

sycomore

Next Generation

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 (2023 or 2024 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. ¹Sustainable 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

Sycomore Next Generation is a **flexible, balanced SRI** fund that combines our proven **responsible stock and 'bond picking capabilities** with **global asset allocation expertise** to deliver performance and diversification. The investment process examines companies and countries using fundamental analysis, with a macroeconomic overlay.

The fund has **several objectives**:



It aims to **outperform the EuroStoxx Total Return benchmark index, in terms of financial returns, by 2.5%** 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.



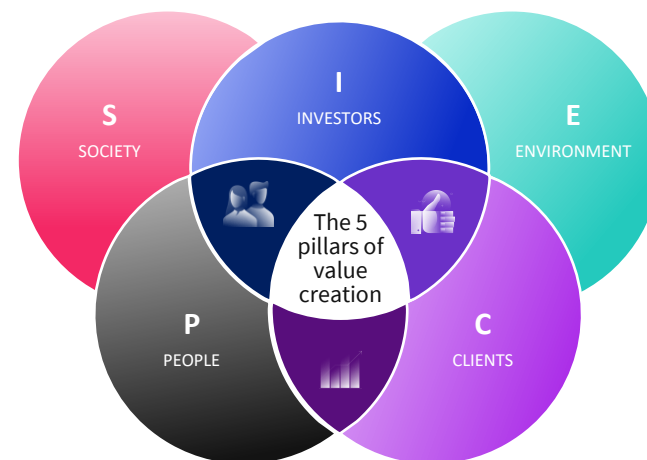
It aims to **outperform its benchmark index** in terms of [Net Environmental Contribution](#) (NEC) and [Societal Contribution of products and services](#) (SC) at all times.



As of January 2025, it aims to **outperform its benchmark index in terms of Net Environmental 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**.

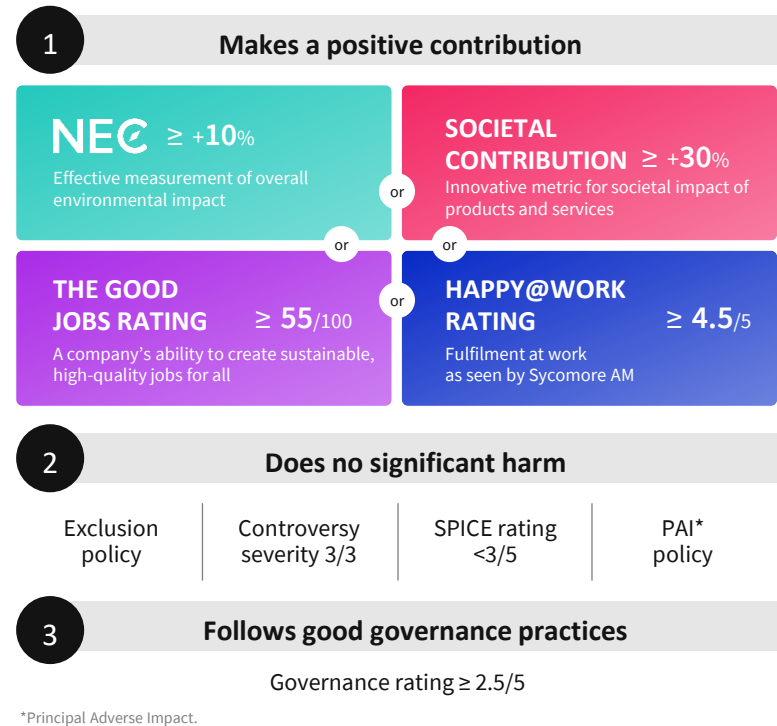
2 Avoiding investments that may cause significant adverse impacts

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 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:



*Principal Adverse Impact.

Selectivity

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

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:

- 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 2.5/5.

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

Additional screening criteria exclude countries that have not signed the **Charter of the United Nations** and countries that are targeted by **international financial sanctions**, such as those implemented by the Office of Financial Assets Control or the Office of Financial Sanctions Implementation.



Inclusion of positive environmental or social contributions

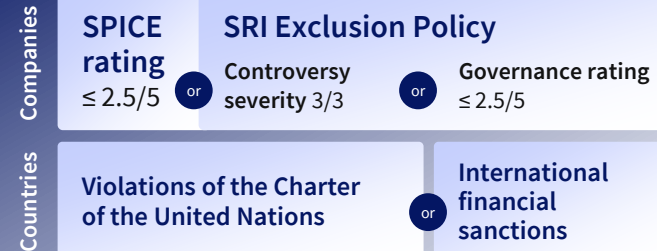
Through our selection criteria, we support companies that provide sustainability solutions:

- Companies with a high level of **employee engagement**, as measured by a **Happy@Work working environment rating greater than 3/5**. Our analysis is based on five pillars – **Sense of purpose, Autonomy, Competence & skills, Relations and Equity** – which we refer to as SACRE.
- Business models with a **significantly positive Societal Contribution (SC)**, as measured by an **SC** greater than 0
- Business models with a **significantly positive environmental contribution**, as measured by an **NEC** greater than 0
- A **Client Risk rating greater than 3/5**.

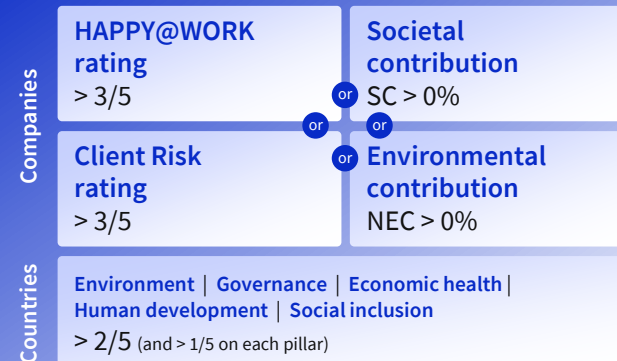
Our selection criteria also include **assessments of countries' practices in five categories**: environment, governance, economic health, human development and social inclusion. The final score, after weighting of the various components, ranges from 1 to 5. The threshold for **eligibility is a score of 2** and a **score greater than 1 must be obtained for each pillar**.

