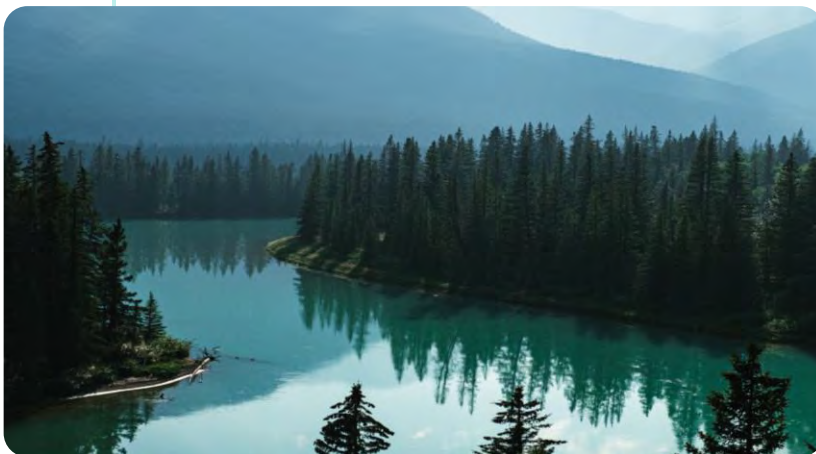
Updating the measurement every year and continuing to reduce our environmental footprint, especially our carbon footprint, as a company, compared to the base year 2019. In addition to the pledges we have made, this includes exploring potential improvements within our organisation, via digital frugality, and at our suppliers.



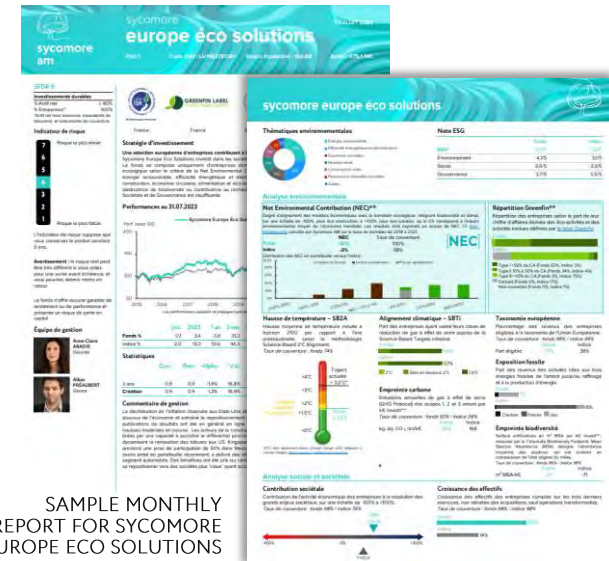
Working on the investment mix of our employee savings scheme with our partner ERES. In 2022, the Administrative and Finance Department completely reviewed the Sycomore Actions mutual fund. Its NEC consequently rose from +8% in 2022 to more than +20% in the first quarter of 2023. This new fund composition will also benefit the employees of other companies that invest in this mutual fund as part of their savings plan.



Continuing our R&D efforts, our data and licence purchases, our research on the NEC – the bedrock of our holistic Biodiversity & Climate approach – and our support for the NEC Initiative, which offers an open and international industry standard. Key achievements in 2022 included the publication of the Partnership for Biodiversity Financials Accounting Standard, participation in research and testing on the NEC 1.1, our membership in the Taskforce on Nature-related Financial Disclosures Forum, and the launch of a research programme with EDHEC and Mines ParisTech on planetary boundaries.



Upholding efforts to teach both our professionals and our stakeholders about environmental impacts, such as the Climate Fresk, rolled out in five sessions for 66 employees, three training sessions organised with Iceberg Data Lab on measuring SB2A implied temperature rises and Corporate Biodiversity Footprints (CBF), our participation in the COP 15 Biodiversity conference in Montreal, and our updated monthly reporting featuring new environmental indicators, as shown below.



