

sycomore

Sélection PME

Sustainability Performance and Shareholder Engagement Report

This report describes the fund's investment process, its sustainability performance, and its shareholder engagement in 2024, as required by the SRI label created and supported by the French Ministry of Economics and Finance.



The FCP fund comes with no guarantee of earnings or performance and carries a risk of loss of principal. Before investing, please see the Key Information Document for the UCITS, available on our website: www.sycomore-am.com. Report pertaining to 2024. To learn more about Sycomore AM's sustainability approach, please see our related policies and strategies on our [website](#) and read the sustainability report published by the asset management company, as required by Article 29 of France's Energy and Climate Law. The indicators are based on companies' most recently published data (2024 or 2023 in most cases). The ESG performance reported in this document is that of companies in which the fund owned shares at 31 December 2024 and does not represent the fund's direct contribution to this performance. SRI labels help retail investors to identify responsible and sustainable investment strategies. These labels serve as a guide for investors but are no guarantee on the capital invested and do not certify the quality of investment management strategies implemented within the fund. ¹ Sustainable Finance Disclosures Regulation – Under the SFDR, an "Article 8" fund is a fund that promotes environmental and/or social objectives.

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01 The fund's investment philosophy

The Sycomore Sélection PME fund invests primarily in **small or mid-sized companies that meet the eligibility criteria for the French PEA-PME savings plan**: companies having a market capitalisation of less than €2 billion, either currently or at the close of at least one of the four previous financial years, and headquartered in the European Union.

The companies are selected **with no sector or style constraints**, using a **socially responsible and multi-themed investment process**, in keeping with the **United Nations' Sustainable Development Goals (SDG)**. The fund has **several objectives**:



It seeks to **deliver superior returns** over an investment horizon of five years.



It pledges to **maintain at least 50% of its assets in sustainable investments**, as defined by the SFDR, at all times.



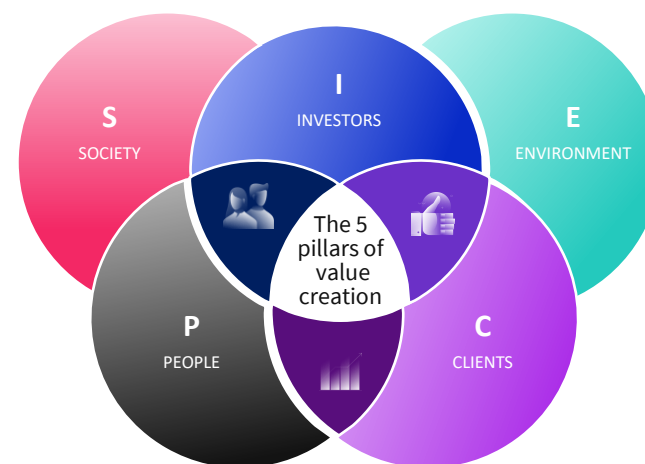
It aims to **outperform the MSCI EMU Small Cap NR index** with respect to Net Environmental Contribution (NEC) and Societal Contribution of products and services (SC), at all times.



As of January 2025, it aims to **outperform its benchmark index in terms of Societal Contribution and Scope 1, 2 and 3 carbon intensity**.

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

1. A fundamental analysis using **Environmental, Social and Governance (ESG) criteria and our SPICE² model**. The analysis applies the European Commission's concept of double materiality: as such, it covers risks that are material to the company's business value, as well as the negative social or environmental impacts of its business activities on its stakeholders.



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

² SPICE stands for Society & Suppliers, People, Investors, Clients and Environment. For details on the information taken into account in our SPICE fundamental analysis model, see our [ESG Integration Policy](#).

1.1

Our definition of a sustainable investment

In anticipation of the entry into force of the SFDR's Regulatory Technical Standards (RTS) on 1 January 2023, Sycomore AM introduced a **common definition of a sustainable investment** to be used for every investment universe. The definition aligns with the one provided in the SFDR³ and has three main components:

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

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

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

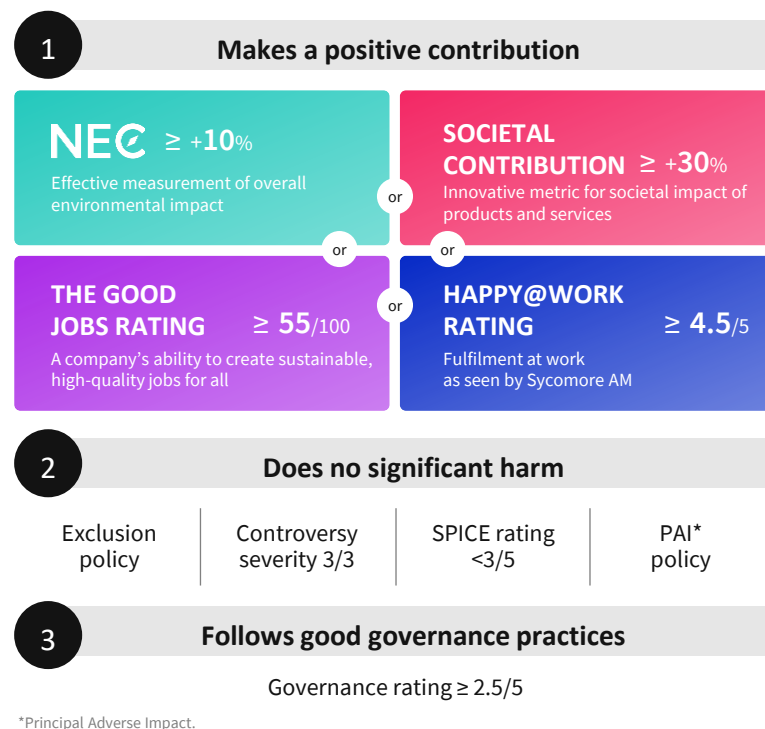
2 Avoiding investments that may cause significant adverse impacts

We rely on our existing **exclusion** and **controversy management policies**, our **SPICE** fundamental analysis model based on **ESG** criteria, and our **Principal Adverse Impact** policy published in 2024.

3 Ensuring the implementation of good governance practices

An investment must achieve a minimum governance rating before it can be accepted as sustainable.

This definition can be summarised as follows:



Selectivity

Fewer than 50% of the large European indexes, such as the EuroStoxx, are considered "sustainable" by these criteria. This level of selectivity aligns with the average for French asset management companies, according to a **survey** conducted by the Association Française de Gestion in February 2023⁴.

³ The SFDR defines a "sustainable investment" as follows: "An investment in an economic activity that contributes to an environmental objective, as measured, for example, by key resource efficiency indicators on the use of energy, renewable energy, raw materials, water and land, on the production of waste, and greenhouse gas emissions, or on its impact on biodiversity and the circular economy, or an investment in an economic activity that contributes to a social objective, in particular an investment that contributes to tackling inequality or that fosters social cohesion, social integration and labour relations, or an investment in human capital or economically or socially disadvantaged communities, provided that such investments do not significantly harm any of those objectives and that the investee companies follow good governance practices, in particular with respect to sound management structures, employee relations, remuneration of staff and tax compliance."