Sycovalo universe*

ESG screening



ESG selection



Sycamore Next Generation
> 25% 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

INDICATORS TRACKED

Share of sustainable investments	50%
Weighted SPICE rating	3.4/5
Exposure to SDGs	11 (18%); 9 (18%); 8 (16%)

Assess achievement of positive contribution targets and measure ESG performance

E

Net Environmental Contribution	+6%
Carbon footprint	572 tCO ₂ e/€M
Carbon intensity	713 tCO ₂ e/€M
Exposure to fossil fuels	0.5%

S

Societal Contribution	+28%
Growth in staff	10%
Human rights policy	92%

G

Women on executive committees	27%
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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.

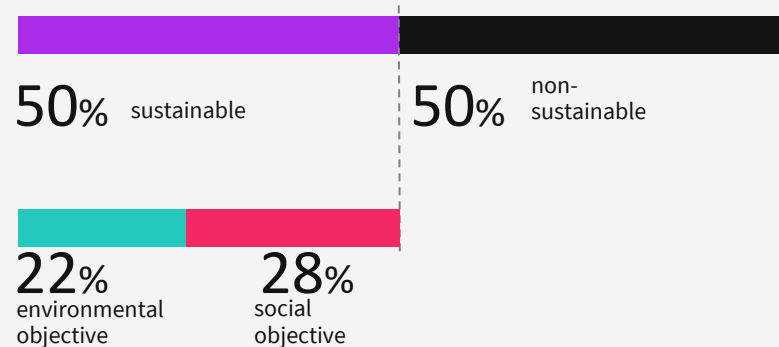
For more information on reporting methodologies and data sources, see our [reporting protocol](#).

2.1 Sustainable investments

At the end of 2024, the share of the Sycomore Next Generation fund's net assets in **sustainable investments**⁵ was **50%** (compared to 66% for the benchmark), in compliance with the minimum of 25% of the invested portion as set out in the prospectus. Of these sustainable investments, **22% were focused on environmental issues**, with companies such as **Tornator** and **Engie**, and **28% were focused on social issues**, with companies such as **Sanofi**.

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 **Apple** and **Accor**.

BREAKDOWN OF SUSTAINABLE INVESTMENTS IN THE FUND AT 31 DECEMBER 2024⁶



Fund exposure of 88% at 31 December 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

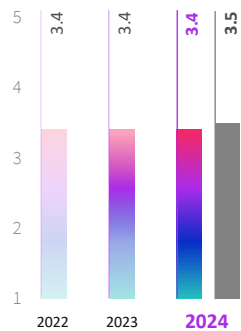
“ The value created by a company is **sustainable** only if it is **shared among all of its stakeholders**: this belief guides our responsible investment approach.”

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 measure the sustainability performance of our investments.

At the end of 2024, the weighted SPICE rating of investments held in the Sycomore Next Generation fund (3.4/5) was **identical to the 2023 rating**. The top-rated companies in the portfolio were **ASML**, which manufactures photolithography machines for the semiconductor industry, and French cosmetics company **L'Oréal**.

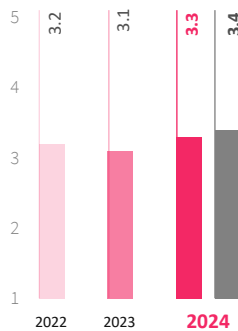
CHANGES IN THE SPICE RATINGS OF SYCOMORE NEXT GENERATION

SPICE



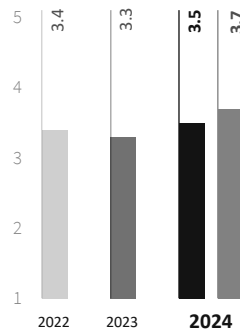
SOCIETY

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



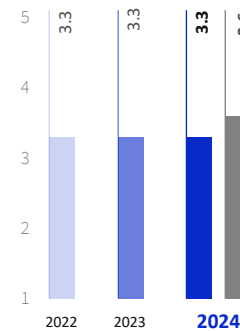
PEOPLE

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



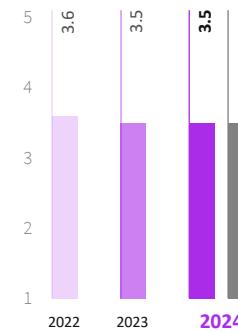
INVESTORS

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



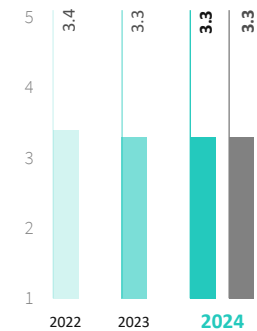
CLIENTS

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



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

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.

