

**sycomore**

# Global Social Impact

## Sustainability Performance and Shareholder Engagement Report

This report describes the investment process, sustainability performance and shareholder engagement for the SFS Sycomore Global Social Impact fund, formerly SFS Sycomore Global Happy@Work, and the Sycomore Social Impact fund, feeder fund for SFS Sycomore Global Social Impact, in 2024, as required by the SRI label created and supported by the French Ministry of Economics and Finance.

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# 01 Our investment strategy and our targets

In 2024, the Sycomore Global Happy@Work fund, created in December 2021, was renamed Global Social Impact, following a review of our investment process. Our approach to social impact is now holistic, as set out in our **Social Charter** presented on the next page. The fund aims to invest in companies that have a positive social impact, an **essential pillar of sustainability**, with no limitations in terms of sector or style.

The fund seeks to have a positive impact on social issues, such as those covered by the United Nations' Sustainable Development Goals by investing in companies that have a positive net impact on society for **at least one of its three stakeholders**:



CONSUMERS



COWORKERS



COMMUNITIES

The fund has several objectives:



It aims to outperform the **MSCI AC World benchmark index** over an investment horizon of five years.



It pledges to remain **exclusively invested in sustainable companies**, as defined by the SFDR, at all times (i.e. 100% of sustainable shares in the invested portion of the fund).



It aims to **outperform its benchmark index** at all times in terms of **gender equality on the executive committee** and the existence of a **human rights policy**.



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

As part of our overall review of Sycomore's fund offering, and to simplify our social impact range, the **Social Impact fund became a feeder fund for the Global Social Impact fund in early 2025**.

The fund's **sustainability** objective is to **seek positive social impacts** by supporting portfolio companies. This takes place at three levels:

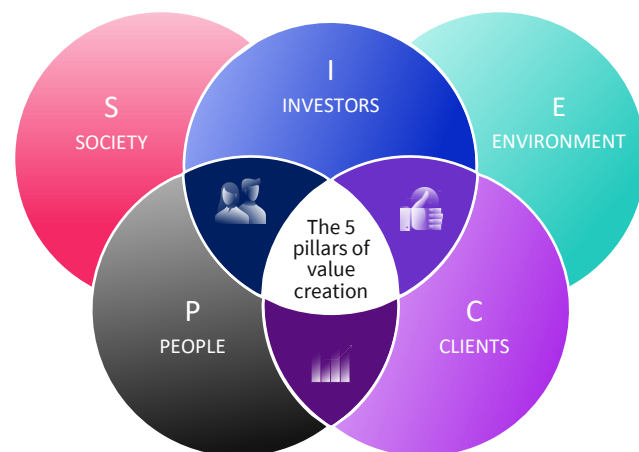
- 1. Intentionality:** The stock selection and portfolio construction processes mainly draw on our definition of a sustainable investment and the three indicators described on page 5 used to show a positive social contribution.
- 2. Additionality:** Promoting best practices, through our **shareholder engagement**, drives companies to improve their performance. In particular, the fund seeks to help companies to integrate best practices and to deliver products and services that better address societal challenges.
- 3. Measurement:** We measure the social and environmental impacts of our investments to **assess their alignment with the fund intention** and to position them against the benchmark index. We publish the portfolio's net societal contribution and other indicators measuring the fund's sustainability performance.

## 1.1

## Our responsible investment approach

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

1. **A fundamental analysis using Environmental, Social and Governance (ESG) criteria and our SPICE<sup>2</sup> model.** The analysis applies the European Commission's concept of double materiality: as such, it covers risks that are material to the company's business value, as well as the negative social or environmental impacts of its business activities on its stakeholders.
2. **An active shareholder engagement policy**, especially with companies undergoing an ESG transformation.
3. **Regular monitoring of the fund's sustainability performance**, based on both monthly reporting and annual reporting, through this document.



<sup>2</sup> 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](#).

## 1.2

## Our Social Charter

### Our approach to social impact investing

Social issues are core to our responsible investment policy, which we laid out in our [Social Charter](#) published in the second half of 2024. This document describes how we approach social capital for our stakeholders, in particular the companies we target as part of our investment strategy. It is fully aligned with our philosophy and positioning as a responsible investor.

Our aim is to **give meaning to our clients' investments by creating sustainable, shared value**. This served as the basis for articulating Sycomore Am's corporate purpose: **"Investing to develop an economy that is more sustainable and more inclusive and to generate positive impacts for all our stakeholders. Our mission is to give a human dimension to investment."**

### Our vision

We have defined society through its stakeholders, the **3Cs**:



**Consumers:** Do the company's products and services contribute to better integrating vulnerable populations or to improving consumers' quality of life, safety and well-being?



**Coworkers:** What role does human capital have in the company's strategy? Does the company create an environment that fosters well-being, self-motivation and fulfilment for employees on a day basis?



**Communities:** What is the company's net impact through employment on the economic development in the region where it operates? Does the company engage in ethical behaviour in terms of human rights, taxes and compliance with regulations?

### Our approach

To assess how well companies address key issues relating to at least one of the 3Cs, we respond with the **3As**:



**Avoid** activities considered to be particularly harmful



**Assess** the company's net impact for the three stakeholders identified above, based on three proprietary metrics: Societal Contribution, Happy@Work rating and The Good Jobs Rating



**Actively engage** with companies and help them develop best practices that will allow them to improve their net social impact