⁴ This level of selectivity aligns with the average for the French asset management companies that participated in the survey conducted by the Association Française de Gestion in February 2023.

1.2

Our ESG screening and selection criteria



Exclusion of significant sustainability risks or adverse sustainability impacts

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

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

The **PAI policy** applies to sustainable investments.



Inclusion of positive environmental or social contributions

Our four selection criteria support companies that provide sustainability solutions:

- **Business models with a significantly positive societal contribution**, as measured by an **SC** equal to or greater than +10%
- **Business models with a significantly positive environmental contribution**, as measured by an **NEC** equal to or greater than +10%
- **Companies with the best sustainability practices**, which earn a **SPICE rating greater than 3.5/5** (SPICE leadership) and can therefore make significant contributions, e.g. by providing quality jobs or showing leadership on sustainability issues
- **Companies implementing a clear transformation strategy that aim to achieve social or environmental objectives**, earning a **SPICE rating of between 3 and 3.5/5** and receive our support through shareholder engagement. These companies cannot exceed 25% of the fund's net assets.

Sycovalo universe*

ESG screening

SPICE rating
≤ 3/5

and

SRI Exclusion Policy
Controversy severity 3/3

and

Governance rating
≤ 2.5/5

ESG selection

Societal Contribution of products and services
≥ +10%

Net Environmental Contribution
≥ +10%

or

or

or

or

SPICE leadership
> 3.5/5

SPICE transformation
> 3 and ≤ 3.5/5

Sycomore Sélection PME

> 50% sustainable portfolio companies

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

02 The fund's sustainability performance

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

OBJECTIVES

Provide an overall view of the fund's ESG positioning

Assess achievement of positive contribution targets and measure ESG performance

INDICATORS TRACKED

Share of sustainable investments 58%
Weighted SPICE rating 3.6/5
Exposure to SDGs 3 (32%), 8 (30%) and 11 (17%)

Net Environmental Contribution +5%
Carbon footprint 540 tCO₂e/€M
Carbon intensity 639 tCO₂e/€M
Exposure to fossil fuels 0%

Societal Contribution +29%
The Good Jobs Rating 48/100
Growth in staff 23%
Human rights policy 88%

Women on executive committees 16%

Some of these performance indicators were developed by Sycomore AM (Societal Contribution of products and services, The Good Jobs Rating), while others are raw indicators from external sources and companies' annual reports (growth in staff, women on the executive committee, human rights policy, etc.). The NEC was co-developed by Sycomore AM and is currently developed by the NEC Initiative.

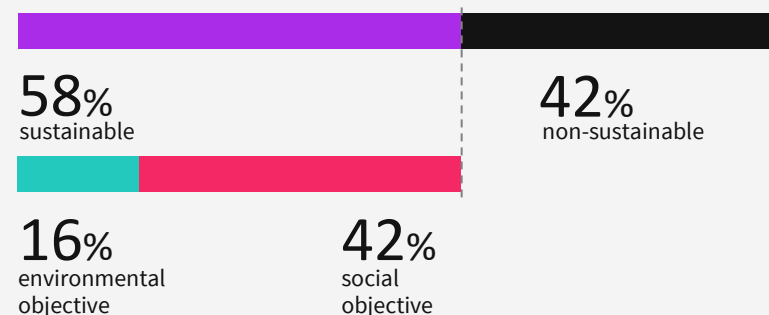
For more information on reporting methodologies and data sources, see our [reporting protocol](#).

2.1 Sustainable investments

At the end of 2024, the share of the Sycomore Sélection PME fund in **sustainable investments**⁵ was **58%** (compared to 38% for the benchmark), exceeding the minimum share of 50% set in the prospectus. Of these sustainable investments, **16% were focused on environmental issues**, with companies such as **Cembre**, **Inwido** and **Séché Environnement**, and **42% were focused on social issues**, with companies such as **Delta Plus**, **Neurones** and **Technogym**.

The non-sustainable investments were aligned with the fund's selection criteria described above but did not match the definition of a sustainable investment, either because their product and service mix did not sufficiently address current social and environmental needs or because their ESG practices did not meet the criteria set. For example, this was the case for **Lectra**, **Sanlorenzo** and **Trigano**.

BREAKDOWN OF SUSTAINABLE INVESTMENTS IN THE FUND AT 31 DECEMBER 2024⁶



Fund exposure of 96% at the end of 2024

⁵ For more information on our definition of a sustainable investment, see our [ESG Integration Policy](#). Sustainable investments are counted as contributing to only one sustainable objective. Their percentage in funds and indices is calculated in the following order of priority: investments with a positive contribution to the NEC, societal contribution, the Good Jobs Rating, and the Happy@Work rating. Double counting is therefore avoided by giving priority to sustainable investments with an environmental objective.

⁶ For more information on our response to SFDR reporting obligations, see the [appendix](#) to the relevant fund management report.

2.2

SPICE performance

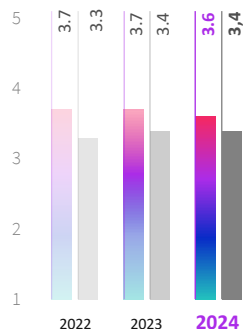
“ The value created by a company is **sustainable** only if it is **shared among all of its stakeholders**: this belief guides our responsible investment approach.”

Because we seek sustainable performance for our clients, our fund manager-analysts examine not only a company's finances but also how the company interacts with all its stakeholders, to evaluate the robustness of its business model and governance, as well as its environmental and social impacts. Our **proprietary fundamental analysis model**, called SPICE⁷, enables us to assess the sustainability performance of our investments.

At the end of 2024, the weighted SPICE rating of investments held in the Sycomore Sélection PME fund (3.6/5) was **slightly lower than in 2023** (3.7/5) and **higher than that of the benchmark index** (3.4/5). The top-rated companies were **Themador, Wavestone, Vaisala and Technogym**.