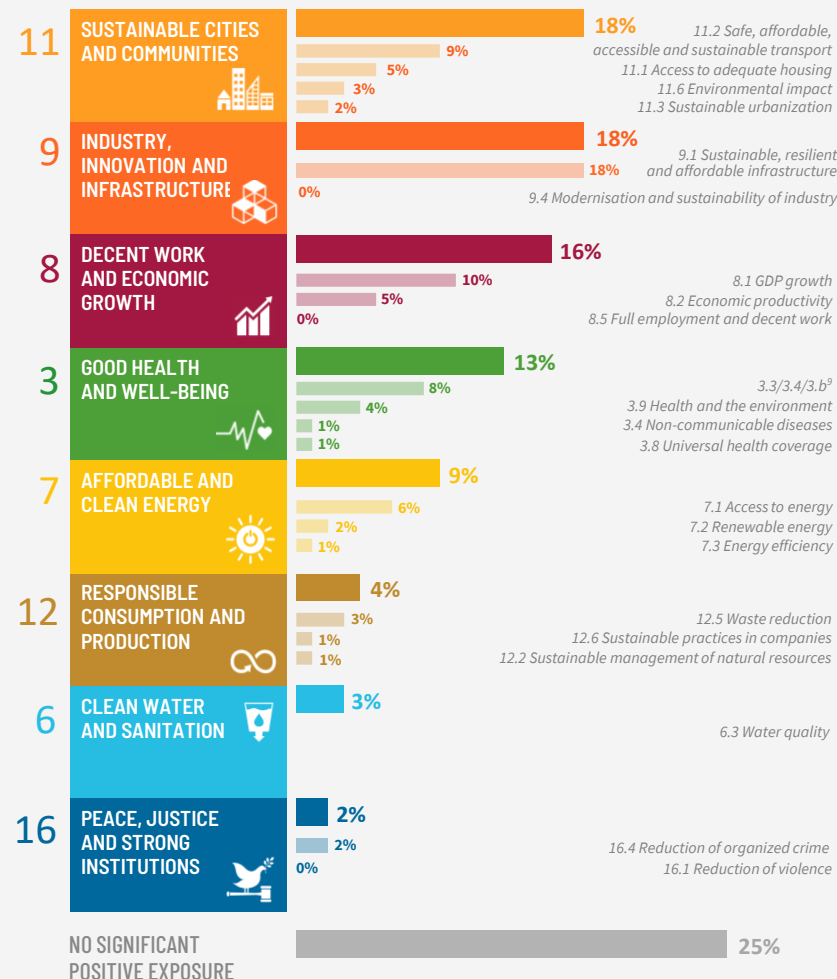
Our analysis is based on a list of activities:



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

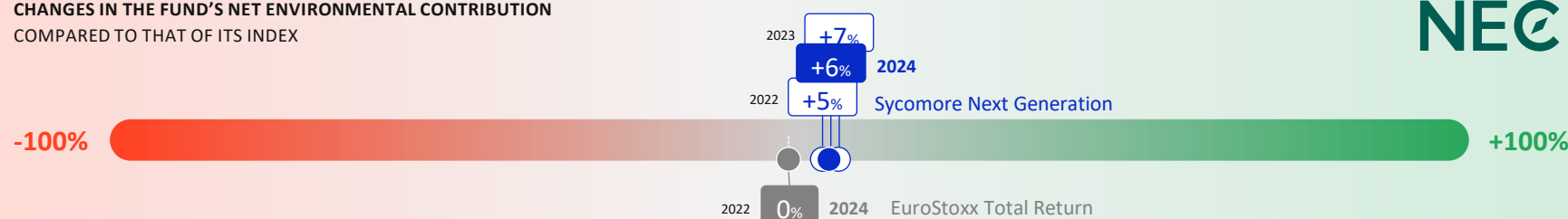
Environment

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 the Sycamore Next Generation fund stood at **+6%**¹¹ compared to **0% for the EuroStoxx**. The fund has therefore achieved its target of outperforming the index. The NEC was **slightly lower** than in 2023 (+7% at the end of 2023), mainly due to larger investments in 2024 in countries and companies that include the United States (NEC -64%) and the Les Mousquetaires retail group (NEC -22%). Nevertheless, the consolidated NEC remained positive due to exposure to companies that are helping to develop renewable energy solutions, such as Neoen and Prysmian, and circular economy solutions, such as Veolia.

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



2024 coverage ratio (weight in the fund): 99% / 2024 coverage ratio (weight in the index): 98%

Negative environmental contribution

As a producer of luxury goods founded on the exploitation of rare natural resources, **LVMH** makes a negative environmental contribution (**NEC -13%**), as does the airport operator **Aeroporti di Roma** (**NEC -35%**), due to the negative environmental impacts of airport activities.

LVMH

ADR
AEROPORTI DI ROMA

Neutral environmental contribution

Some portfolio companies have an NEC that is close to 0% because they operate in industries that are less exposed to the ecological transition, such as pharmaceuticals for **AstraZeneca** (**NEC 0%**) and commodities for **Eramet** (**NEC 0%**).

AstraZeneca

eramet

Very strong environmental contribution

Through their activities, companies such as **Tornator** (**NEC +100%**), which specialises in sustainable forest management, and **Neoen** (**NEC +81%**), an independent producer of renewable energy in France, make a very strong environmental contribution.

NEOEN

TORNATOR
RESPONSIBLE EXPERTISE IN FORESTRY

¹⁰ For more information on the Net Environmental Contribution and underlying methodologies, please visit the [NEC Initiative](#) website. ¹¹ NEC 1.1 calculated by Sycamore AM based on company-sourced data from 2023 and 2024.

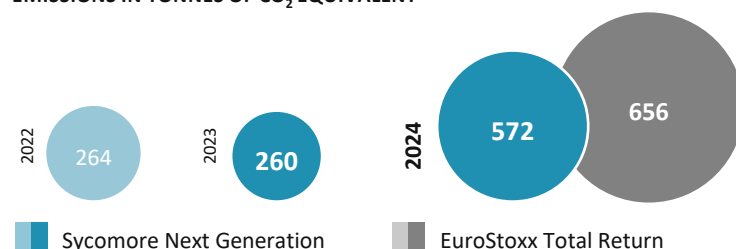
2.4

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 Next Generation was **575 tonnes of CO₂ equivalent (tCO₂e) per million euros of enterprise value**. The biggest contributors to this footprint were **Syensqo** and **Valeo**. In contrast, due to their operations, **Relx** and **Shurgard** had very small footprints. 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 713 tCO₂e/€M of revenue versus 955 tCO₂e/€M of revenue for the benchmark.

EMISSIONS IN TONNES OF CO₂ EQUIVALENT

2022 and 2023 source: Trucost/S&P Global covering GHG Protocol Scopes 1, 2 and upstream 3.
2024 source: source changed to MSCI and downstream Scope 3 added.
2024 coverage ratio (weight in the fund): 55%

Exposure to fossil fuels

The share of the Sycomore Next Generation fund's assets in companies active in the fossil fuel industry, within the meaning of the SFDR, was **0.5% at the end of 2024** (compared with 0.8% at the end of 2023), representing **€2.2 million**. This exposure is related to investments in Eni and Engie. [Shareholder engagement](#) with these companies is ongoing.