## 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 SFDR<sup>3</sup> and has three main components:

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

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

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

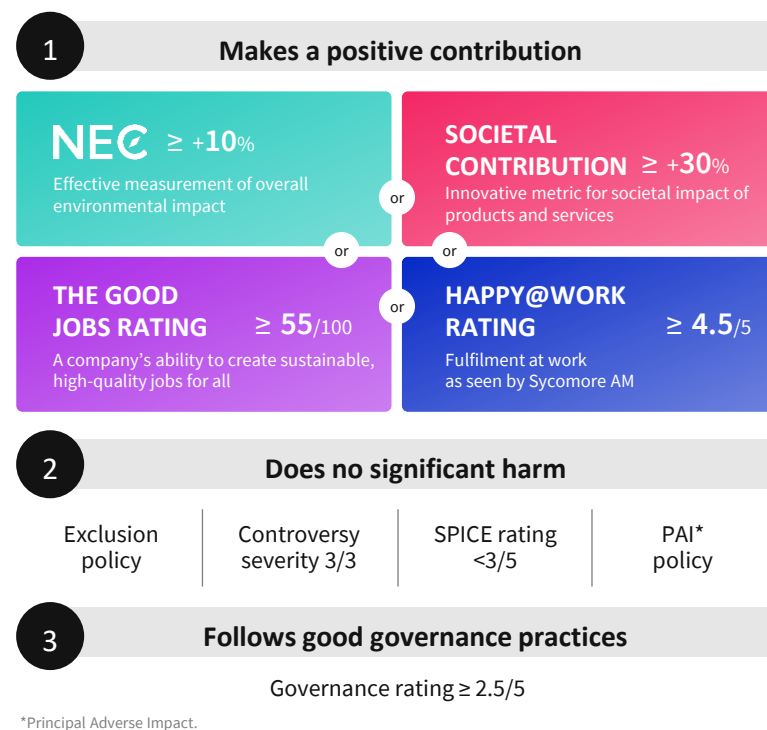
### 2 Avoiding investments that may cause significant adverse impacts

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

### 3 Ensuring the implementation of good governance practices

An investment must 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 2023<sup>4</sup>.

<sup>3</sup> 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."

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

## 1.2

## Our ESG screening and selection criteria



### Exclusion of significant sustainability risks or adverse sustainability impacts

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

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



### Inclusion of positive environmental or social contributions

Companies are screened for their alignment with the fund's objective to seek impacts based on **one of the three selection criteria** listed below:

- **Business models** with a significantly positive **Societal Contribution of products and services (SC)**, as measured by an SC of  $\geq 30\%$ . We have grouped the major societal issues into two main areas:
  - Products and/or services for **vulnerable populations**
  - Products and/or services that help to **improve quality of life, safety and well-being**.
- The **Happy@Work** environment, as measured by a rating of  $\geq 4.5/5$ . Our analysis is geared to identify companies that stand out for their strong corporate culture and their **employees' commitment** to their collective success.
- The company's societal contribution as an **employer**, as measured by [The Good Jobs Rating](#)  $\geq 55/100$ , which assesses the company's contribution to Job Quantity, Job Quality and Job Geography. We measure not only the number of jobs created but also the company's ability to create sustainable and high-quality job opportunities for all, especially in regions where employment is limited.

## Sycovalo universe\*

### ESG screening

**SPICE rating**

$\leq 3/5$

and

**SRI Exclusion Policy**

Controversy severity 3/3

and

Governance rating  $\leq 2.5/5$

### ESG selection

**Societal Contribution of products and services**  
SC  $\geq 30\%$

ou

**Happy@Work rating**  
 $\geq 4.5/5$

ou

**The Good Jobs Rating**  
 $\geq 55/100$

## Sycomore Global Social Impact

100% sustainable portfolio companies

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

# 02 The fund's sustainability performance

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

OBJECTIVES

Provide an overall view of the fund's ESG positioning

Assess achievement of positive contribution targets and measure ESG performance

INDICATORS TRACKED

|                     |                                  |                            |
|---------------------|----------------------------------|----------------------------|
| S<br><br>G<br><br>E | Share of sustainable investments | 96%                        |
|                     | Weighted SPICE rating            | 3.7/5                      |
|                     | Exposure to SDGs                 | 4 (25%); 5 (21%); 10 (19%) |
|                     | Societal Contribution            | +33%                       |
|                     | Growth in staff                  | 32%                        |
|                     | Human rights policy              | 98%                        |
|                     | Women on executive committees    | 27%                        |
|                     | Net Environmental Contribution   | +2%                        |
|                     | Carbon footprint                 | 100 tCO <sub>2</sub> e/€M  |
|                     | Carbon intensity                 | 434 tCO <sub>2</sub> e/€M  |
|                     | Exposure to fossil fuels         | 0%                         |

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](#).

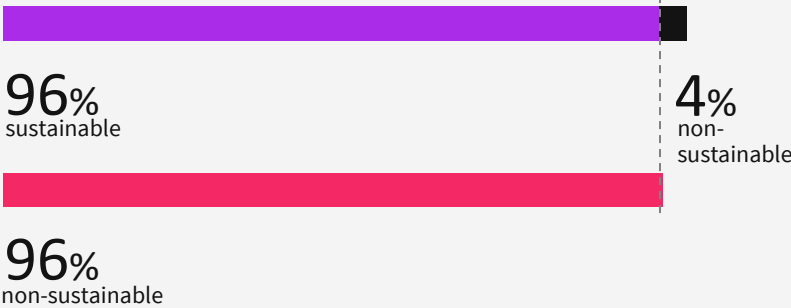
## 2.1 Sustainable investments

**At the end of 2024**, the share of the Sycomore Global Social Impact fund's net assets in **sustainable investments**<sup>5</sup> was **96%**. In compliance with the target set in the prospectus as of 1 January 2024, **100% of the fund's investee companies were sustainable**.

The non-sustainable share was cash.

In line with the fund's social objective, **100% of investments** qualified as **sustainable** for their contributions to **social issues**.

BREAKDOWN OF SUSTAINABLE INVESTMENTS IN THE FUND AT 31 DECEMBER 2024<sup>6</sup>



Fund exposure of 96% at 31 December 2024

<sup>5</sup> For more information on our definition of a sustainable investment, see our [ESG Integration Policy](#). <sup>6</sup> For more information on our response to SFDR reporting obligations, see the [appendix](#) to the relevant fund management report.

## 2.2 SPICE performance

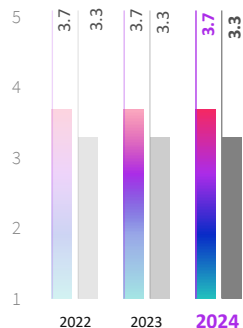
“ The value created by a company is **sustainable** only if it is **shared among all of its stakeholders**: this belief guides our responsible investment approach.”

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 SPICE<sup>7</sup>, enables us to measure the sustainability performance of our investments.

**At the end of 2024**, the weighted SPICE rating of investments held in the Sycomore Global Social Impact fund (3.7/5) was higher than the rating for the MSCI AC World index (3.3/5). The top-rated companies were **Schneider Electric** (electrical devices and fixtures), **ASML** (semiconductors), **Hermès** (luxury goods), and **L'Oréal** (cosmetics).