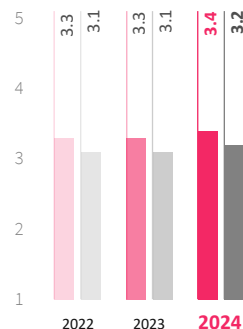
CHANGES IN THE FUND'S SPICE RATINGS COMPARED TO MSCI EMU SMALL CAP NR

SPICE



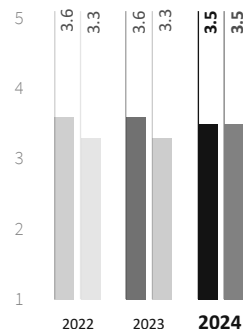
SOCIETY

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



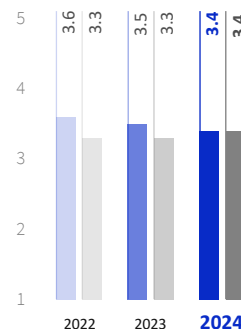
PEOPLE

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



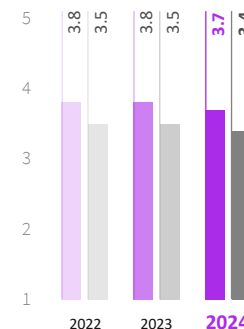
INVESTORS

Robust business model, ability to create value from the opportunities presented by a more sustainable and inclusive economy, good governance, alignment of all stakeholder interests



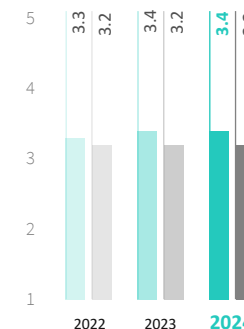
CLIENTS

Relevant, coherent sales strategy, inherent risks in products and services, digital responsibility



ENVIRONMENT

Integration of environmental issues in strategy, direct and indirect environmental impacts, transition risks, physical risks



 Sycomore Sélection PME

 MSCI EMU SMALL CAP NR

2024 coverage ratio (weight in the fund): 100% / 2024 coverage ratio (weight in the index): 93%

⁷ The SPICE rating is the weighted sum of the underlying S, P, I, C and E ratings with the following default weighting: 15%*S +15%*P +40%*I (with 50% of the I rating for the business model and 50% for Governance) +10%*C + 20%*E. This weighting varies according to the company's business sector.

2.3

Exposure to Sustainable Development Goals

In this section, we show the exposure of portfolio companies to the **17 Sustainable Development Goals** adopted by the United Nations in 2015 and, more specifically, to the **169 underlying targets**. By exposure, we mean the opportunity for each company to **contribute positively to the SDGs** through its products and services⁸.

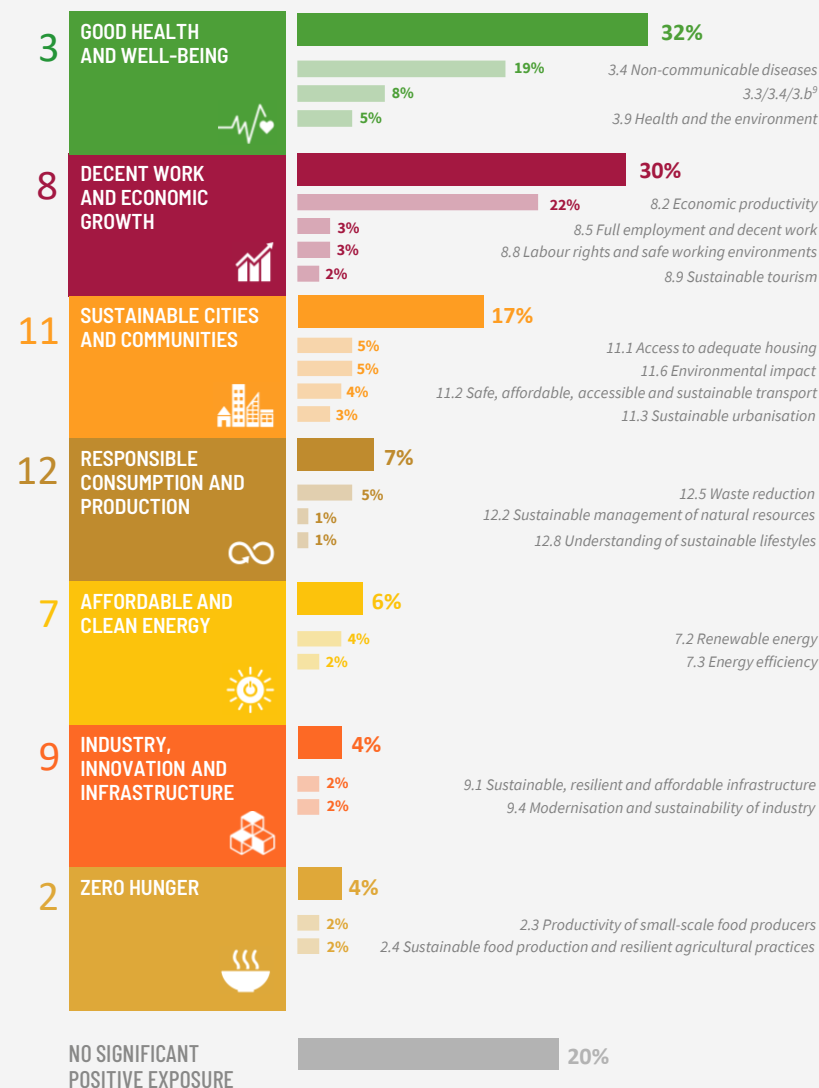
Our analysis is based on a list of activities:



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

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

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



⁸ This undertaking is not designed to measure the effective contribution of companies to the SDGs – these are assessed by our net environmental contribution (NEC) and societal contribution (SC) metrics.

⁹ Communicable diseases / Non-communicable diseases / Research, development and access to medicines.

2.4

Sustainability indicators

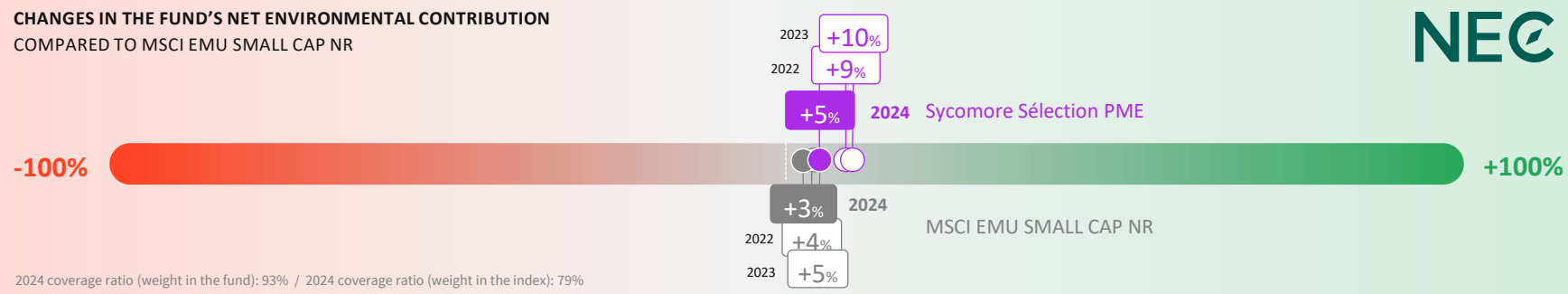
Environment

Net Environmental Contribution

We assess our investments' contribution to the ecological transition using the Net Environmental Contribution (NEC). **The NEC measures how a company's products and services help drive the ecological transition.** It ranges on a scale from **-100%** for activities that are highly destructive of natural capital to **+100%** for activities with a highly positive net environmental impact. In the middle of the scale, **0%** represents the average environmental impact of the world economy¹⁰.