2.4

Sustainability indicators

Social

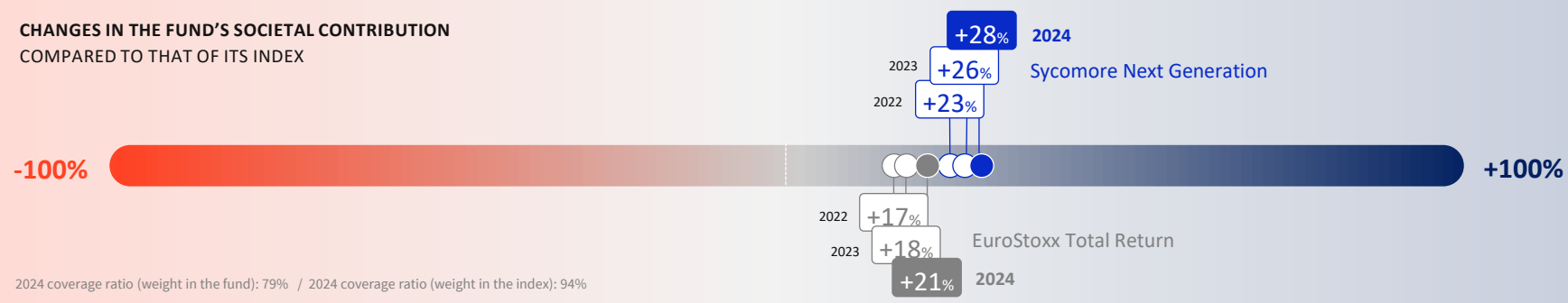
Societal Contribution of products and services

We measure our investments' alignment with 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 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 Goals¹².

At the end of 2024, the Societal Contribution of products and services for portfolio companies stood at **+28%** compared with **+21%** for the **Eurostoxx TR index** and was higher than in 2023 (+26%). The fund has met its **outperformance** target. The slight increase over 2023 is mainly attributable to investments in **Amber Finco** (SC +84%) and **UCB** (SC +81%).

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



Negative societal contribution

Portfolio companies whose products and services make a negative societal contribution include **Christian Dior** (SC -22%), as a player in the luxury industry, and **Publicis** (SC -14%), as an advertising company.

ChristianDior



Neutral societal contribution

The societal contribution of some portfolio companies is neutral. This is the case for **Accor**, a European hotel group, and **Tornator**, a sustainable forest management group.



Highly positive societal contribution

Sanofi-Aventis and **Telia** are two portfolio companies with highly positive societal contributions (SC of **+84%** and **+46%**, respectively). The former is a European pharmaceutical group, and the latter specialises in mobile telecommunications services.



¹² More information on the methodology is available in our [Societal Capital Strategy](#).

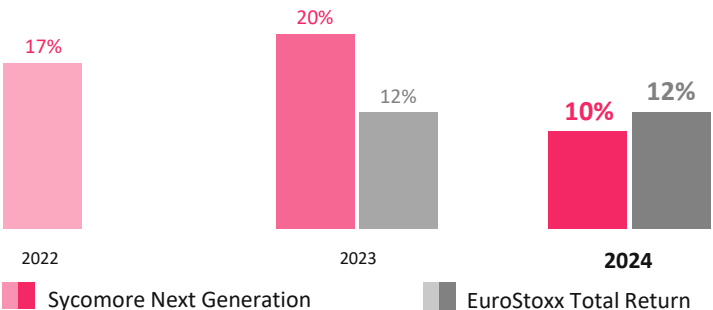
2.4 Sustainability indicators

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 (10% over three years) reflects the strong momentum enjoyed by some of the companies in which we invest. Job creation has been strong in the attractive telecommunications market, such as at companies like Banijay, a supplier of entertainment programming, and Masmovil, a provider of telecoms services. However, the fund is also invested in large French groups, where growth in staff over the past three years has been sluggish or even negative (such as Veolia, Engie and Renault).

CHANGES IN STAFF NUMBERS OVER THREE YEARS



2024 coverage ratio (weight in the fund): 77%

Human rights policies

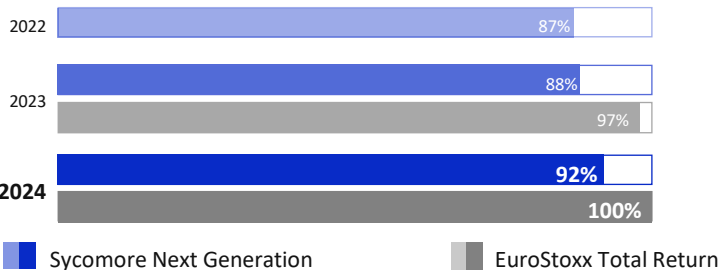
Human rights encompass the rights of employees and, more broadly, those of local communities and members of civil society affected by a company’s operations or activities. Sycomore AM has implemented a dedicated human rights policy since 2020.

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, the salient risks, and its remedy framework.

Since there is no holistic indicator covering all these aspects, we have selected an indicator provided by Bloomberg, 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 slightly (92% in 2024 vs. 88% in 2023). In 2024, we continued to work with the French Sustainable Investment Forum (FIR), in particular through our ongoing collaborative engagement against forced labour and child labour. For example, we authored an op-ed advocating for conflict zones to be taken into account when assessing human rights risks.