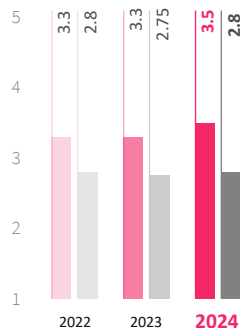
### CHANGES IN THE FUND'S SPICE RATINGS COMPARED TO ITS INDEX

#### SPICE



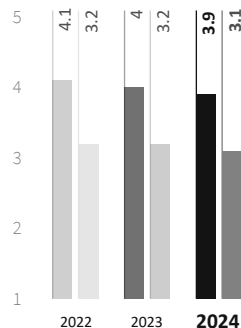
#### SOCIETY

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



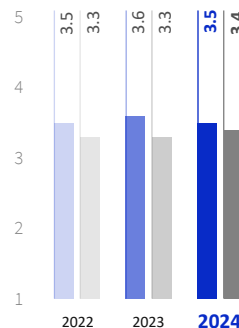
#### PEOPLE

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



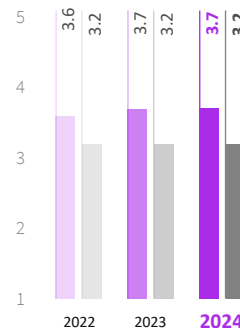
#### INVESTORS

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



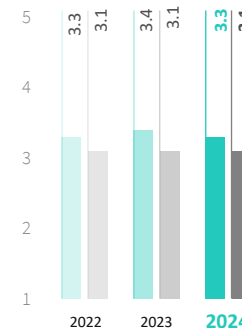
#### CLIENTS

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



#### ENVIRONMENT

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



 Sycomore Global Social Impact

 MSCI AC World

2024 coverage ratio (weight in the fund): 100% / 2024 coverage ratio (weight in the index): 75%

<sup>7</sup> 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

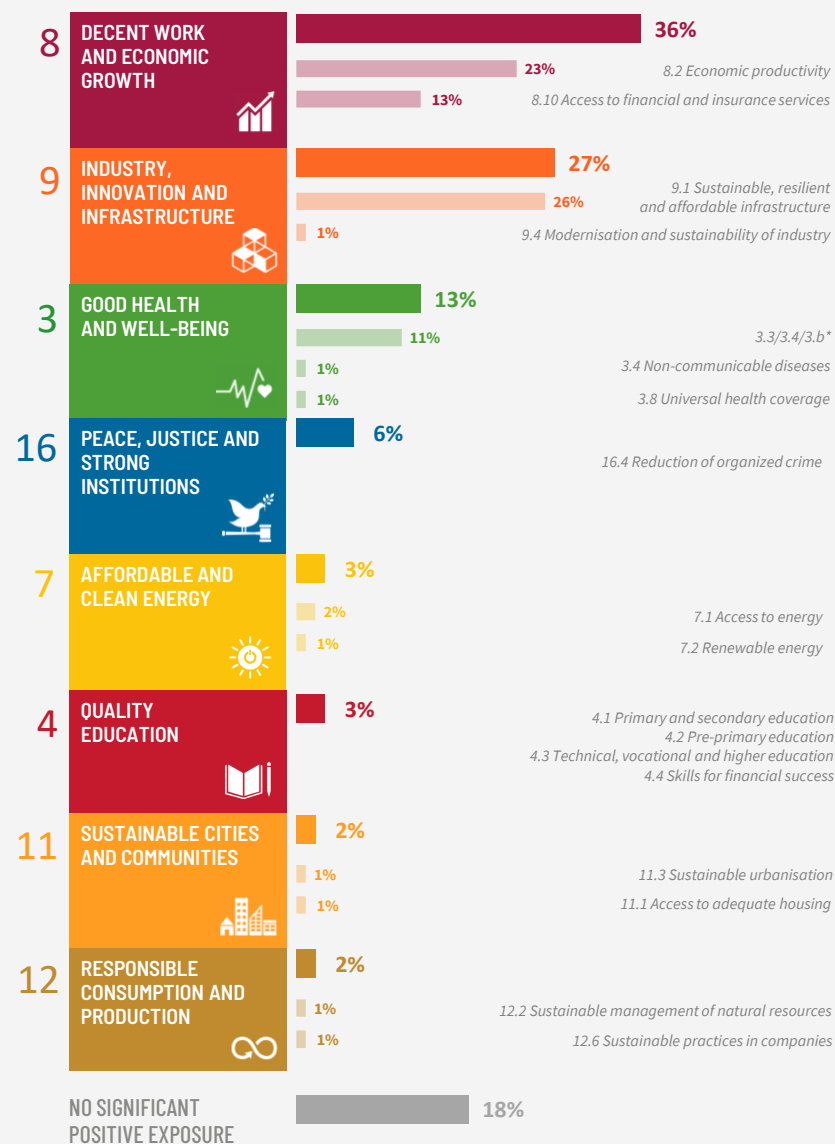
In addition to generating long-term financial performance, the core objective of Sycomore Global Social Impact is to invest in companies that have a positive net impact on society for **at least one of its three stakeholders**: Consumers, Coworkers and Communities.

To more accurately define this contribution, we refer to the **17 Sustainable Development Goals (SDGs)** adopted by the United Nations in 2015, which have become **worldwide guidelines** for public and private sector organisations.



Five of these SDGs, presented in the table opposite, **cover issues involving people, to which companies can contribute as employers**. The contribution to these SDGs is important in the selection process applied to the portfolio and is an integral part of Sycomore AM's Human Capital Strategy. It is determined using indicators identified as useful in measuring a company's contribution to issues associated with these five SDGs.

By identifying the SDGs to which portfolio companies contribute, we can **demonstrate the effectiveness of our stock selection process in meeting the fund's intention: to generate positive impacts on labour-related issues**.