At the end of 2024, the NEC of Sycomore Sélection PME stood at **+5%**¹¹ compared to **+3%** for the benchmark index. **The fund has therefore achieved its outperformance target.** Although the NEC was **lower than in 2023** (+10% at the end of 2023), it remained above that of the index, mainly thanks to companies such as the wind and solar farm developer **Energiekontor (NEC +94%)** and the waste management specialist **Derichebourg (NEC +81%)**. Their high NECs strongly contributed to the fund's 2024 performance.

CHANGES IN THE FUND'S NET ENVIRONMENTAL CONTRIBUTION COMPARED TO MSCI EMU SMALL CAP NR



Negative environmental contribution

Sanlorenzo (NEC -100%), a builder of luxury yachts, and **Harvia (NEC -19%)**, a Finnish manufacturer of saunas, are two companies with a negative NEC.

SANLORENZO **HARVIA**

Neutral environmental contribution

The environmental contributions of **Technogym** (sporting goods) and **Lectra** (equipment and software for the fashion, furniture and automotive industries) are estimated at **0%**. The life-cycle environmental impacts associated with Technogym's products and services are not considered to be material. As for Lectra, its end markets are diverse and therefore representative of the economy's average.

TECHNOGYM **LECTRA**

Very strong environmental contribution

Several companies make outstanding environmental contributions. They include **Séché Environnement (NEC +70%)**, a provider of treatment and recycling solutions for hazardous and non-hazardous waste, and **Energiekontor (NEC +94%)**, a developer of renewable energy projects. Their high NECs raise the fund's overall contribution.

Séché **EnergieKontor**

¹⁰ For more information on the Net Environmental Contribution and underlying methodologies, please visit the [NEC Initiative](#) website. ¹¹ NEC 1.1 calculated by Sycomore AM based on company-sourced data from 2021 to 2024.

2.4

Sustainability indicators

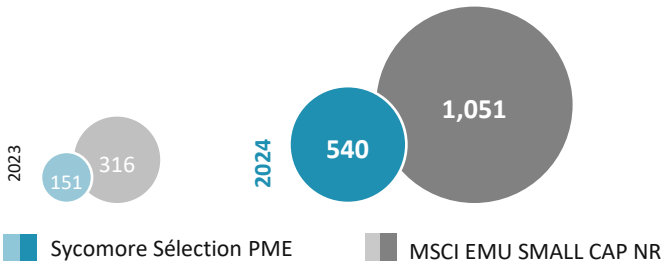
Carbon footprint

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

At the end of 2024, the weighted average carbon footprint of Sycomore Sélection PME was **540 tonnes of CO₂ equivalent per million euros of enterprise value (EVIC)**, compared to **1,051 tCO₂e/€M of enterprise value** for MSCI EMU SMALL CAP NR. The fund’s carbon footprint is smaller than that of the index, partly due to the excellent performance of companies such as **Neurones** and **Wavestone**. In contrast, **SAF Holland** and **Trigano** had large footprints, due to the high carbon intensity of their operations.

As of January 2025, the fund aims to maintain its Scope 1, 2 and 3 (upstream and downstream) carbon intensity below that of the benchmark. At the end of 2024, the fund’s carbon intensity stood at 636 tCO₂e/€M versus 1,194 tCO₂e/€M for the benchmark. Note that the significant year-over-year increase in emissions for the fund and index is mainly attributable to the change in calculation methodology, which now includes upstream and downstream Scope 3 emissions.

EMISSIONS IN TONNES OF CO₂ EQUIVALENT



Source: Trucost/S&P Global covering GHG Protocol Scopes 1, 2 and upstream 3.
2024 coverage ratio (weight in the fund): 76% / 2024 coverage ratio (weight in the index): 90%

Exposure to fossil fuels

The share of the Sycomore Sustainable PME fund’s assets in companies active in the fossil fuel industry, within the meaning of the SFDR, was **0% at the end of 2024** (0% at the end of 2023).

Governance

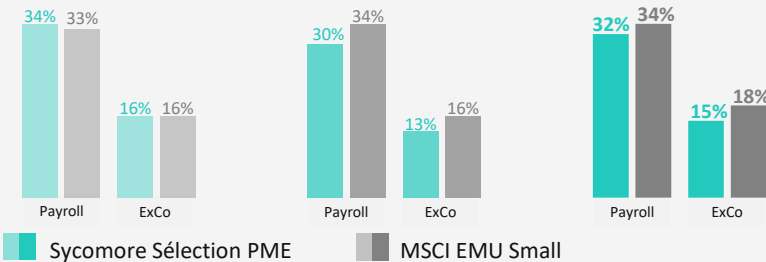
Gender equality

Diversity is a **key success factor of corporate governance** and decision-making. McKinsey Global Institute found that if each company achieved the level of gender equality of the most advanced country in its region, this would add **\$12 trillion** to global GDP by 2025¹². We therefore chose to consider the percentage of women on the executive committee and in the total headcount as an indicator of a company’s ability to promote diversity and equal opportunity.

In 2024, the percentage of women on the executive boards of portfolio companies in the Sycomore Sélection PME fund was **16%**, the same as for the benchmark index, while the percentage of women on the payroll stood at **32%**, lower than the benchmark index (35%).

Women hold at least 40% of executive committee seats at some companies, such as **Sol** and **Sidetrade**. Other companies show significant gaps between the representation of women in total staff versus on boards. For example, at **Almirall**, women make up 54% of total staff but only 20% of board members. We have been engaging with companies featured in our investment universe for several years now, in particular through our membership in the 30% Club France, to promote best practices in gender equality and support for female talent at all company levels.

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



2024 coverage ratio (weight in the fund): 91% for the executive committee and 95% for the payroll
2024 coverage ratio (weight in the index): 99% for the executive committee and 97% for the payroll

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

2.4

Sustainability indicators

Social

Societal Contribution of products and services

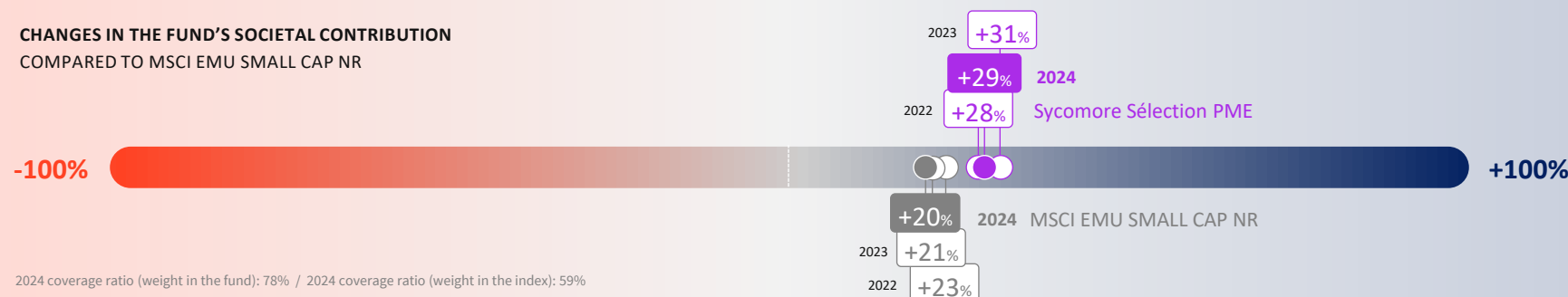
We measure our investments' impact on major societal issues using the Societal Contribution (SC). The SC is a **quantitative metric**, assessed on a scale of **-100%** to **+100%**, that aggregates the positive and negative contributions of a company's activities and weights these contributions relative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

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

The SC is evaluated using **sector frameworks** defined by our SRI analysts, mainly drawing on the social issues covered by the UN's Sustainable Development Goals¹³.