PERCENTAGE OF COMPANIES WITH A HUMAN RIGHTS POLICY



2024 coverage ratio (weight in the fund): 76%

2.4 Sustainability indicators

Governance

Gender equality

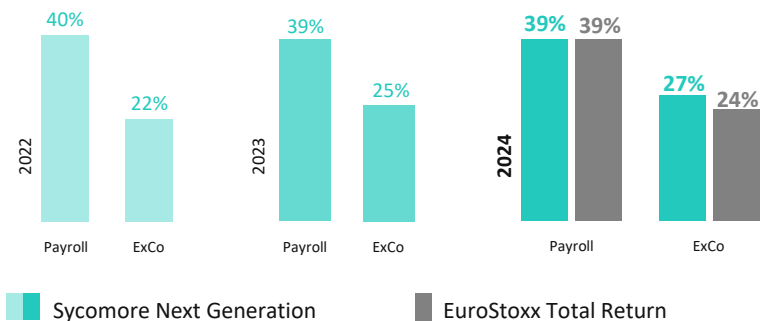
Diversity is a **key success factor of corporate governance** and decision-making. McKinsey Global Institute found that if each company achieved the level of gender equality of the most advanced country in its region, this would add **\$12 trillion** to global GDP by 2025¹³. We therefore chose to consider 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 at companies held by Sycomore Next Generation was 27%, while the percentage of women out of total staff stood at 39%.

Women make up more than 30% of the management board at some companies, including **Trigano, AstraZeneca, Infineon, Eramet** and **La Mondiale**. Other companies show significant gaps between the percentage of women on the payroll and the percentage of women on the executive committee, such as **Christian Dior** and **LVMH**. We have been engaging with companies featured in our investment universe for several years now, in particular through our membership in the 30% Club, 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): 72% for the executive committee and 77% for the payroll

¹³ McKinsey Global Institute, “The Power of Parity: how advancing women’s equality can add \$12 trillion to global growth”, 2015.

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**.

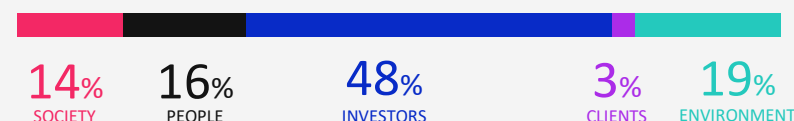
“ We invest to develop an economy that is more sustainable and more inclusive and to generate positive impacts for each of our stakeholders. **Our mission is to give a human dimension to investment.**”

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 **30 portfolio companies** (29 in 2023), having identified **106 areas for improvement** during the year (93 in 2023). Close to **77%** of these initiatives involved **individual dialogue**, while the **remaining 19%** were part of **collaborative initiatives**. Of the areas discussed with companies, 42% pertained to strategy, about 42% involved transparency, and the remainder concerned non-financial performance.



Out of the shareholder engagement initiatives taken in 2024, **48%** 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.

A total of 17 initiatives, accounting for **16% of our actions**, concerned **human capital management** within portfolio companies. Most of the dialogue aimed to improve gender equality at all levels of the organisation, including our membership in the **30% Club**, which promotes at least 30% female representation on executive committees at SBF 120 companies. On this issue, we engaged in collaborative dialogue with **STMicroelectronics** and **Engie**. For more information on this collaborative engagement initiative, see the 2024 annual report.

A total of 20 initiatives, accounting for **19% of our actions**, concerned **environmental issues**, especially companies' **climate strategies** and alignment with Paris Agreement targets. Our engagement included individual dialogue, such as with **Enel**, as well as collaborative initiatives, such as the action taken ahead of the **Eramet** shareholder meeting.

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

3.1

Our engagement initiatives

Controversies and engagement

In the course of our dialogue initiated to discuss controversies, we communicated areas for improvement to two companies:

1. Renault, due to union concerns about potential engineering job cuts in France
2. SAP, in the context of a string of restructuring programmes and several changes to its executive teams (see details on our engagement with the company, below)

This dialogue generally provided reassurance regarding the measures taken by companies to reduce the risks brought to light by these controversies. It also created opportunities to further explore ESG issues that are material to these companies and encourage more transparency about how they are limiting the negative impacts associated with these risks.

OUR ENGAGEMENT WITH



We continued our engagement with SAP, which began in 2023 and continued through the various layoffs that have been announced to adapt the company's strategy to its new competitive environment, featuring migrations to the cloud, sustainability-related products and services, and AI).

We understand that this reorganisation is being carried out in a long-term perspective and encourage the company to support this shift by conducting skills assessments and providing training to employees and fully communicating on these.

We are pleased to note the transparency surrounding the types of employee departures, of which about two-thirds result from voluntary departures and early retirement packages. We consider that the SAP can improve on this transparency by publishing the number of employees that have found employment elsewhere in the company.

In 2024, we also identified other topics of engagement with SAP: the deterioration of employee satisfaction and successive leadership changes. Given these identified risks, we adjusted our portfolio's exposure to SAP during the year. In 2025, we will continue to engage with the company on human rights and governance issues.

OUR ENGAGEMENT WITH



In 2024, we spoke with Peugeot Invest about the value of a clearly articulated and detailed human rights policy, not only for conducting due diligence for an investment, but also for the benefit of Peugeot Invest's employees. Along with such a policy, the company should conduct an assessment of human rights risks and establish a governance structure to ensure that human rights issues are properly addressed.

We also called for greater transparency regarding the results of internal employee surveys. Past surveys have revealed a need to provide training and raise awareness among employees of environmental and business-specific issues. We would like to see the company take these steps, following our discussion.

Lastly, we submitted three resolutions to the 2024 shareholder meeting making the following proposals:

- Oblige board members to own at least 500 shares to give them a vested interest in the share's value
- Introduce share price and a reduced discount compared to a sample of peer companies as criteria for executive compensation, to encourage executives to narrow the trading discount to NAV
- Distribute a dividend equivalent to 2.5% of NAV, which would be €5.97/share, versus 3.25 as proposed by the board

These resolutions were not approved, garnering between 3% and 5% of "for" votes. However, during the shareholder meeting, we were able to ask a question regarding the royalty fee paid to Peugeot Invest with respect to its investments, especially Stellantis. The board responded positively, making the decision to eliminate the royalty.

3.1

Our engagement initiatives

OUR ENGAGEMENT WITH



2024 shareholder meeting – Focus on remuneration

In 2024, we dialogued with Eramet in the context of their shareholder meeting. In particular, we discussed **the importance of transparency on the performance criteria underlying the chief executive officer's compensation**. We encouraged the company to provide greater detail on criteria underlying the variable components of short- and long-term compensation, especially the target, minimum and maximum values. We would also like the company to disclose a CEO pay ratio covering a more representative group of workers. Currently, less than 10% of employees are included in the calculation.