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

## 2.4

## Sustainability indicators

## Social

## Societal Contribution of products and services

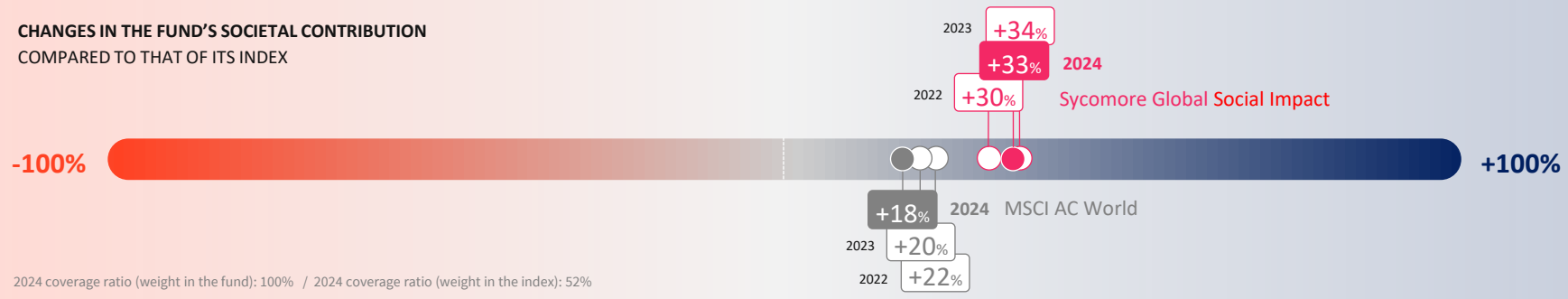
We measure our investments' impact on major societal issues using the Societal Contribution (SC). The SC is a **quantitative metric**, assessed on a scale of **-100%** to **+100%**, that aggregates the positive and negative contributions of a company's activities and weights these contributions relative 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 Goals<sup>8</sup>.

**At the end of 2024**, the Societal Contribution of products and services for portfolio companies stood at **+33% compared with +18% for the fund's benchmark index**. This strong performance is due to the absence of companies in the portfolio with a negative contribution (at 0%, Deere has the lowest societal contribution in the fund). As for positive contributions, the fund is invested in stocks in the healthcare/pharmaceuticals sector, such as the medical and surgical equipment manufacturing companies **Intuitive Surgical** (SC +75%) and **Stryker** (SC +67%), along with pharmaceutical laboratory **Eli Lilly** (SC +67%). Other investee companies foster inclusion, such as **T-Mobile US** (SC +50%), through telecommunications, and **Axa** (SC +35%), through insurance services, which also cover populations traditionally excluded from this type of protection.

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



## Neutral societal contribution

The societal contribution of the products and services of **L'Oréal** (SC +8%) is low as the company's overall offering does not feature many skincare and personal care products that score well in the improved quality of life pillar. The same is true for **Deere** (SC +0%), a company that manufactures farming equipment.



## Highly positive societal contribution

**Intuitive Surgical** (SC +75%) provides minimally invasive surgical solutions with its range of da Vinci robotic systems. **Axa** (SC +35%) offers inclusive insurance protection, covering populations traditionally excluded from these services, both in emerging countries and in Europe.



<sup>8</sup> More information on the methodology is available in our [Societal Capital Strategy](#).

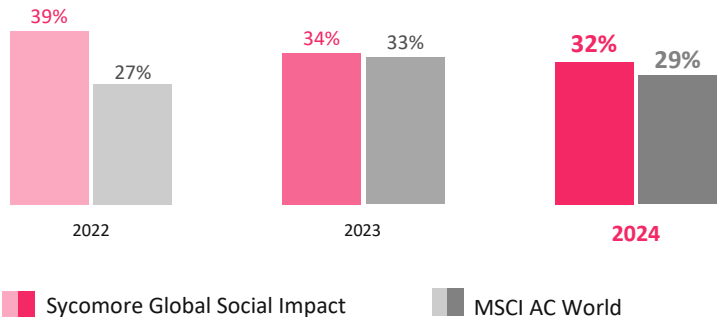
2.4 Sustainability indicators

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 (32% over three years for the fund versus 29% for the benchmark) reflects the momentum enjoyed by some of the companies in which we invest. Job creation was brisk in companies in the tech sector, such as NVIDIA (software) and Cyberark (cybersecurity). Meanwhile, staff numbers at other investee companies in the fund have fallen over the past three years, for example at Novartis, following the Sandoz spin-off. Apart from this structural change, headcount remained virtually unchanged in 2024 due to the group’s decision to focus its strategy on its four core business lines. Intesa Sanpaolo’s workforce has also declined. In 2024, the group announced that it was cutting about 3,000 jobs (4% of employees in Italy) due to the increased use of digital technology in retail banking and to branch closures.

CHANGES IN STAFF NUMBERS OVER THREE YEARS



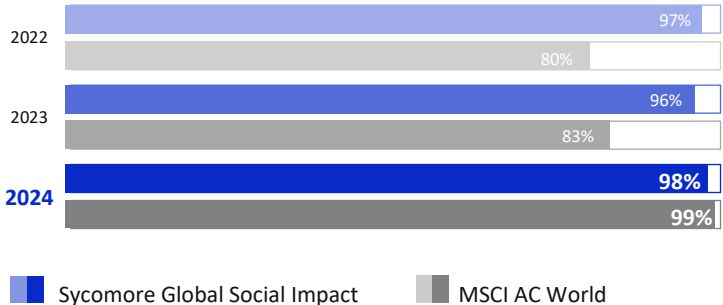
2024 coverage ratio (weight in the fund): 100% / 2024 coverage ratio (weight in the index): 80%

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 was virtually in line with that of the benchmark: 98% versus 99%, respectively. In 2022, through the French Sustainable Investment Forum (FIR), we helped to build a set of criteria for use in quickly analysing a company’s exposure to forced labour and child labour. We continued this work in 2023 and 2024 including an engagement phase with several companies.