At the end of 2024, the Societal Contribution of products and services for portfolio companies stood at **+29%** compared with **+20% for the fund's benchmark index** and was lower than in 2023 (+31%). This slight decrease is due in part to portfolio movements and to minor adjustments to some frameworks used for the SC, such as that of the pharmaceutical sector. **The fund nevertheless met its outperformance target.**

CHANGES IN THE FUND'S SOCIETAL CONTRIBUTION COMPARED TO MSCI EMU SMALL CAP NR



Negative societal contribution

Sanlorenzo (SC -50%), a builder of luxury yachts, was the only portfolio company with a negative societal contribution at the end of 2024, due to the luxury sector classification in general and the pollution caused by its products.

SANLORENZO

Neutral societal contribution

The societal contributions of **Fountaine Pajot**, a consumer goods manufacturer (leisure craft such as catamarans and sailboats), and **Saf Holland**, a maker of chassis-related assemblies and components for trailers, trucks and buses, are neutral.

FOUNTAIN PAJOT
SAILING CATAMARANS

Saf Holland

Highly positive societal contribution

Delta Plus (SC +75%), a supplier of personal protection equipment, and **Energiekontor (SC +50%)**, a developer of renewable energy projects, both provide products and services making a highly positive societal contribution.

DELTA PLUS

Energiekontor

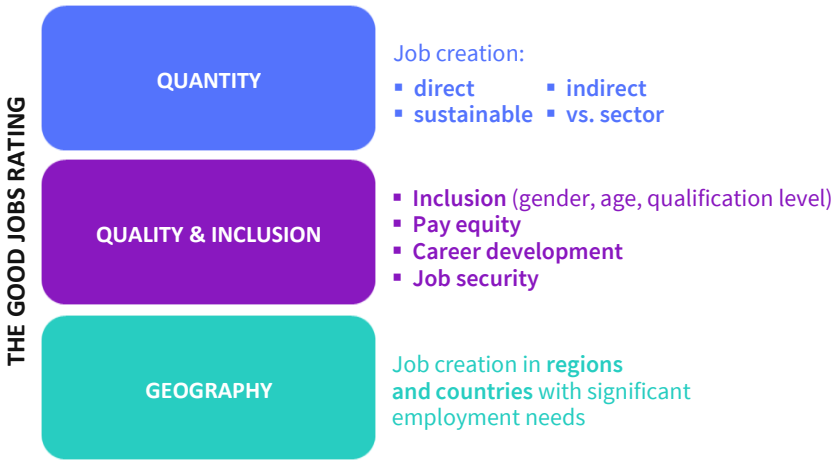
¹³ More information on the methodology is available in our [Societal Capital Strategy](#).

2.4 Sustainability indicators

The Good Jobs Rating

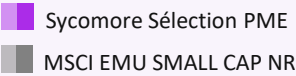
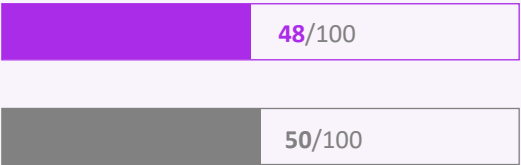
We assess a company’s **societal contribution as an employer** and as a **creator of quality employment opportunities** using **The Good Jobs Rating**, a metric co-developed with The Good Economy (the methodology is public and available [on our website](#)). This metric uses **three dimensions** – **quantity**, **quality & inclusion**, and **geography** – to assess a company’s ability to create sustainable and high-quality job opportunities for all, and especially in countries or regions where employment is limited and therefore essential to attaining sustainable and inclusive growth.

At the end of 2024, the Sycomore Sélection PME fund’s overall score was **48/100**, slightly below that of the index (50/100). Among the top-rated companies were **Arverne Group** (66/100) and **EnergieKontor** (64/100). As for most of the fund’s investee companies, their performance was driven by rapid organic growth in recent years, contributing to the fund’s overall score of 59/100 for Quantity.



THE GOOD JOBS RATING IN 2024

COMPARED TO MSCI EMU SMALL CAP NR



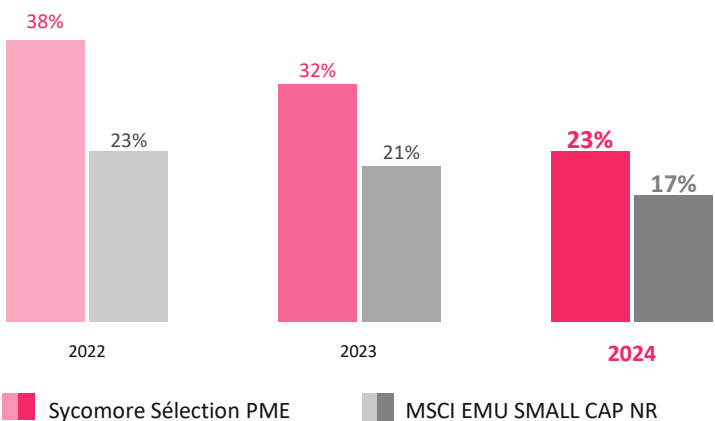
2.4 Sustainability indicators

Growth in staff

We assess a company’s ability to create jobs based on the positive or negative change in total staff numbers over the past three financial years. The indicator shown below includes changes in staff numbers following acquisitions and disposals.

In 2024, the growth in staff numbers at portfolio companies (23% over three years for the fund versus 17% for the benchmark) reflects the strong momentum enjoyed by some of the companies in which we invest. Job creation was brisk on the energy market, at companies such as Arverne Group (geothermal solutions provider), Sol Group (a supplier of technical and medical gases and an operator of renewable energy infrastructure) and EnergieKontor (a developer and manager of wind and solar farms. Positive job growth was also achieved among companies operating in the consumer discretionary sector, such as Puuilo and Sanlorenzo.