2024 shareholder meeting – Focus on Say on Climate

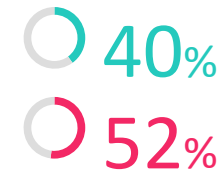
In 2024, Eramet submitted its climate strategy to a shareholder vote for the first time. It met with 99.04% shareholder support. We analysed the Say on Climate resolution against the criteria outlined in our voting policy, drawing on the public analysis carried out by the French Sustainable Investment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

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

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

Progress monitoring

62
engagement
initiatives
assessed in 2024



improvements observed
following the 62 initiatives

of engagement initiatives **still**
in progress

We also monitored the advancement of **33 portfolio companies** on **106 areas for improvement** submitted in 2022. On 40% of these points, we noted partial progress or achievement of the target. **ASML** replaced the Dow Jones Sustainability Index with its own KPIs for executive compensation. **SCOR** published diversity and inclusion metrics, such as gender diversity in leadership roles, diversity in hiring practices and diversity in training for leadership positions.



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:**



Share of votes against	Topics
34%	Shareholder resolutions
32%	Executive compensation
30%	Capital transactions
9%	Other topics
8%	Board appointments and compensation
8%	Formalities, approval of financial statements and management
0%	Amendments to articles of association
0%	Employee stock ownership

The average opposition rate was 17%, and the main topics of disagreement related to:

- **shareholder resolutions** (34% of votes against),
- **executive compensation** (32%).



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



A total of **20 resolutions** related to **sustainability** issues. Of these, 17 were shareholder resolutions (including five Say on Climate proposals) and are detailed opposite. Regarding management's resolutions, Sycomore AM voted in favour of the social responsibility reports of **Banco Santander** and **Nestlé**. We supported other resolutions pertaining to aid and donations provided by companies, such as **AstraZeneca**. However, we voted against the shareholder resolution submitted to Salesforce, due to its mainly political nature. The proposal called for greater transparency on the risks of refusing or restricting services to customers due to their religious or conservative opinions.

04 Appendices

PORTFOLIO INVENTORY OF SYCOMORE NEXT GENERATION AT 31 DECEMBER 2024

Issuers invested in at the end of 2024 that were the subject of a commitment during the year represented 17% of the portfolio by weight.

COMPANY	ISIN	WEIGHT IN PORTFOLIO	NEC ¹⁴	CS ¹⁵	SUSTAINABLE INVESTMENT	ENGAGEMENT BY SPICE ¹⁶ PILLAR
ITALY (GOVT)	US9128283V09	6,18%	29%	X	Non-sustainable	
US 2YR NOTE FUTURE (CBT) 31/03/2025	IT0005340929	6,04%	X	X	Non-sustainable	
USA (GOVT)	FR0000131906	4,02%	-64%	X	Non-sustainable	
RENAULT	XS2618428077	2,79%	15%	34%	Environment and Social	Clients, Environment, Investors
LOXAM	FR0000124141	2,60%	10%	63%	Environment and Social	
VEOLIA	IT0003128367	1,82%	47%	38%	Environment and Social	
ENEL	XS2838492101	1,76%	60%	23%	Environment and Social	Environment, Investors
TEREOS	FR001400SVW1	1,72%	17%	3%	Environment	
ALTAREA	XS2844404710	1,57%	31%	35%	Environment and Social	
INFOPRO	FR001400RCOO	1,42%	-1%	23%	Non-sustainable	
CRÉDIT AGRICOLE ASSURANCES	XS2690055996	1,20%	1%	32%	Non-sustainable	
BANIJAY	FR001400TL99	1,19%	-12%	-30%	Non-sustainable	
ILIAD	NL0010273215	1,19%	0%	60%	Social	
ASML	FR0000131757	1,18%	12%	27%	Environment and Social	Investors, Society & Suppliers
ERAMET	FR001400AFN1	1,16%	0%	12%	Non-sustainable	Environment, Investors
SUEZ	BE6324000858	1,15%	43%	44%	Environment and Social	
SOLVAY	FR001400L5X1	1,14%	0%	6%	Non-sustainable	
ACCOR	FR0010411983	1,11%	-1%	0%	Non-sustainable	
SCOR	XS1115498260	1,10%	0%	27%	Social	
ORANGE	XS2852970529	1,09%	1%	52%	Social	
PICARD	US5949181045	1,08%	9%	13%	Social	
MICROSOFT	DE0008404005	1,02%	2%	31%	Social	
ALLIANZ	XS2339830049	1,01%	-1%	22%	Social	
LUTECH	DE000A383HC1	0,99%	0%	16%	Non-sustainable	
SCHAEFFLER AG		0,95%	6%	13%	Non-sustainable	