PERCENTAGE OF COMPANIES WITH A HUMAN RIGHTS POLICY



2024 coverage ratio (weight in the fund): 100% / 2024 coverage ratio (weight in the index): 83%

## 2.4

## Sustainability indicators

## Governance

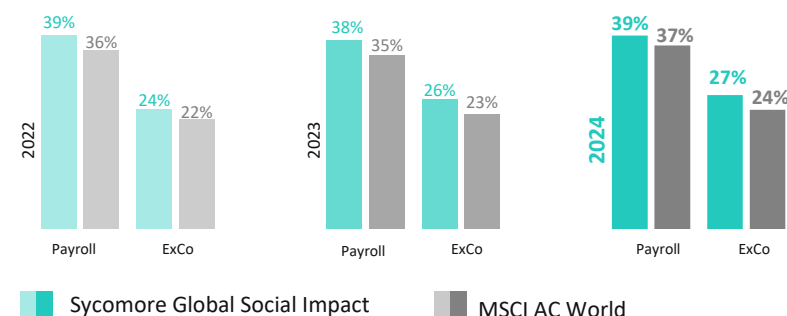
## Gender equality

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 2025<sup>9</sup>. We therefore chose to examine 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**, women held **27%** of executive committee seats at companies in the Sycomore Global Social Impact fund, **above the benchmark** (24%). Women made up **39%** of total headcount, **also higher than the benchmark index** (37%). Women hold more than 40% of the management board seats at five companies, including **Roche**, **Verisk Analytics**, **Schneider Electric**, **Hermès** and **JP Morgan**. Other companies show significant gaps between the representation of women in total staff versus on boards. This is true at **Moncler** (women make up 25% of the executive committee vs. 69% of total headcount) and **Intesa Sanpaolo** (women make up 6% of the executive committee vs. 54% of total headcount). We have been engaging with companies featured in our investment universe for several years now to promote best practices in gender equality and support for female talent at all company levels. We do all this as a **co-founding member of the 30% Club**. We also participated in the launch of the 30% Club Germany at the end of 2023. We began a phase of dialogue with DAX40 companies in 2024, leading or co-leading three of them.

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



<sup>9</sup> McKinsey Global Institute, "The Power of Parity: how advancing women's equality can add \$12 trillion to global growth", 2015

2024 coverage ratio (weight in the fund): 99% for the executive committee and 99% for the payroll  
2024 coverage ratio (weight in the index): 81% for the executive committee and 94% for the payroll

## 2.4

## Sustainability indicators

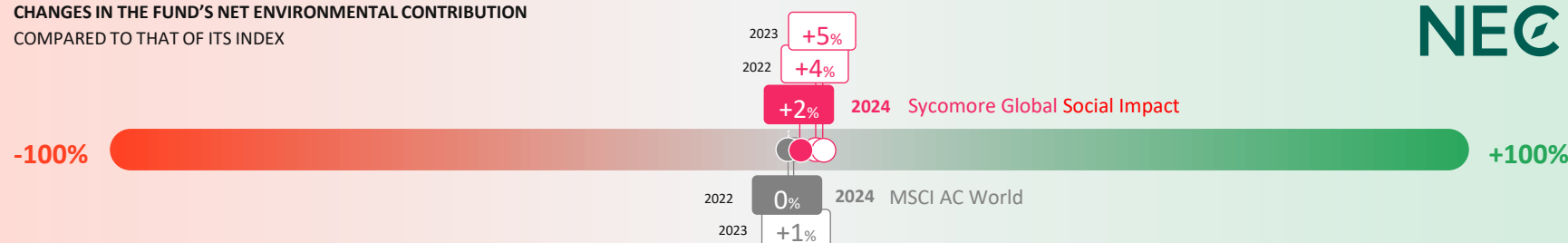
## Environment

## 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 economy<sup>10</sup>. **It should be noted** that a company's Net Environmental Contribution is not a selection criterion for the fund to invest.

**At the end of 2024**, the NEC of the Sycomore Global Social Impact fund was **+2%**<sup>11</sup>, down slightly from 2023 (+5% at the end of 2023) but remained higher than the MSCI AC World index (0% in 2024). The methodology for calculating the NEC was updated in 2024. As a result, the data cannot be compared directly with data from 2023. For example, in the microprocessor industry, the NEC of **Nvidia** (GPUs), a high-conviction holding with a significant weighting in the fund, was -9% in 2024, down from 0% in 2023. The NEC of TSMC also declined (-4% versus +1%).

#### CHANGES IN THE FUND'S NET ENVIRONMENTAL CONTRIBUTION COMPARED TO THAT OF ITS INDEX



#### Negative environmental contribution

**Hermès shows a negative NEC (-15%)** due to the high consumption of resources in the leather goods, apparel and textile industries. Companies not directly exposed to farming but that provide services within this sector, such as **John Deere (NEC -6%)** also have a negative NEC.



#### Neutral environmental contribution

Companies operating in sectors less exposed to the ecological transition, such as healthcare, with **Eli Lilly (NEC 0%)**, and consulting, with **Accenture (NEC 0%)**, were neutral as their activities make no material environmental contribution (0% represents the average impact of the economy).



#### Highly positive environmental contribution

The environmental contribution of companies such as **Waste Connections (NEC +42%)**, which provides waste collection and management services, and **Prysmian (NEC +31%)**, which manufactures cables for energy and telecommunication systems, is very high.



<sup>10</sup> For more information on the Net Environmental Contribution and underlying methodologies, please visit the [NEC Initiative](#) website. <sup>11</sup> NEC 1.0 calculated by Sycomore AM based on company-sourced data from 2021 to 2024.

## 2.4

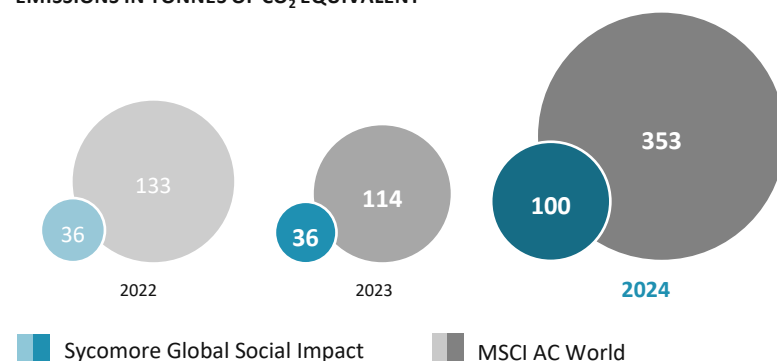
## Sustainability indicators

## 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 Global Social Impact was **100 tonnes of CO<sub>2</sub> equivalent per million euros of enterprise value**, compared to **353 tCO<sub>2</sub>e/€M** for its benchmark index. The biggest contributors to this footprint were carbon-intensive manufacturing companies, including **Saint-Gobain** and **Prysmian**. On the other end of the spectrum, **Cyberark** and **Nvidia** had the least carbon-intensive 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 434 tCO<sub>2</sub>e/€M of revenue compared with 768 tCO<sub>2</sub>e/€M for the benchmark.