SAMPLE MONTHLY REPORT FOR SYCOMORE EUROPE ECO SOLUTIONS

6.6 A new global deal in 2022

“Slow down or perish”

2022 was another year of **multiple alarms sounded** on the state of the biosphere, with new record temperatures, droughts, more frequent extreme weather events, and urgent calls to action issued by academics, declaring that **two additional planetary boundaries** had been crossed.

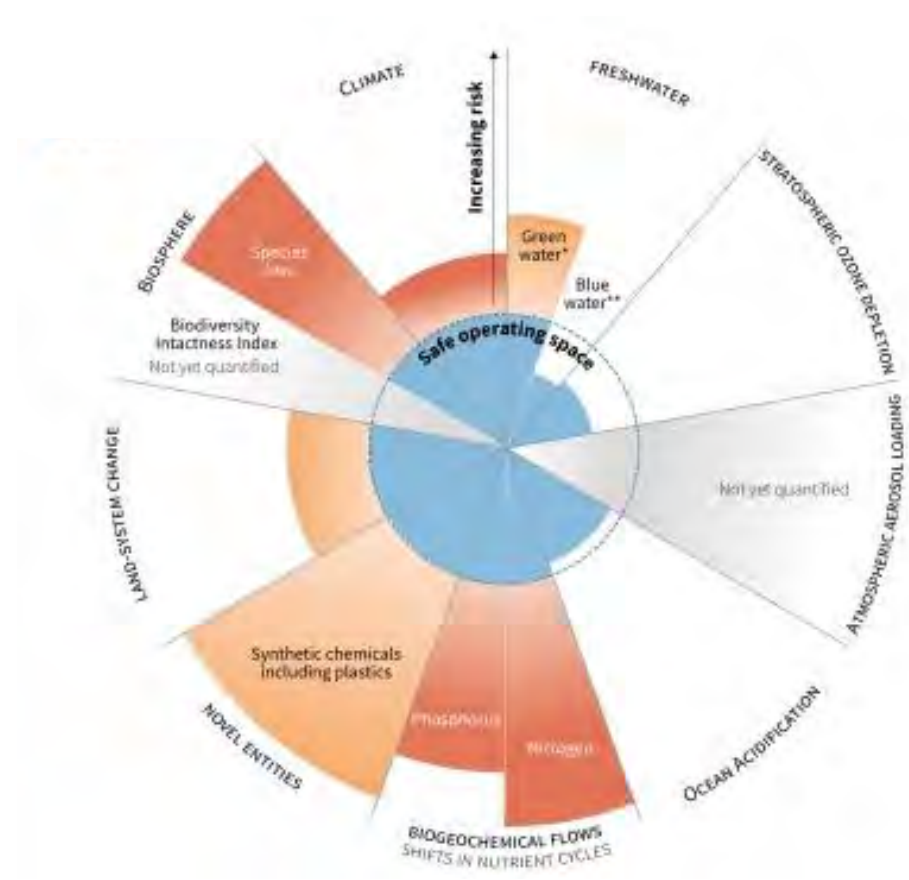
First, the Stockholm Resilience Centre (SRC) released a study¹⁹ stating that a fifth planetary boundary had been crossed, that of “novel entities”. This broad concept covers “new substances, new forms of existing substances and modified life forms”, including “chemicals and other new types of engineered materials or organisms not previously known to the Earth system, as well as naturally occurring elements (for example, heavy metals) mobilized by anthropogenic activities”.

Then, a new article published in April 2022²⁰ announced that **a sixth boundary had been crossed: green water**, referring to water stored by plants and the soil. Out of the nine planetary boundaries identified, the other four that have already been crossed are biogeochemical (nitrogen and phosphorus) flows, biosphere integrity (biodiversity loss), land-system change, and climate change. **Never have the danger to the environment and the resulting impact on the poorest populations been greater.**



2022 also marked the **50th anniversary of the landmark report from the Club of Rome**, “The Limits to Growth”²¹. The study provided factual evidence that unlimited growth could not be achieved in a finite world. Fifty years on, the hopes of escaping the dogma of GDP growth, “one of the stupidest goals that any culture has ever invented”, have matured, and pathways towards post-growth are now emerging, as brilliantly described in the book by Timothée Parrique, *Ralentir ou périr* (Slow down or perish, Seuil, 2022).