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COMPANY	ISIN	WEIGHT IN PORTFOLIO	NEC ¹⁴	CS ¹⁵	SUSTAINABLE INVESTMENT	ENGAGEMENT BY SPICE ¹⁶ PILLAR
ITM ENTREPRISES SASU	FR001400RIT6	0,95%	-22%	9%	Non-sustainable	
ALPHABET	US02079K3059	0,94%	4%	25%	Non-sustainable	Clients
MOBILUX	XS2357737910	0,94%	3%	0%	Non-sustainable	
FORVIA	XS2209344543	0,92%	21%	17%	Environment	
ROQUETTE FRERES SA	FR001400U3Q9	0,89%	2%	13%	Non-sustainable	
JPMORGAN CHASE CO	US46625H1005	0,87%	0%	13%	Social	
TDF	FR001400TG54	0,87%	0%	33%	Social	
FRANCE (GOVT)	FR0128537190	0,87%	29%	X	Non-sustainable	
LVMH	FR0000121014	0,86%	-13%	-3%	Social	Environnement, Investors, People
POSTE ITALIANE	IT0003796171	0,84%	-5%	33%	Social	
EUROPCAR	XS2389984175	0,84%	5%	32%	Social	
SANOFI	FR0000120578	0,81%	0%	84%	Social	
AXA	FR0000120628	0,81%	2%	45%	Social	Investors, Society & Suppliers
TAIWAN SEMICONDUCTOR	TW0002330008	0,78%	-4%	20%	Social	
QUADIENT	FR0013478849	0,77%	-11%	37%	Social	
PUBLICIS	FR0000130577	0,76%	-12%	-14%	Non-sustainable	
DEUTSCHE TELEKOM	DE0005557508	0,76%	3%	50%	Social	Investors, People
AIR LIQUIDE	FR0000120073	0,76%	-1%	11%	Social	
STADA	XS2920590192	0,75%	0%	15%	Non-sustainable	
COFACE	FR0010667147	0,71%	0%	15%	Social	
L'ORÉAL	FR0000120321	0,70%	0%	8%	Social	Investors, Society & Suppliers
CDP RETI SPA	IT0005611139	0,69%	23%	28%	Non-sustainable	
APPLE	US0378331005	0,66%	1%	7%	Non-sustainable	
MASMOVIL	XS2240463674	0,66%	3%	40%	Social	
POLAND (GOVT)	XS2922763896	0,66%	X	X	Non-sustainable	
VODAFONE ESPANA SA	XS2859406139	0,65%	1%	58%	Social	
ALD	FR0013258662	0,63%	0%	52%	Non-sustainable	Investors

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ASSURANCES CRÉDIT MUTUEL	FR001400PT46	0,61%	1%	39%	Non-sustainable	
ASSEMBLIN	XS2842976875	0,60%	21%	46%	Non-sustainable	
MASTERCARD	US57636Q1040	0,60%	4%	29%	Social	
UNICREDITO ITALIANO	IT0005239360	0,59%	0%	6%	Non-sustainable	
SANTANDER	ES0113900J37	0,59%	0%	35%	Non-sustainable	Investors
VALEO	FR001400EA16	0,55%	2%	23%	Non-sustainable	
NOVARTIS	CH0012005267	0,54%	1%	71%	Social	Environment, Investors, People, Society & Suppliers
WASTE CONNECTIONS	CA94106B1013	0,54%	42%	50%	Environment and Social	Environment
INFINEON	DE0006231004	0,53%	17%	32%	Environment and Social	Society & Suppliers
PRYSMIAN	IT0004176001	0,52%	31%	24%	Environment and Social	
GUALA CLOSURES	XS2702257051	0,52%	-33%	-48%	Non-sustainable	
KILOUTOU	XS2756269960	0,50%	10%	45%	Social	
SOCIÉTÉ GÉNÉRALE	FR0000130809	0,49%	6%	15%	Non-sustainable	
T-MOBILE US	US8725901040	0,48%	3%	50%	Social	People
RELX	GB00B2B0DG97	0,47%	0%	42%	Social	
EDP	PTEDP0AM0009	0,45%	76%	43%	Environment and Social	Environment, Investors
SNAM RETE GAS	XS2896350175	0,45%	13%	31%	Non-sustainable	
NEXITY	FR0010112524	0,44%	59%	30%	Environment and Social	Environment, Society & Suppliers
TELEFONICA	XS1795406658	0,44%	0%	51%	Social	
SAINT GOBAIN	FR0000125007	0,43%	10%	32%	Environment and Social	Environment, Investors, People
SAP	DE0007164600	0,42%	5%	32%	Social	Investors, People
CARMILA	FR001400STL8	0,42%	33%	28%	Environment and Social	
FROMAGERIE BEL	FR001400P4R2	0,41%	-2%	45%	Social	
NEOPHARMED GENTILI SPA	XS2797354391	0,41%	0%	19%	Non-sustainable	
NVIDIA CORP	US67066G1040	0,41%	-9%	23%	Social	
COVIVIO HOTELS	FR001400MDV4	0,41%	15%	-9%	Environment	
ARVAL SERVICE LEASE	FR001400CSG4	0,41%	-1%	8%	Non-sustainable	

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WENDEL INVESTISSEMENT	FR0000121204	0,40%	1%	18%	Social	
OLYMPUS CORP	JP3201200007	0,39%	0%	71%	Social	
MUNICH RE	DE0008430026	0,38%	0%	30%	Social	Investors, People
THERMO FISHER SCIENTIFIC	US8835561023	0,38%	0%	41%	Social	
SIEMENS	DE0007236101	0,38%	15%	43%	Environment and Social	
MACIF	FR001400CHR4	0,38%	-12%	21%	Non-sustainable	
Q-PARK	XS2848642984	0,37%	-23%	5%	Non-sustainable	
ARKEMA	FR001400ORA4	0,37%	9%	3%	Non-sustainable	
MOTEL ONE GMBH	XS2811764120	0,36%	27%	0%	Non-sustainable	
FCA BANK	XS2775056067	0,36%	2%	24%	Social	
MANDATUM OYJ	XS2831536227	0,35%	-1%	1%	Social	
EL CORTE INGLES	XS2848960683	0,35%	0%	8%	Non-sustainable	
LKQ CORP	XS2777367645	0,34%	-2%	40%	Social	
AZELIS	BE6355549120	0,34%	-4%	7%	Non-sustainable	
FNAC	FR0014002JO2	0,34%	1%	14%	Non-sustainable	
GRÜNENTHAL	XS2951378434	0,32%	-2%	56%	Social	
ENGIE	FR001400F1I9	0,32%	38%	35%	Environment and Social	Investors
SONY CORP	JP3435000009	0,31%	0%	-2%	Non-sustainable	
EIRCOM	XS1991034825	0,31%	0%	50%	Social	
ASTRAZENECA	GB0009895292	0,30%	0%	76%	Social	
SHURGARD SELF STORAGE SA	BE6356733327	0,28%	49%	0%	Environment	
ELI LILLY	US5324571083	0,27%	0%	67%	Social	
SYNLAB	XS2734938249	0,26%	0%	51%	Social	
EURAZEO	FR0000121121	0,26%	0%	27%	Non durable	
PLASTIC OMNIUM	FR0000124570	0,26%	18%	23%	Environment and Social	
A2A	IT0001233417	0,25%	40%	27%	Environment and Social	
KINGSPAN	IE0004927939	0,25%	42%	22%	Environment and Social	