EMISSIONS IN TONNES OF CO<sub>2</sub> EQUIVALENT

2022 and 2023 source: Trucost/S&P Global covering GHG Protocol Scopes 1, 2 and upstream 3.  
 2024 source: changed to MSCI, and downstream Scope 3 added.  
 Due to the change in methodology, 2024 data cannot be compared with 2023 data.  
 2024 coverage ratio (weight in the fund): 99% / 2024 coverage ratio (weight in the index): 94%

## Exposure to fossil fuels

The share of the Sycomore Global Social Impact fund's assets in companies active in the fossil fuel industry, within the meaning of the SFDR, was 0% at the end of 2024, versus 4% for the benchmark index.



## 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**.

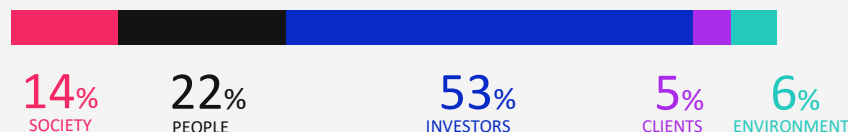
“ We invest to develop an economy that is more sustainable and more inclusive and to generate positive impacts for each of our stakeholders. **Our mission is to give a human dimension to investment.**”

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

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

### 3.1 Our engagement initiatives

In 2024, we formally engaged with **25 portfolio companies** (17 in 2023), having identified **133 areas for improvement** during the year (93 in 2023). In all, **74% of these initiatives** involved **individual dialogue**, while the **remaining 26%** were part of **collaborative initiatives**. Nearly half of the areas discussed with companies pertained to transparency, slightly less than 40% involved strategy, and the remainder concerned non-financial performance.



Seventy of the shareholder engagement initiatives taken, or **53%**, concerned **corporate governance** (pillar I of the [SPICE](#) analysis). The main issues raised included executive compensation – specifically, the transparency of compensation reports and the alignment of compensation criteria with the interests of all stakeholders, especially by incorporating ESG criteria into executive compensation – and the structure, procedures and practices of the board of directors. We engaged with LVMH throughout the year to discuss several governance issues.

A total of 29 initiatives, accounting for **22% of our actions**, concerned human resources issues (pillar P of the [SPICE](#) analysis), in particular issues relating to diversity. For example, we talked to **Munich Re** about the composition of its executive committee, as only 20% of members are women.

In 2024, another 19 initiatives, or **14% of our engagement actions**, involved **social issues**, and more specifically human rights.

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

## 3.1

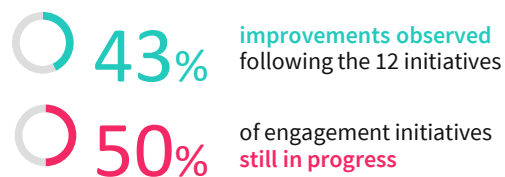
## Our engagement initiatives

## Controversies and engagement

We engaged with investee companies in the fund to discuss controversies. For example, we talked to Intesa San Paolo about staff reductions. In 2024 Intesa San Paolo announced that it would be cutting about 3,000 jobs (4% of employees in Italy) as a result of retail branch closures. Our discussions with the company have shown that it has handled the situation by implementing several good practices, based on the age pyramid, along with financial support through a dedicated social fund. The company will also pay additional contributions on top of employees' social security contributions until they reach the legal retirement age. Other employees have been offered a (re)training and internal mobility plan.

## Progress monitoring

**28**  
engagement  
initiatives  
assessed  
in 2024



We also monitored the advancement of **18 portfolio companies** on **28 areas for improvement submitted in 2022**. On 43% of these points, we noted partial progress or achievement of the target.

We initiated dialogue with **Nvidia** in 2022 because only 40% of its board members were independent. In 2024, the percentage of independent directors had increased to 100%. Moreover, we asked **T-Mobile** to report indicators on health and safety issues, and specifically on accidents. The group now discloses statistics on workplace accidents.

## OUR ENGAGEMENT FOR RESPONSIBLE RESTRUCTURING

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

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

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



## 3.1

## Our engagement initiatives

OUR COLLABORATIVE  
ENGAGEMENT WITH THEFOCUS ON NVIDIA  
(SEMICONDUCTORS)

## 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 equality is important at their organisations, and we can see that a positive shift is at work, in the form of action plans and specific targets. **We always identify areas for improvement**: on transparency about these plans, especially the 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.

## 30% Club Germany

As another step forward in its engagement efforts, Sycomore took part in setting up the **30% Club Germany** at the end of 2023 and joined as a member. Following the same model, the first engagement initiatives with **DAX 40** companies began in 2024.

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

This collaborative dialogue was initiated in 2021, and in 2024 we continued to express our expectations of NVIDIA on the need for **ongoing due diligence processes**, including verification of customers and distributors, **to reduce the risk of misuse of its technology**. We also emphasised the importance of effective grievance mechanisms and remedy processes, asking NVIDIA for further details on its procedures for **identifying harm in conflict zones that may be directly related to its products** (e.g. NVIDIA Jetson TX2 modules found in Russian Lancet-3M loitering munitions).

In 2024, NVIDIA launched an **AI ethics committee**, which looked at use case models, flagged potential problems and issued recommendations. However, NVIDIA has not yet implemented due diligence on the use of its products to ensure that they limit the risk of human rights violations, particularly in conflict zones.

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



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, **we voted at 98% of the shareholder meetings for portfolio companies** and 100% of the meetings in France, as in 2023. We did not vote at one shareholder meeting held outside France due to the blackout period prior to the meeting.

**49** shareholder meetings **voted**  
(100% in France and 98% outside France)

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

**758** resolutions

**19%** votes against

The average opposition rate was 19%. The main topics of disagreement were in relation to shareholder resolutions (45% of votes against) and executive compensation (40%).

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



We supported **55% of shareholder resolutions**. Some of the resolutions we voted on in 2024 involved **compensation issues, business ethics (taxes, lobbying), diversity, the use of new technology and human rights**. We believe that companies should be more transparent or more ambitious in their reporting and due diligence. For example, we supported two **Microsoft** resolutions calling for the publication of reports on its management of risks associated with artificial intelligence and weapons development. Due to the fact that 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. This was true for our votes at the **Axa** shareholder meeting, where we supported the candidates proposed by the Board of Directors.



In our analysis of **compensation**, we paid special attention to aligning executive compensation with the interests of all stakeholders, especially by incorporating ESG criteria, to keeping compensation at a reasonable level and to ensuring the transparency of compensation policies and reports.