THE NINE PLANETARY BOUNDARIES



BOUNDARIES BREACHED

■ 2009 ■ 2022

* Green water is terrestrial precipitation, evaporation and soil moisture.

** Blue water is water from rivers, lakes, oceans and water tables.

Source: Stockholm Resilience Centre/Azote.

¹⁹See “Outside the Safe Operating Space of the Planetary Boundary for Novel Entities”, February 2022, <https://pubs.acs.org/doi/10.1021/acs.est.1c04158>.

²⁰See “A planetary boundary for green water”, April 2022, <https://www.nature.com/articles/s43017-022-00287-8>.

²¹See “The Limits to Growth”, D. Meadows, D. Meadows, J. Randers and W. Behrens III, 1972.

6.6 A new global deal in 2022

2022 was also the year of the **Kunming-Montreal Global Biodiversity Framework**, a historic and symbolic milestone²³. Although non-binding, the Global Biodiversity Framework (GBF) of 19 December 2022²⁴, outcome of the **COP 15 Biodiversity** conference, embodies a positive new perspective for the period 2030 to 2050: **four goals for 2050** (A, B, C, D, with D covering “adequate means of implementation, including financial resources”) and **23 targets for 2030** (numbered 1 to 23).

4 goals for 2050 23 targets for 2030

It marks an important step in **bringing nature up to speed with the climate**²⁵. This recent shift in focus to nature – a more readily understandable term than biodiversity – is driven by initiatives from the Taskforce on Nature-related Financial Disclosures (TNFD) and the Science Based Targets Network (SBTN)²⁶, two leading voices in Montreal. Science continues to advance, giving us a better understanding of the systemic quality and interconnectedness of the biosphere. The climate no longer stands in the way of the bigger picture²⁷.

In France, the Energy and Climate Law was passed in 2021. Its Article 29 now requires almost equal transparency (on impacts, risks, strategy and 2030 targets) for both climate and biodiversity issues. The French law aims to finally make up for the long-standing lag of biodiversity action behind climate action. At the European level, the EU’s Sustainable Finance Action Plan of 2018, including its six environmental goals covering the climate, resources and biodiversity, resulted in the Corporate Sustainability Reporting Directive (CSRD). On 3 January 2023, the CSRD replaced the Non-Financial Reporting Directive, thereby requiring greater transparency from companies on their social and environmental sustainability. **With the Kunming-Montreal Biodiversity Framework and its target 15 aimed at financial institutions and large and transnational companies, Article 29 of France’s Energy and Climate Law and the EU’s CSRD are now integrated into a new global framework.**

²⁴ 15-page text adopted and summarised (in French only) by the Ministry of the Ecological Transition. ²⁵ See <https://fr.sycomore-am.com/actualites/985/cop-15-quelle-nouvelle-donnee-episode-2-la-nature-en-retard-sur-le-climat-un-paradoxe> (in French only).

²⁶ See <https://sciencebasedtargets.org/>²⁷ In reference to the book by Guillaume Sainteny, *Le Climat qui cache la forêt*, which, back in 2015, already criticised the focus on climate change of governments, through tax incentives, and of the media, see <https://www.ruedelechiquier.net/essais/65-le-climat-qui-cache-la-foret.html>



THE MISSION COMMITTEE'S OPINION ON THE ACHIEVEMENT OF GOAL #1

“ To **measure and improve the environmental and social contribution** of our investments while communicating clearly and transparently with our clients.”

2022 REVIEW

- The **NEC of Sycomore AM's investments increased slightly in 2022 to +11%**, marking a significant improvement from +4% in 2018. Sycomore AM deployed resources to improve the measurement of its environmental contribution as a company, by participating in the research by the NEC Initiative and in major advancements on measuring the biodiversity footprint.
- Sycomore AM's **Natural Capital strategy was reviewed**, and its **climate targets** aligned with a 1.5°C trajectory were **validated by the SBTi**.

2023 OUTLOOK

To meet the **target of an NEC of +20% by 2030**, the implementation of levers that ensure a continued increase in the NEC of portfolio companies needs to be monitored.





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