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UNIBAIL	FR001400IU83	0,24%	38%	38%	Environment and Social	
VONOVIA	DE000A1ML7J1	0,23%	29%	36%	Environment and Social	Environment
BOELS TOPHOLDING BV	XS2679767082	0,23%	10%	3%	Environment	
TORNATOR OYJ	FI4000578216	0,22%	100%	0%	Environment	Society & Suppliers
ADECCO	XS2388141892	0,22%	0%	X	Non-sustainable	
AUTOSTRADA PER L'ITALIA	XS1327504087	0,22%	3%	25%	Non-sustainable	
PEUGEOT INVEST	FR0000064784	0,21%	1%	6%	Social	Investors, People, Society & Suppliers
UCB	BE0390119825	0,21%	0%	81%	Social	
AUTOLIV	SE0021309614	0,20%	3%	35%	Social	
ZF FRIEDRICHSHAFEN	XS2757520965	0,20%	7%	33%	Social	
ENI	IT0003132476	0,19%	-12%	3%	Non-sustainable	
RECORDATI	XS2854303729	0,18%	0%	74%	Social	
CHRISTIAN DIOR	FR0000130403	0,18%	-14%	-22%	Social	
AEROPORTI DI ROMA	XS2644240975	0,17%	-35%	0%	Non-sustainable	
COPELAND LP	XS2621830681	0,17%	X	X	Non-sustainable	
REXEL	FR0010451203	0,16%	11%	27%	Environment and Social	
TRIGANO	FR0005691656	0,16%	0%	1%	Non-sustainable	
ASMODEE GROUP SAS	XS2954187378	0,15%	0%	25%	Non-sustainable	
APPLUS	XS2857868942	0,12%	-4%	84%	Social	
BNP PARIBAS	FR0000131104	0,12%	0%	11%	Social	
BIP	XS2390292303	0,11%	0%	X	Non-sustainable	
NEXI SPA	IT0005366767	0,07%	0%	31%	Social	
SMURFIT WESTROCK PLC	XS2388182573	0,06%	39%	3%	Environment	
TELECOM ITALIA	XS1982819994	0,04%	3%	40%	Non-sustainable	
TELIA	XS2443749648	0,02%	1%	46%	Social	
NEOEN	FR0011675362	0,01%	81%	53%	Environment and Social	Society & Suppliers

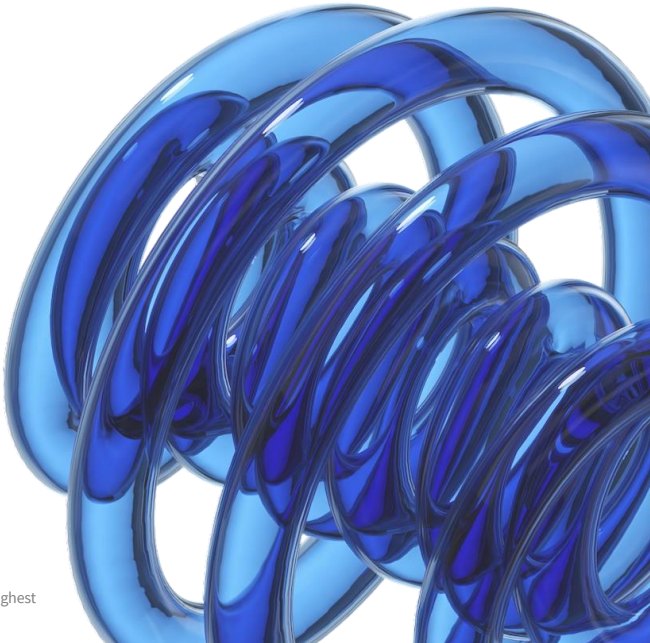
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INVENTORY OF COMPANIES HAVING ENTERED AND EXITED THE PORTFOLIO IN 2024

COMPANY	ENGAGEMENT BY SPICE ¹⁶ PILLAR
ADVANTEST CORP	Investors
ALD	Investors
INFINEON TECHNOLOGIES	Society & Suppliers
NEXANS	Environment, Investors, People
RENAULT	Clients, Environment, Investors
SALESFORCE.COM	Clients
STMICROELECTRONICS NV	People

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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	262,633	301,956	55%	99%
CARBON FOOTPRINT	tCO ₂ e/€M	572	656	55%	99%
CARBON INTENSITY	tCO ₂ e/€M	713	955	59%	99%
EXPOSURE TO FOSSIL FUELS	%	0.5%	2.6%	60%	99%
SHARE OF NON-RENEWABLE ENERGY CONS & PROD	%	39%	57%	67%	95%
ENERGY CONSUMPTION INTENSITY PER HIGH IMPACT CLIMATE SECTOR	GWh/€M	39%	38%	58%	99%
ACTIVITIES NEGATIVELY AFFECTING BIODIVERSITY	%	10%	31%	82%	100%
WATER POLLUTION	tonnes/€M	14.20	3.61	17%	3%
HAZARDOUS WASTE PRODUCTION	tonnes/€M	288.36	375.70	63%	99%
VIOLATIONS OF UN GLOBAL COMPACT PRINCIPLES AND OECD GUIDELINES	%	0%	0%	72%	100%
LACK OF PROCESSES AND COMPLIANCE MECHANISMS TO MONITOR COMPLIANCE WITH UN GLOBAL COMPACT PRINCIPLES	%	0%	0%	84%	100%
UNADJUSTED GENDER PAY GAP	%	6%	10%	56%	87%
BOARD GENDER DIVERSITY	%	26%	42%	70%	100%
EXPOSURE TO CONTROVERSIAL WEAPONS	%	0%	4%	84%	100%

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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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14 avenue Hoche
75008 Paris