CHANGES IN STAFF NUMBERS OVER THREE YEARS



2024 coverage ratio (weight in the fund): 96% / 2024 coverage ratio (weight in the index): 92%

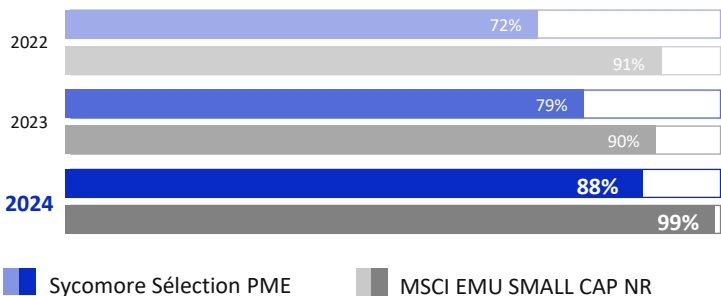
Human rights policies

Human rights encompass the rights of employees and, more broadly, those of local communities and members of civil society affected by a company’s operations or activities. Sycomore AM has implemented a dedicated human rights policy since 2020. In line with the United Nations Guiding Principles (UNGPs), we assess a company’s respect for human rights by considering, in addition to the existence of a human rights policy, its human rights due diligence processes, its salient risks, and its remedy framework.

Since there is no holistic indicator covering all these aspects, we have selected an indicator provided by MSCI, which identifies companies that communicate on the implementation of a human rights policy.

In 2024, the percentage of portfolio companies with a formal human rights policy improved (88% in 2024 versus 79% in 2023) but remained below that of the benchmark (99%). This difference can be attributed to the fund’s inclusion of small companies, which do not necessarily have a formal human rights policy, even though they have published their commitments to human rights. Furthermore, some of these companies are based in Europe and mainly do business domestically, where human rights risks may be covered to some extent by regulations in effect in France or across the EU. As a result, they often do not consider these risks to be a priority. We address this topic in our engagement with companies.

PERCENTAGE OF COMPANIES WITH A HUMAN RIGHTS POLICY



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

03 Engagement and voting

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

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

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

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

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

3.1 Our engagement initiatives

In 2024, we formally engaged with **15 portfolio companies** (six in 2023), having identified **79 areas for improvement** during the year (25 in 2023). In all, **53% of these initiatives** involved **individual dialogue**, while the **remaining 47%** were part of **collaborative initiatives**. Close to 46% of the areas discussed with companies involved strategy and transparency, and 8% concerned non-financial performance.



Out of the shareholder engagement initiatives taken in 2024, **58%** directly concerned **corporate governance** (pillar I of the [SPICE](#) analysis). The main issues raised included **executive compensation**, especially the transparency of compensation reports and the alignment of compensation criteria with the interests of all stakeholders, and the structure, procedures and practices of the board of directors. For example, we initiated several engagements with **Arverne** to better integrate ESG criteria into the **long-term** variable remuneration of executives.

A total of 19 initiatives, accounting for **24% of our actions**, concerned **human capital management** within portfolio companies. Our dialogue with **Befesa** aimed to improve gender equality at all levels of the organisation, in line with our commitment as a member of the 30% Club, which promotes at least 30% female representation on executive committees at SBF 120 companies.

Five initiatives, accounting for **6% of our actions**, concerned **environmental issues**, especially companies' **climate and decarbonisation strategies**. The companies with which we dialogued included **Séché Environnement**, **Befesa**, **Esker** and **ID Logistics**. We encouraged the latter to submit its climate targets to the SBTi for validation.

The list of companies in the Sycomore Sélection PME portfolio with which we engaged in dialogue in 2024 is available in the [appendix](#).

3.1

Our engagement initiatives

Progress monitoring

16

engagement
initiatives
assessed
in 2024

44%

improvements observed following the 16 initiatives

38%

of engagement initiatives still in progress

We monitored the advancement of **10 portfolio companies** on **16 areas for improvement** submitted in 2022. On 44% of these points, we noted partial progress or achievement of the target. For example, **Alfen** enhanced its commitment to its climate strategy by submitting its decarbonisation targets to SBTi for validation.

This dialogue generally provided reassurance regarding the measures being taken to reduce controversy risk. It was also an opportunity to **delve more deeply into material ESG issues** for these companies and to encourage them to **be more transparent** about the steps they are taking to limit the negative impacts associated with these risks. Some 38% of these engagement efforts are still ongoing.



In 2024, Sycomore AM joined the SMID Club **created by the French Sustainable Investment Forum in the beginning of the year**. This initiative gathers investors, representing more than €4.61 trillion in assets under management, who want to work collaboratively to help small and mid-cap (SMID) companies make progress on their environmental, social and governance (ESG) issues. In 2024, Sycomore played a leading or support role in collaborative engagement initiatives with eight companies.

SMID Club: FOCUS ON OUR GOVERNANCE INITIATIVES WITH



As a member of the **SMID Club Governance** working group, Sycomore AM and Axa co-led a phase of dialogue with **Derichebourg on governance issues**. We covered the following points:

- Composition of the board of directors (expertise of members, especially in ESG; representatives of the Derichebourg family; and the composition and roles/expertise of committees)
- CSRD governance
- Remuneration policies (transparency and alignment with company performance)
- Criteria for entering into a trademark licensing agreement

On these topics, the **main areas of improvement** we **identified and shared with the company** were:

- Publish a board skills matrix and provide detailed criteria for assigning expertise to a director, especially in ESG
- Clarify the roles of the combined remuneration, appointments and CSR committee
- Clearly explain which persons/committees are in charge of top management succession planning and monitoring implementation of the CSRD
- Increase the share of independent directors (currently 3/9), possibly by expanding the number of seats
- Improve the transparency of top management's remuneration criteria and align these with company performance or dividend distribution
- Disclose more information on the study carried out by an independent expert justifying the royalty fees to be paid for use of the "Derichebourg" name (representing 3% of net income). We also raised concerns about the Derichebourg family being allowed to vote on the new license agreement at the shareholder meeting, given the apparent conflict of interest.

We plan to **continue our dialogue** with the company in 2025.

3.1

Our engagement initiatives

SMID Club: FOCUS ON OUR HUMAN CAPITAL INITIATIVES WITH



In the context of our participation in the **SMID Club**, we dialogued on several occasions with **Delta Plus on human capital issues**. Sycomore AM co-led these initiatives with CDC Croissance. We covered the following points:

- Management of employee working hours and leave
- Employee training and career development
- Employee opinions and social dialogue
- Health and safety at work

On these topics, the main **areas of improvement** we **identified and shared with the company** were:

- Communicate on social policy programmes already being implemented by the company
- Disclose employee turnover rates by job category, especially production/non-production
- Disclose hours of employee training by job category, especially production/non-production
- Communicate more on the company's human capital initiatives, such as its participation in Deloitte's "Best Managed Company" programme and the progress made as a result
- Disclose the number of fatal accidents (currently 0)

We plan to **monitor** these improvement areas in 2025 and address additional topics that were not sufficiently explored in 2024, such as absenteeism and diversity.

OUR COLLABORATIVE ENGAGEMENT WITH THE



The 30% Club France

In 2020, we were involved in **creating the French branch of the 30% Club Investor Group**. Since then, this business campaign has continued to encourage the increase of female representation in executive leadership at companies in the SBF 120 index to at least 30% by 2025, and more broadly to promote gender diversity at all levels of organisations, as well as transparency on this issue. Our intention is not to set mandatory quotas but rather to **urge companies to take a voluntary approach that can bring about meaningful and sustainable change**.