Under “**Other topics**”, we did not support the appointment of the auditors proposed by the board of directors of our investee companies when their terms of office were more than 10 years old, in accordance with our voting policy.



A total of 23 resolutions related to **sustainability** issues.

## 04 Appendices

### PORTFOLIO INVENTORY OF SYCOMORE GLOBAL SOCIAL IMPACT AT 31 DECEMBER 2024

Issuers invested in at the end of 2024 that were the subject of a commitment during the year represented 34% of the portfolio by weight.

| COMPANY                      | ISIN         | WEIGHT IN PORTFOLIO | CS <sup>12</sup> | NEC <sup>13</sup> | SUSTAINABLE INVESTMENT | ENGAGEMENT BY SPICE <sup>14</sup> PILLAR |
|------------------------------|--------------|---------------------|------------------|-------------------|------------------------|------------------------------------------|
| MICROSOFT CORP               | US5949181045 | 6,7%                | 31%              | 2%                | Social                 |                                          |
| NVIDIA CORP                  | US67066G1040 | 5,9%                | 23%              | -9%               | Social                 |                                          |
| MASTERCARD INC - A           | US57636Q1040 | 4,7%                | 29%              | 4%                | Social                 |                                          |
| STRYKER CORP                 | US8636671013 | 4,0%                | 71%              | 0%                | Social                 |                                          |
| PROGRESSIVE CORP             | US7433151039 | 3,9%                | 25%              | -2%               | Social                 | People, Society & Suppliers              |
| INTUITIVE SURGICAL INC       | US46120E6023 | 3,8%                | 75%              | 0%                | Social                 |                                          |
| TAIWAN SEMICONDUCTOR MANUFAC | TW0002330008 | 3,6%                | 20%              | -4%               | Social                 |                                          |
| WASTE CONNECTIONS INC        | CA94106B1013 | 3,4%                | 50%              | 42%               | Environment and Social | Environment                              |
| DEERE & CO                   | US2441991054 | 3,4%                | 0%               | -6%               | Social                 |                                          |
| T-MOBILE US INC              | US8725901040 | 3,3%                | 50%              | 3%                | Social                 | People                                   |
| CYBERARK SOFTWARE LTD/ISRAEL | IL0011334468 | 2,9%                | 65%              | 4%                | Social                 | Investors                                |
| ELI LILLY & CO               | US5324571083 | 2,8%                | 67%              | 0%                | Social                 |                                          |
| EATON CORP PLC               | IE00B8KQN827 | 2,8%                | 30%              | 11%               | Environment and Social |                                          |
| INTESA SANPAOLO              | IT0000072618 | 2,7%                | 22%              | 0%                | Social                 |                                          |
| SERVICENOW INC               | US81762P1021 | 2,7%                | 13%              | 2%                | Social                 |                                          |
| RELX PLC                     | GB00B2B0DG97 | 2,4%                | 42%              | 0%                | Social                 |                                          |
| HERMES INTERNATIONAL         | FR0000052292 | 2,3%                | 0%               | -15%              | Social                 | Investors, Society & Suppliers           |
| BROADCOM INC                 | US11135F1012 | 2,2%                | 29%              | 0%                | Social                 | Clients                                  |
| THERMO FISHER SCIENTIFIC INC | US8835561023 | 2,2%                | 41%              | 0%                | Social                 |                                          |
| ACCENTURE PLC-CL A           | IE00B4BNMY34 | 2,1%                | 8%               | 0%                | Social                 |                                          |
| LOREAL                       | FR0000120321 | 2,1%                | 8%               | 0%                | Social                 | Investors, Society&Suppliers             |
| VERISK ANALYTICS INC         | US92345Y1064 | 2,1%                | 39%              | 0%                | Social                 |                                          |
| RECRUIT HOLDINGS CO LTD      | JP3970300004 | 1,8%                | 7%               | 0%                | Social                 |                                          |
| DEUTSCHE TELEKOM AG-REG      | DE0005557508 | 1,7%                | 50%              | 3%                | Social                 | Investors, People                        |
| AXA SA                       | FR0000120628 | 1,6%                | 45%              | 2%                | Social                 | Investors, Society & Suppliers           |

<sup>12</sup> 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.

<sup>13</sup> 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.

<sup>14</sup> 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](#).

## 04

## Appendices

| COMPANY                      | ISIN         | WEIGHT IN PORTFOLIO | CS <sup>12</sup> | NEC <sup>13</sup> | SUSTAINABLE INVESTMENT | ENGAGEMENT BY SPICE <sup>14</sup> PILLAR                     |
|------------------------------|--------------|---------------------|------------------|-------------------|------------------------|--------------------------------------------------------------|
| ASML HOLDING NV              | NL0010273215 | 1,6%                | 27%              | 12%               | Environment and Social | Investors, Society & Suppliers                               |
| MUENCHENER RUECKVER AG-REG   | DE0008430026 | 1,4%                | 30%              | 0%                | Social                 | Investors, People                                            |
| UNITED RENTALS INC           | US9113631090 | 1,3%                | 20%              | 16%               | Environment and Social |                                                              |
| MONCLER SPA                  | IT0004965148 | 1,3%                | 0%               | 2%                | Social                 | Investors, People                                            |
| BRUNELLO CUCINELLI SPA       | IT0004764699 | 1,3%                | 0%               | -2%               | Social                 |                                                              |
| PRYSMIAN SPA                 | IT0004176001 | 1,2%                | 24%              | 31%               | Environment and Social |                                                              |
| ADVANTEST CORP               | JP3122400009 | 1,2%                | 24%              | 1%                | Social                 | Investor                                                     |
| DUOLINGO                     | US26603R1068 | 1,1%                | 50%              | 6%                | Social                 | Clients, Investors                                           |
| VERTIV HOLDINGS CO-A         | US92537N1081 | 1,1%                | 25%              | 20%               | Environment and Social | Investors, People, Society & Suppliers                       |
| ROCHE HOLDING AG-GENUSSCHEIN | CH0012032048 | 1,0%                | 62%              | 0%                | Social                 |                                                              |
| WORKDAY INC-CLASS A          | US98138H1014 | 1,0%                | 13%              | 3%                | Social                 |                                                              |
| COMPAGNIE DE SAINT GOBAIN    | FR0000125007 | 1,0%                | 32%              | 10%               | Environment and Social | Environment, Investors, People                               |
| MICRON TECHNOLOGY INC        | US5951121038 | 1,0%                | 36%              | 7%                | Social                 | Clients, Environment, Investors, People, Society & Suppliers |
| JPMORGAN CHASE & CO          | US46625H1005 | 1,0%                | 13%              | 0%                | Social                 |                                                              |
| NOVARTIS AG-REG              | CH0012005267 | 0,7%                | 71%              | 1%                | Social                 | Environment, Investors, People, Society & Suppliers          |
| SCHNEIDER ELECTRIC SE        | FR0000121972 | 0,7%                | 39%              | 6%                | Environment and Social |                                                              |
| NOVO NORDISK A/S-B           | DK0062498333 | 0,6%                | 63%              | 0%                | Social                 | Investors, Society & Suppliers                               |



<sup>12</sup> 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.