In 2024, investors in the coalition initiated or continued dialogue with **19 SBF 120 companies**, based on a list of indicators developed by the Club. **Sycomore is involved in engagement initiatives with two of these 19 companies and monitors the engagement activities of the others on a case-by-case basis**. Most of the companies we have met believe that gender diversity is important at their organisations, and we can see that a positive shift is at work, in the form of action plans and specific targets. **We always identify areas for improvement**: on transparency about these plans, especially the affected groups/echelons within the company, or the importance of calculating and reporting any gender pay gaps within a representative sample of employees (the CSRD should be useful especially on this second point). Despite the political and economic uncertainty last year, we are satisfied to note that the companies met their commitments and remained open to discussing these topics, demonstrating a genuine interest in sharing good practices.

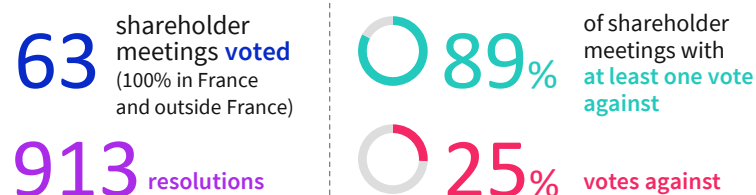


More details are available in the Club's fourth annual report.

3.2

Our voting at shareholder meetings

In order to actively support shareholder democracy, we systematically vote at the shareholder meetings of our portfolio companies. In 2024, as in 2023, we voted at **100% of the shareholder meetings for portfolio companies**:



FOCUS ON OUR SHAREHOLDER RESOLUTION FOR



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

The average opposition rate was **25%**. As shown in the graph, the topics with the highest rates of opposition were **capital transactions** (45% of votes against) and **executive compensation** (40% of votes against).



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



Regarding **executive compensation**, we were careful to check that it was aligned with the interests of all stakeholders, especially by incorporating ESG criteria. We also checked that compensation was reasonable and that compensation policies and reports were transparent.



All of the shareholder resolutions on which we voted in 2024 pertained to the election and compensation of directors from Italian companies. The percentage of votes against can be explained by the fact that, in compliance with local practices, shareholders can only support one list of nominees. If a vote is cast in favour of the list of nominees submitted by the board of directors, then a negative vote must be cast against any list proposed by the shareholders.



In 2024, two resolutions related to **sustainability**. Sycomore AM voted in favour of the social responsibility report of Laboratorios Farmaceuticos Rovi. We also supported the grants and donations made by Puuilo Oyj.

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

04 Appendices

PORTFOLIO INVENTORY OF SYCOMORE SÉLECTION PME AT 31 DECEMBER 2024

COMPANY	ISIN	WEIGHT IN PORTFOLIO	NEC ¹⁴	SC ¹⁵	SUSTAINABLE INVESTMENTS	ENGAGEMENT BY SPICE ¹⁶ PILLAR
NEXUS AG	DE000A40UT39	3.70%	0%	33%	Social	
CEWE STIFTUNG	DE0005403901	2.57%	0%	X	Non-sustainable	
ESKER SA	FR0000035818	2.49%	2%	39%	Social	Environment, Investors, People
TECHNOGYM SPA	IT0005162406	2.45%	0%	40%	Social	
COFACE SA	FR0010667147	2.40%	0%	15%	Social	
LECTRA	FR0000065484	2.39%	0%	11%	Non-sustainable	
ELMOS SEMICONDUCTOR SE	DE0005677108	2.37%	3%	X	Non-sustainable	
EVS BROADCAST EQUIPMENT S.A.	BE0003820371	2.31%	0%	X	Non-sustainable	
SANLORENZO SPA	IT0003549422	2.17%	-100%	-50%	Non-sustainable	
TRIGANO SA	FR0005691656	2.11%	0%	1%	Non-sustainable	
VAISALA OYJ	FI0009900682	2.10%	4%	X	Non-sustainable	
ROBERTET SA	FR0000039091	1.99%	-9%	10%	Non-sustainable	
INWIDO AB	SE0006220018	1.97%	28%	26%	Environment	
BILFINGER SE	DE0005909006	1.95%	2%	X	Non-sustainable	
BEFESA SA	LU1704650164	1.92%	47%	50%	Environment and Social	Environment, Investors, People
HARVIA OYJ	FI4000306873	1.91%	-19%	35%	Social	
LU-VE SPA	IT0005107492	1.89%	X	X	Non-sustainable	
CEMBRE SPA	IT0001128047	1.87%	14%	X	Environment and Social	
NEURONES	FR0004050250	1.86%	0%	22%	Social	
DELTA PLUS GROUP	FR0013283108	1.85%	0%	75%	Social	Investors, People
VIRBAC SA	FR0000031577	1.83%	-12%	0%	Social	Investors
ENERGIEKONTOR AG	DE0005313506	1.83%	94%	50%	Environment and Social	
SOL SPA	IT0001206769	1.81%	3%	34%	Social	
ZIGNAGO VETRO SPA	IT0004171440	1.71%	-12%	16%	Social	
GUERBET	FR0000032526	1.70%	0%	66%	Social	Investors, People, Society & Suppliers

¹⁴ The NEC, which stands for Net Environmental Contribution, measures on a scale from -100% to +100% the extent to which a company's products and services help drive the ecological transition. ¹⁵ The SC, which stands for Societal Contribution, measures on a scale from -100% to +100% the extent to which a company's products and services help tackle societal issues. ¹⁶ SPICE, which stands for Society & Suppliers, People, Investors, Clients and Environment, is a fundamental rating that rates how companies address ESG issues, on a scale of 1 to 5, with 5 being the highest score. For details on the information taken into account in our SPICE fundamental analysis model, see our [ESG Integration Policy](#).

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Appendices

COMPANY	ISIN	WEIGHT IN PORTFOLIO	NEC ¹⁴	SC ¹⁵	SUSTAINABLE INVESTMENTS	ENGAGEMENT BY SPICE ¹⁶ PILLAR
EQUASENS	FR0012882389	1.68%	5%	64%	Social	
ALMIRALL SA	ES0157097017	1.68%	0%	52%	Social	
SECHE ENVIRONNEMENT	FR0000039109	1.68%	70%	65%	Environment and Social	Environment, Investors, People
LABORATORIOS FARMACEUTICOS ROVI	ES0157261019	1.60%	0%	69%	Social	
SAF-HOLLAND SE	DE000SAFH001	1.55%	-7%	0%	Social	
EL.EN. SPA	IT0005453250	1.50%	0%	40%	Social	
INTERCOS SPA	IT0005455875	1.50%	-7%	0%	Non-sustainable	
STEICO SE	DE000A0LR936	1.44%	55%	40%	Environment and Social	
PUUILO OYJ	FI4000507124	1.44%	5%	35%	Social	
PVA TEPLA AG	DE0007461006	1.28%	2%	21%	Non-sustainable	
NORCONSULT AS	NO0013052209	1.22%	X	X	Social	
ARGAN	FR0010481960	1.19%	0%	8%	Non-sustainable	
FOUNTAIN PAJOT SA	FR0010485268	1.17%	0%	X	Non-sustainable	
PIAGGIO & C. SPA	XS2696224315	1.17%	46%	40%	Social	
BOIRON SA	FR0000061129	1.15%	2%	23%	Non-sustainable	
SIDETRADE	FR0010202606	1.12%	0%	18%	Non-sustainable	
MERSEN	FR0000039620	1.07%	11%	5%	Environment	
ALIMAK GROUP AB	SE0007158910	1.05%	5%	23%	Non-sustainable	
COMER INDUSTRIES SPA	IT0005246191	1.04%	X	X	Social	
VETOQUINOL SA	FR0004186856	1.03%	0%	34%	Social	
DERICHEBOURG	FR0000053381	1.03%	81%	44%	Environment and Social	Investors
SYSTEMAIR AB	SE0016609499	0.94%	X	X	Non-sustainable	
PEUGEOT INVEST	FR0000064784	0.81%	1%	6%	Social	Investors, People, Society & Suppliers
AUBAY	FR0000063737	0.81%	0%	10%	Non-sustainable	
AMADEUS FIRE AG	DE0005093108	0.80%	0%	19%	Social	
CHARGEURS SA	FR0000130692	0.77%	-9%	10%	Non-sustainable	Investors, Society & Suppliers
BASIC-FIT NV	NL0011872650	0.75%	X	X	Non-sustainable	

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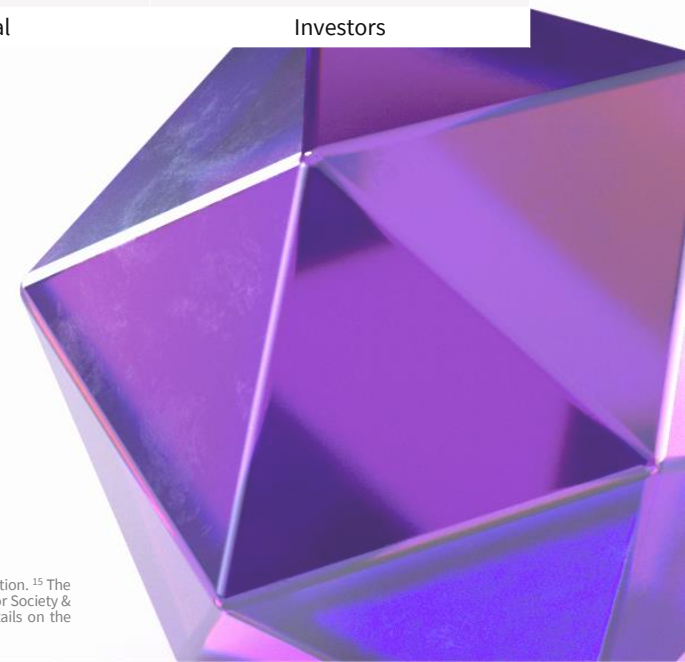
04

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COMPANY	ISIN	WEIGHT IN PORTFOLIO	NEC ¹⁴	SC ¹⁵	SUSTAINABLE INVESTMENTS	ENGAGEMENT BY SPICE ¹⁶ PILLAR
POUJOULAT	FR0000066441	0.75%	70%	27%	Environment and Social	
WAVESTONE	FR0013357621	0.73%	2%	16%	Social	People
HEXAOM	FR0004159473	0.73%	28%	16%	Environment	
SESA SPA	IT0004729759	0.68%	0%	25%	Social	
ATOSS SOFTWARE SE	DE0005104400	0,65%	0%	24%	Non-sustainable	
CANCOM SE	DE0005419105	0.62%	2%	16%	Non-sustainable	
VOYAGEURS DU MONDE	FR0004045847	0.60%	10%	33%	Environment and Social	Investors
AMG CRITICAL MATERIALS N.V.	NL0000888691	0.58%	15%	37%	Environment and Social	
THERMADOR GROUPE	FR0013333432	0.52%	8%	6%	Social	
EUOPRIS ASA	NO0010735343	0.51%	X	X	Non-sustainable	
ID LOGISTICS GROUP	FR0010929125	0.51%	0%	1%	Social	Environment
ANTIN INFRASTRUCTURE PARTNER	FR0014005AL0	0.49%	26%	36%	Environment and Social	
ALTEN SA	FR0000071946	0.44%	3%	22%	Non-sustainable	Investors
ARVERNE GROUP SA	FR001400JWR8	0.30%	4%	29%	Social	Investors

INVENTORY OF COMPANIES HAVING ENTERED AND EXITED THE PORTFOLIO IN 2024

COMPANY	ENGAGEMENT BY SPICE ¹⁶ PILLAR
ALFEN	Investors, People



¹⁴ The NEC, which stands for Net Environmental Contribution, measures on a scale from -100% to +100% the extent to which a company's products and services help drive the ecological transition. ¹⁵ The SC, which stands for Societal Contribution, measures on a scale from -100% to +100% the extent to which a company's products and services help tackle societal issues. ¹⁶ SPICE, which stands for Society & Suppliers, People, Investors, Clients and Environment, is a fundamental rating that rates how companies address ESG issues, on a scale of 1 to 5, with 5 being the highest score. For details on the information taken into account in our SPICE fundamental analysis model, see our [ESG Integration Policy](#).

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

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

PAI INDICATOR	UNIT	FUND	INDEX	FUND COVERAGE	INDEX COVERAGE
CARBON EMISSIONS	tCO ₂ e	47,541	91,912	76%	90%
CARBON FOOTPRINT	tCO ₂ e/€M	540	1051	76%	90%
CARBON INTENSITY	tCO ₂ e/€M	639	1194	76%	90%
EXPOSURE TO FOSSIL FUELS	%	0%	3%	87%	94%
SHARE OF NON-RENEWABLE ENERGY CONS & PROD	%	58%	68%	67%	96%
ENERGY CONSUMPTION INTENSITY PER HIGH IMPACT CLIMATE SECTOR	GWh/€M	27%	28%	68%	96%
ACTIVITIES NEGATIVELY AFFECTING BIODIVERSITY	%	9%	16%	92%	97%
WATER POLLUTION	tonnes/€M	0.06	0.00	4%	5%
HAZARDOUS WASTE PRODUCTION	tonnes/€M	303.60	118.86	69%	93%
VIOLATIONS OF UN GLOBAL COMPACT PRINCIPLES AND OECD GUIDELINES	%	0%	0%	72%	97%
LACK OF PROCESSES AND COMPLIANCE MECHANISMS TO MONITOR COMPLIANCE WITH UN GLOBAL COMPACT PRINCIPLES	%	0%	0%	92%	97%
UNADJUSTED GENDER PAY GAP	%	4%	6%	27%	49%
BOARD GENDER DIVERSITY	%	26%	43%	65%	97%
EXPOSURE TO CONTROVERSIAL WEAPONS	%	0%	0%	92%	97%

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



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