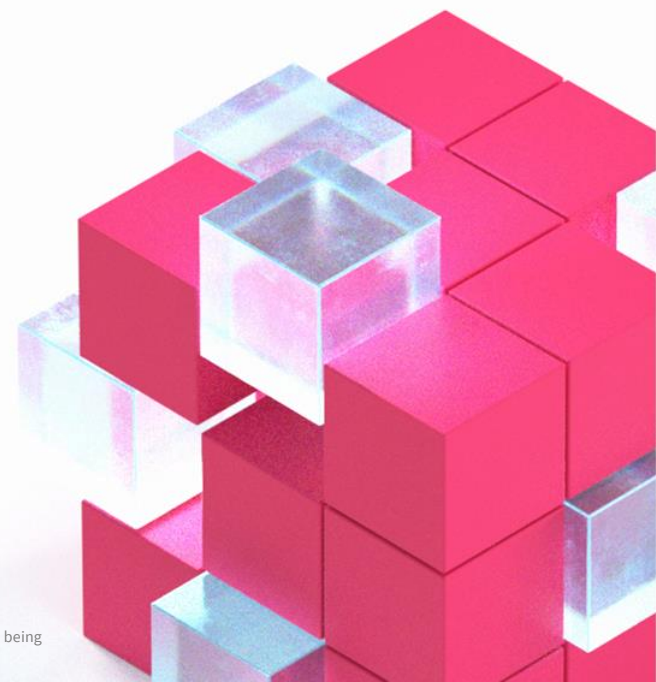
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## Appendices

### INVENTORY OF COMPANIES HAVING ENTERED AND EXITED THE PORTFOLIO IN 2024

| COMPANY                       | ENGAGEMENT BY <u>SPICE</u> <sup>14</sup> PILLAR     |
|-------------------------------|-----------------------------------------------------|
| ADVANTEST CORP                | Investors                                           |
| ASML HOLDING NV               | Investors, Society & Suppliers                      |
| AXA                           | Investors, Society & Suppliers                      |
| AXA SA                        | Investors, Society & Suppliers                      |
| CYBERARK                      | Investors                                           |
| CYBERARK SOFTWARE LTD         | Investors                                           |
| EQUINIX                       | Environment, Investors                              |
| HERMES                        | Investors, Society & Suppliers                      |
| HERMES INTERNATIONAL SCA      | Investors, Society & Suppliers                      |
| INTUIT INC                    | Environment, Investors, People, Society & Suppliers |
| L OREAL                       | Investors, Society & Suppliers                      |
| L'OREAL SA                    | Investors, Society & Suppliers                      |
| LVMH                          | Environment, Investors, People                      |
| MUENCHENER RUECKVERSICHERUNGS | Investors, People                                   |
| MUNICH RE                     | Investors, People                                   |
| NOVARTIS AG                   | Environment, Investors, People, Society & Suppliers |
| NOVARTIS AG-REG               | Environment, Investors, People, Society & Suppliers |
| PALO ALTO                     | Investors                                           |
| PROGRESSIVE CORP/THE          | People, Society & Suppliers                         |
| PROGRESSIVE US                | People, Society & Suppliers                         |
| SAINT GOBAIN                  | Environment, Investors, People                      |
| SALESFORCE.COM                | Clients                                             |
| STMICROELECTRONICS NV         | People                                              |
| T-MOBILE US                   | People                                              |
| T-MOBILE US INC               | People                                              |



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

## Appendices

### 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 <sub>2</sub> e    | 32,077 | 115,400 | 99%           | 94%            |
| CARBON FOOTPRINT                                                                                    | tCO <sub>2</sub> e    | 100    | 354     | 99%           | 94%            |
| CARBON INTENSITY                                                                                    | tCO <sub>2</sub> e/€M | 434    | 769     | 99%           | 94%            |
| EXPOSURE TO FOSSIL FUELS                                                                            | tCO <sub>2</sub> e/€M | 0%     | 7%      | 96%           | 95%            |
| SHARE OF NON-RENEWABLE ENERGY CONS & PROD                                                           | %                     | 55%    | 65%     | 96%           | 97%            |
| ENERGY CONSUMPTION INTENSITY PER HIGH IMPACT CLIMATE SECTOR                                         | %                     | 8%     | 39%     | 96%           | 96%            |
| ACTIVITIES NEGATIVELY AFFECTING BIODIVERSITY                                                        | GWh/€M                | 15%    | 13%     | 96%           | 99%            |
| WATER POLLUTION                                                                                     | %                     | 0.08   | 0.24    | 5%            | 1%             |
| HAZARDOUS WASTE PRODUCTION                                                                          | tonnes/€M             | 38.23  | 568.14  | 90%           | 92%            |
| VIOLATIONS OF UN GLOBAL COMPACT PRINCIPLES AND OECD GUIDELINES                                      | %                     | 0%     | 0%      | 96%           | 99%            |
| LACK OF PROCESSES AND COMPLIANCE MECHANISMS TO MONITOR COMPLIANCE WITH UN GLOBAL COMPACT PRINCIPLES | %                     | 0%     | 0%      | 96%           | 99%            |
| UNADJUSTED GENDER PAY GAP                                                                           | %                     | 11%    | 12%     | 89%           | 86%            |
| BOARD GENDER DIVERSITY                                                                              | %                     | 37%    | 34%     | 96%           | 99%            |
| EXPOSURE TO CONTROVERSIAL WEAPONS                                                                   | %                     | 0%     | 2%      | 96%           | 99%            |

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

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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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am**

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